

**MA 105-002, Mathematics of Finance
Study Guide Test1**

- **Time Diagrams** be able do the following:
 - label dates, pots of money, arrows, focal point(s)
- **Simple Interest:** be able do the following:
 - use future and present value formulas for **simple interest** (SI)
 - find the maturity date
 - how to discount money
 - compute the interest earned under simple interest (SI).
 - know the meaning of banker's rule
 - know how to use Merchant's rule and US rule with SI.
- **Bank Discount rate**
 - know the difference between discounting and discount rate.
 - use future and present value formulas using **bank discount rate**