

TUTORIAL : PROMISSORY NOTES & BANK DISCOUNT

- 1) Damia received a note with an interest rate of 9% per annum on 17 March 2011. The face value of the note was RM 3,000 and maturity date was 15 June 2011. Find
- i) the term of the note (2 marks)
 - ii) the maturity values (2 marks)
 - iii) Assume that 50 days before maturity date of the note, Damia had the note discounted and received RM 3033.42. Find the discount date and the discount rate that was charged. (4 marks)
 - iv) the simple interest rate earned by the bank which is equivalent to the discount rate. (2 marks)
- 2) Tai Sing Auto Company received a note dated 15 December 2005, with a face value of RM 4,800. The note matured on 15 March 2006 with a total interest of RM 96.00. If the company discounted the note at 7% discount rate on 30 January 2006, find
- i) the term of the note (2 marks)
 - ii) the maturity values (2 marks)
 - iii) the simple interest rate of the note (2 marks)
 - iv) the bank discount (3 marks)
 - v) the proceeds (3 marks)
- 3) Arissa needs RM10,500 now. Find the amount she should borrow for 140 days from a bank that charges 9% bank discount. (3 marks)
- 4) Mamat took a loan to buy his dream motorbike listed RM13,500. If he wants to pay back the loan in 250 days with 8% bank discount, what is the amount of money he should borrow from the bank? (3 marks)

5) On 5 May 2010, Shazelin received a 7-month promissory note valued at RM 4,000 with a simple interest rate of 15%. On 13 July 2010, she discounted the note and received proceeds of RM 4,247. Find the

- i) maturity date. (1 mark)
- ii) amount of bank discount. (5 marks)
- iii) discount period. (2 marks)
- iv) discount rate. (2 marks)
- v) the interest rate that is equivalent to the discount rate in (iv). (2 marks)

6) Ella received a 120-day promissory note for RM20, 000 which matures on 2nd August 2008 with simple interest rate of 15% per annum. She later discounted the note 60 days before the maturity date and obtained RM20, 138.24. Find

- i) the date of the note (2 marks)
- ii) the maturity value of the note (3 marks)
- iii) the discount date (2 marks)
- iv) the bank discount rate (2 marks)
- v) the bank discount (2 marks)
- vi) the simple interest rate earned by the bank which is equivalent to the discount rate (2 marks)

7) Aril received a 125-day promissory note for RM5000 dated on 12 April 2011. The simple interest rate was 5%. He later discounted the note on 28th June 2011 and received proceeds of RM5030.19. Find:

- i) the maturity date of the note (3 marks)
- ii) the maturity value of the note (3 marks)
- iii) the discount rate. (4 marks)