Business Calculations

1) With a depreciable value of $27,000 which cost your father $30,000, calculate the depreciation of your company's van using the straight-line method of five years of useful life.

    a. $4,400
    b. $11,000
    c. $5,400
    d. $5,600

    Competency: Depreciation

2) Your employer asks you to take the weekly checks and cash and coins to deposit them in the company's account. The bank bag has three checks for $50 each; one check for $500; one check for $850, $50 in cash (two 20s, one ten); $2.00 in coins. How much is deposited?

    a. $1,502
    b. $1,552
    c. $1,540
    d. $1,602

    Competency: Bank Records

3) The real estate agent in your city advertises a house for $195,000 at 6.25 percent interest for 17 years. You are interested in learning more about your responsibilities if your family buys it. You learn that insurance will be $1,080 and taxes will be $1,252 per year. How much will your monthly payment be?

    a. $1,748.48
    b. $1,554.15
    c. $1,220.04
    d. $1,342.00

    Competency: Consumer Credit

4) Weather forecasters often give the average temperature for a particular city. You might want to know this to plan your vacation. A favorite resort city had the following temperatures for July 4 for the last 10 years. What is the mean for that day over the last 10 years?

88 85 92 88 99 86 91 94 93 98

    a. 91.4 mean
    b. 91.0 mean
    c. 89.2 mean
    d. 87.6 mean

    Competency: Data Analysis and Reporting

5) Using the portion of the Estimated Premium Rates below, estimate the quarterly premium for your aunt who is 30 and purchases a straight-life policy with a value of $600,000.
Straight Life Period Percent of Annual Premium
Age Male Female
20 2.72 2.63 Semiannual 51.00
30 3.49 3.38 Quarterly 26.00
40 4.02 3.88 Monthly 8.75
   a. $201.80 estimated
   b. $338.00 estimated
   c. $202.80 estimated
   d. $527.28 estimated

   Competency: Insurance

6) Jane negotiates the bank loan for $5,000 at 8 percent for 92 days using the bank's exact bank discount rate on her promissory note. What are her proceeds on the loan?
   a. $4,872.22
   b. $4,897.80
   c. $4,899.18
   d. $4,898.89

   Competency: Interest rates

7) You check the Wall Street Journal online for stock prices and find your favorite stock sells for $58 a share and its net income per share last year was $6.16. Find the P/E ratio, rounding it to a whole number.
   a. 9 P/E ratio
   b. 10 P/E ratio
   c. 9.415 P/E ratio
   d. 9.42 P/E ratio

   Competency: Inventory

8) John's partner finds flower pots that cost $4 each, and he plans to sell them for $10 each. What percent does he plan to mark up the pots based on the selling price?
   a. 10 percent
   b. 60 percent
   c. 50 percent
   d. 40 percent

   Competency: Mark-ups and Discounts

9) Seely works as a car sales representative and is paid 6 percent commission on his total weekly sales. Last week his sales were only $8,972. Compute his gross earnings.

   a. $538.32

   b. $1,035.20

   c. $149.53

   d. $583.32

Competency: Payroll

10) City Pharmacy shows its net sales to be $392,054 and its cost of goods sold to be $179,515. What is its gross profit margin ratio?

   a. 5.42 percent or 5 to 1

   b. 1.18 percent or 118 to 1

   c. 54.2 percent or 54 to 1

   d. 54.0 percent or 54 to 1

Competency: Ratios and proportion

ANSWER KEY
1.   C
2.   B
3.   A
4.   A
5.   D
6.   C
7.   A
8.   B
9.   A
10.   C