

## COMPOUND INTEREST

### GLOSSARY:

- **Amount:** The sum of Principal and interest after a specified period.
- **Conversion Period:** The time period after which the interest is added to the principal for the next time period.  
or  
The time from one specified interest period to the next period.
- **Compound Interest:** Compound interest is paid on the original principal and on the accumulated past interest.  
or  
It is the interest paid on both, the principal and the interest you earned so far on that principal.  
or  
It is the concepts of adding the accumulated interest back to the principal, so that interest is earned on interest from that moment on.
- **Depreciation:** The relative decrease in the value of an article.  
or  
The decreased value per year or unit of time.
- **Growth:** The relative increase in the magnitude of plants, population, viruses over a period of time.

❁ **Interest:** Extra money paid for using others money.

or

Additional payment made by the borrower to the lender for using the money.

❁ **Life span:** The number of years, a machine can be effectively used.

❁ **Principal or sum:** The money borrowed or lent out for a certain period.

❁ **Rate:** Interest paid on Rs 100 for a specified period.

❁ **Simple Interest:** It is the interest calculated on the original money (principal) for any given time and rate.

❁ **Time:** The period for which money is borrowed.

or

The period for which money is lent, deposited or borrowed.