

NAME: _____

Finance
Quiz 1
“Buying”

1. Find the unit price for each choice A and B, and decide which option is cheaper. Circle “A” or “B”:

A: 100 envelopes for \$1.95 Price/envelope = \$_____

B: 40 envelopes for \$0.84 Price/envelope = \$_____

2. Find the unit price for each choice A and B, and decide which option is cheaper:

A: 12 ft. of aluminum angle stock for \$8.88 Price/linear foot = \$_____

B: 15 ft. of aluminum angle stock for \$10.95 Price/linear foot = \$_____

3. For this order, apply a 3% discount based on the subtotal.

Quantity	Description	Unit Price	Amount
2	Bananas, 40 lb	\$18.65	
1	Cabbage, 50 lb	16.98	
3	Thin French Fries, Frozen 30 lbs	12.35	
Subtotal			
Discounts (if applicable)			
Shipping			
TOTAL			

Shipping Charges:	<u>Merchandise Total</u>	<u>Shipping</u>
\$0-50		\$4.50
\$50.01-150.00	\$7.20	
\$150.01-300.00	\$10.80	
\$300.01-450.00	\$15.00	
\$450.01-above	\$19.50	

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4. The following discounts apply to these items:
- alternators: 2%
 - spark plug wire sets: 5%
 - spark plugs: 5%
 - all exhaust pipes and mufflers: 10%
 - all belts: 4%

Quantity	Description	Unit Price	Discount (if applicable)	Net Amount
2	Alternator for Chevy Caprice	\$95.50		
3	Rack & Pinion for GM A-Body 1985-91	175.00		
2	Spark plug wire set for Ford 4.6 L V-8	12.00		
24	Champion RN-9 spark plug	0.95		
Subtotal				
Delivery (5% of subtotal)				
TOTAL				

5. An invoice for \$1340 offers terms of 2/10, net/30. Find the cash discount if you pay within ten days.

Discount: \$ _____

Amount Due: \$ _____

6. Read this invoice and determine the amount due if payment is made within ten days.

<p>INVOICE NO. 12WT-1819</p> <p>Date: 10/30</p>	<p>Veterinarian's Supply 1422 Dogleg Rd. Garden City, KS 67846</p>
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<p>Bill to:</p> <p>Smith True-Value Hardware Emysis, WI 53809</p>	<p>Terms: 3/10, net 30</p>
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Description	Units Shipped	Price	Amount
1-Q115-A	2 CASE	105.00	210.00
1-W344-B	12	3.29	39.48
ST-1119	4	18.50	74.00
Shipping			14.50
Invoice Total			337.98

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7. Find the selling price of a set of metric wrenches that cost \$28.00 and the mark-up rate is 22%.

Selling Price: \$_____

8. If a shop coat costs a uniform supply shop \$15 and they sell it for \$21, what is the mark-up rate?

Mark-up: _____% (nearest tenth of a percent)

9. A box of 8 packages of automatic dishwasher detergent costs a store \$14, and they apply a mark-up rate of 15%. What will be the selling price of ONE package of detergent?

Selling Price per box: \$_____

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Quiz 2
“Saving”

1. How much interest is earned by investing \$800 for 3 years at 5% simple interest?

Interest = \$_____

2. What is the total amount in savings after 2 yrs 6 months, if \$300 was invested at 3.75% simple interest?

Total in savings = \$_____

NOTE: Use the compound interest formula: $T = P\left(1 + \frac{r}{n}\right)^{n \times t}$ to answer questions 3 & 4.

3. \$1200 is invested at 4% interest compounded daily. Find out how much money is in the account after 2 years.

Total in account = \$_____

4. \$500 is invested at 5.5% interest compounded quarterly. Find out how much money is in the account after 5 years.

Total in account = \$_____

5. What are the doubling times for each of these investments?

- a) Passbook savings account that pays 3% interest.

Doubling time = _____yrs

- b) Savings bond that pays 5.5% interest.

Doubling time = _____yrs

6. Use the doubling time formula to decide how much money will be in an account after 36 years if \$200 was invested at 4% interest.

