

When you have completed your exam and reviewed your answers, click **Submit Exam**. Answers will not be recorded until you hit **Submit Exam**. If you need to exit before completing the exam, click **Cancel Exam**.

Questions 1 to 25: Select the best answer to each question. Note that a question and its answers may be split across a page break, so be sure that you have seen the *entire* question and *all* the answers before choosing an answer.

1. What are overhead expenses?

- A.** They contribute indirectly to the running of a business.
- B.** They're directly related to a specific department.
- C.** They're directly related to a specific product.
- D.** They contribute directly to the running of a business.

2. Which one of the following items is subject to sales tax in the District of Columbia?

- A.** Roast beef
- B.** Shampoo
- C.** Tomatoes
- D.** Milk

3. The tax rate of \$.0984 in decimal can be expressed as how many mills?

- A.** 9,840
- B.** 98.4
- C.** 90.84
- D.** 9.84

4. In terms of premium cost, the *most* expensive type of insurance is _____ insurance.

- A.** 20-year endowment
- B.** 20-payment life
- C.** straight-life
- D.** term

5. Matt Miller, age 28, takes out \$50,000 of straight-life insurance. His annual premium is \$418.20. Using the tables in the *Business Math Handbook* that accompanies the course textbook, determine the cash value of his policy at the end of 20 years.

- A.** \$26,500
- B.** \$26,000

C. \$13,250

D. \$30,000

6. The building of Jim's Hardware is assessed at \$109,000. The tax rate is \$86.95 per \$1,000 of assessed valuation. The tax due is

A. \$947.75.

B. \$8,695.45.

C. 94,698.23.

D. \$9,477.55.

E. \$8,659.54.

7. Which one of the following statements is *true* of specific identification?

A. Flow of goods and flow of cost are the same.

B. The specific purchase invoice prices aren't used.

C. Ending inventory isn't associated with specific purchase prices.

D. Low-cost items aren't used in this method.

8. A bond quote of 82.25 in dollars is equal to

A. \$8,025.50.

B. \$82.25.

C. \$8.25.

D. \$822.50.

9. Calculate the optional bodily injury cost for the following:

Class: 10

Optional Bodily Injury: 100/300/50

A. \$108

B. \$94

C. \$144

D. \$187

10. Which one of the following statements is *true* of preferred stock?

A. It never has a preference to dividends over common stockholders.

B. It can be cumulative.

- C. It has equal rights to common stock.
- D. It never receives dividends in arrears.

11. Total sales of \$400,000 that included a 6% sales tax yields actual sales of

- A. \$377,358.49.
- B. \$42,800.
- C. \$37,537.58.
- D. \$48,200.

12. Which one of the following statements is *true* about reduced paid-up insurance?

- A. It results in a face amount less than the original amount .
- B. It buys protection with paying new premiums.
- C. It continues for 20 years.
- D. It means the original face amount is continued for a certain number of years.

13. Commissions charged on the trading of stock are

- A. charged on buying and selling of stock.
- B. charged only on sale of stock.
- C. charged only on buying of stock.
- D. fixed.

14. Mike's condo has a market value of \$310,000. The property in Mike's area is assessed at 40% of the market value. The tax rate is \$145.10 per \$1,000 of assessed valuation. The tax for Mike is

- A. \$17,992.40.
- B. \$7,999.40.
- C. \$16,992.40.
- D. \$7,999.30.

15. To avoid distortion of extreme values, a good indicator would be the

- A. median.
- B. mode.
- C. mean.
- D. weighted-mean.

16. The range of 35, 22, 43, 18, 22, 27, 48, 39, 31, and 16 is

- A. 22.
- B. 29.

C. 30.
D. 32.

17. Jangles Co. earned \$1.80 per share. Assuming a closing price of \$40, what is the PE ratio? (Round your answer to the nearest whole number.)

- A. 7
- B. 72
- C. 22
- D. 20

18. Find the mean for the following numbers and do *not* round your answer to the nearest whole number:
 $38 + 18.05 + 25 + 26 + 46$

- A. 30.61
- B. 21.45
- C. 23.74
- D. 32.14

19. Suppose Department A is 8,000 square feet, Department B is 5,000 square feet, and Department C is 6,000 square feet. What is the percent of overhead expense applied to Department C? (Round your answer to the nearest whole percent.)

- A. 32%
- B. 26%
- C. 68%
- D. 42%

20. Determine the mode from the following numbers: 71, 3, 13, 33, 3, 71, 14, 33, 13, and 33.

- A. 13
- B. 71
- C. 33
- D. 3

21. Stocks are always quoted in

- A. decimals.
- B. quarter lots.
- C. percents.
- D. quarters of a dollar.

22. Usually, assessed value is rounded to the nearest

- A. percent.
- B. tenth.
- C. dollar.
- D. cent.

23. The tax rate of \$.6943 in decimal can be expressed per \$100 as

- A. \$690.3.
- B. \$6.943.
- C. \$69.43.
- D. \$69.43 mills.

24. Jay Miller insured his pizza shop for \$200,000 for fire insurance at an annual rate per \$100 of \$.49. At the end of 10 months, Jay canceled the policy since his pizza shop went out of business. Using the tables in the *Business Math Handbook* that accompanies the course textbook, determine the refund to Jay.

- A. \$127.40
- B. \$186.20
- C. \$852.60
- D. \$980

25. What is the retail method?

- A. It doesn't require a cost ratio.
- B. It eliminates the need to take a physical inventory.
- C. It aids a company in not having to calculate an inventory cost for each individual item.
- D. It's not an estimate.

End of exam