

Source: [KBhMATH401SubIndex](#)

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Step 1: Know what simple interest/compound interest is.

1.1 | Simple Interest Review

$P = \text{principle}$

$y = \text{interest}$

$t = \text{time}$

$$SI = p \times y \times t$$

1.2 | Compound interest

$P = \text{principle}$

$$\$r = 2$$