Amount after 36 years = \$_____

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7. Circle the savings option that would most likely be called the *riskiest* or *least secure*:

- * Certificate of Deposit (CD)
- * Regular Savings Account
- * Bond issued by a new electronics company
- * Money Market account
- * Bond issued by the federal government

8. List one drawback to investing your money in a "safe" savings account.

9. A person has a taxable income of \$25,000. If this individual decides to put \$3000 into an IRA, how much money will be saved on income tax if the tax rate is 25%?

Amount of money saved on taxes = \$_____

10. Given the following information, how much money can a person save on income taxes?

Taxable income: \$18,500

Amount to invested in an IRA: \$800

Tax rate: 22%

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Quiz 3
“Borrowing”

1. How much money do you save by paying for this rebuilt engine in cash?

Buying On Time: \$250 down, \$65 / month for 12 months
Cash Price: \$950

Save \$ _____

NOTE - Use your loan payment table to answer questions 2 and 3.

2. Fill in the blanks:

Loan Amount: \$22,000
Interest Rate: 7.5%
Term: 10 years
Monthly Payment: \$ _____
Total Amount Paid; \$ _____
Total Amount of Interest Paid: \$ _____

3. Fill in the blanks to decide which loan is cheaper.

Choice A

Loan Amount: \$6,000
Interest Rate: 8%
Term: 5 years
Monthly Payment: \$ _____
Total Amount Paid; \$ _____
Total Amount of Interest Paid: \$ _____

Choice B

Loan Amount: \$7,000
Interest Rate: 7%
Term: 4 years
Monthly Payment: \$ _____
Total Amount Paid; \$ _____
Total Amount of Interest Paid: \$ _____

The cheaper loan is Choice _____

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4. Read the following amortization table to answer the following questions:

Loan Amount: **\$40,000**
 Monthly Payment: **\$304.76**

Interest Rate: **7.85%**

Length of Loan: **25 yrs**

Pmt No.	Pmt Date	Beginning Balance	Interest	Principal	Ending Balance
1	9/94	40,000.00	261.67	43.10	39,956.90
2	10/94	39,956.90	261.38	43.38	39,913.53
3	11/94	39,913.53	261.10	43.66	39,869.87
4	12/94	39,869.87	260.82	43.95	39,825.92
5	1/95	39,825.92	260.53	44.23	39,781.68
6	2/95	39,781.68	260.24	44.52	39,737.16

295	3/19	1,787.43	11.69	293.07	1,494.36
296	4/19	1,494.36	9.78	294.99	1,199.37
297	5/19	1,199.37	7.85	296.92	902.45
298	6/19	902.45	5.90	298.86	603.60
299	7/19	603.60	3.95	300.81	302.78
300	8/19	302.78	1.98	302.78	0.00

- a) How much of your first month's payment is interest? \$ _____
 How much is principle? \$ _____
- b) By the last payment, how much is interest? \$ _____
 How much is principle? \$ _____
- c) After 6 months, you have made payments totaling \$ _____. Of that amount,
 \$ _____ goes toward principle, and \$ _____ is interest. The balance you owe at the
 end of six months is \$ _____

5. Create the first two lines of an amortization schedule:

Loan Amount: \$12,000
 Interest Rate: 8%
 Length of Loan: 4 years
 Monthly Payment: \$ _____

Payment #	Beginning Balance	Interest	Principle	Ending Balance
1	\$12,000	\$	\$	\$
2	\$	\$	\$	\$

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6. Use the partial amortization table listed below to find the amounts you will have to pay for the *first, second, and third* months for this loan if you use the full extra principle payment strategy. Also find the *amount of interest saved* by using this strategy.

Amount Borrowed: \$60,000

Interest Rate: 8.5%

Length of Loan: 25 years

Monthly Payment: \$483.14

Pmt No.	Pmt Date	Beginning Balance	Interest	Principal	Ending Balance
1	10/95	60,000.00	425.00	58.14	59,941.86
2	11/95	59,941.86	424.59	58.55	59,883.32
3	12/95	59,883.32	424.17	58.96	59,824.35
4	1/96	59,824.35	423.76	59.38	59,764.97
5	2/96	59,764.97	423.34	59.80	59,705.17
6	3/96	59,705.17	422.91	60.22	59,644.95

a) Amount to pay for the first month: \$_____

b) Amount to pay for the second month; \$_____

c) Amount to pay for the third month: \$_____

d) Interest saved up to this point by using the full extra principle payment strategy: \$_____