

## Borrowing Money

When taking out a loan, repayments are made monthly however interest is often calculated over 12 months. This is called the Annual Percentage Rate (APR)

Example:

A loan of £6000 has an APR of 5.4%. What is the monthly repayments?

$$\text{Interest} = 6000 \times 0.054 = \text{£}324$$

$$\text{Total Repaid} = 324 + 6000 = \text{£}6324$$

$$\text{Monthly Installments} = 6324 \div 12 = \text{£}527$$

If loan to be repaid over 6 month, calculate the annual interest and then half it.