Lesson II.

REMARK.—*Interest* is money due for the use of money borrowed; and is estimated at a certain rate per cent. per annum, which is regulated by law.

The sum on which the interest is paid is called the *Principal*. The sum of the *principal* and *interest* is called the *Amount*.

By 6 per cent. is meant, 6 cents on 100 cents, \$6 on \$100, or 6 on 100 whatever be the denomination. Hence, at 6 per cent., $\frac{6}{100}$ or $\frac{3}{50}$ of the principal equals the interest.

When no time is specified 1 year is understood.

1. At 4 per cent., what part of the principal equals the interest.

SOLUTION.—If the interest or 100 cents is 4 cents, of 1 cent it is $\frac{1}{100}$ of 4 cents which is $\frac{4}{100}$ or $\frac{1}{25}$ of a cent. Therefore, at 4 per cent., $\frac{1}{25}$ of the principal equals the interest.

2. At 2 per cent., what part of the principal equals the interest?

3. At 5 per cent., what part of the principal equals the interest?

4. At 6 per cent., what part of the principal equals the interest?

5. At 8 per cent., what part of the principal equals the interest?

6. At 10 per cent., what part of the cost equals the gain?

7. At 7 per cent., what part of the principal equals the interest?

8. At 12 per cent., what part of the cost equals the gain?

9. At 18 per cent., what part of the cost equals the gain?

10. What is the interest of \$80 for 1 year, at 15 per cent.?

SOLUTION.—At 15 per cent. $\frac{15}{100}$, or $\frac{3}{20}$ of the principal equals the interest. $\frac{3}{20}$ of \$80 is \$12, the interest.

11. What is the interest of \$120 for 1 year, at 25 per cent.?