XVIII.

DISCOUNT.

Discount is a deduction from a stated price, or from a debt paid before it is due.

Bank discount *is simple interest paid in advance.*

Wholesale business houses usually sell goods *on time* and take notes from the retailers in payment. When the holder of a promissory note sells the note to a bank, the sum paid by the bank is called the **proceeds** of the note. The amount deducted from the *face* of the note is the **discount**.

Montreal, 25th January, 1895.

$900.

Forty days after date I promise to pay Gault Brothers or order nine hundred dollars, value received.

Discounted at 6%, Feb. 4th. *JOHN MARTIN.*

Who is the maker of the above note? Who is the payee? What is the face of the note? Is the note negotiable? yes

Find the day on which it will mature, allowing 3 days' grace. Who discounted the note? How many days had the note still to run when it was discounted?

Find the amount of discount which the bank will deduct from the face of the note.

Find the proceeds of the note. To whom paid?

Who will be responsible to the bank for the payment of the note at maturity? If the note is not paid, what must the bank do? G. Bros