

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. Crestwood Paint Supply had a beginning inventory of 10 cans of paint at \$25.00 per can. They purchased 20 cans during the month at \$30.00 per can. They had an ending inventory valued at \$500. How much paint in dollars was used for the month?

- A. \$250
- B. \$350
- C. \$1,350
- D. \$850

2. 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. \$26,000
- B. \$26,500
- C. \$13,250
- D. \$30,000

3. Assume the mean useful life of a particular light bulb is 2,000 hours, which is normally distributed with a standard deviation of 300 hours. What is the range of the useful life of light bulbs within two standard deviations of the mean.

- A. Between 1,700 and 2,300 hours
- B. Longer than 1,700 hours
- C. Between 1,400 and 2,600 hours
- D. Longer than 2,300 hours

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

- A. The specific purchase invoice prices aren't used.
- B. Low-cost items aren't used in this method.
- C. Ending inventory isn't associated with specific purchase prices.
- D. Flow of goods and flow of cost are the same.

5. The weighted-average method is *best* used

- A. only for grains.

B. for heterogeneous products.

C. only for fuels.

D. for homogeneous products.

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

A. \$8,025.50.

B. \$8.25.

C. \$82.25.

D. \$822.50.

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

A. 29.

B. 30.

C. 22.

D. 32.

8. What are overhead expenses?

A. They're directly related to a specific product.

B. They contribute directly to the running of a business.

C. They contribute indirectly to the running of a business.

D. They're directly related to a specific department.

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

Class: 10

Optional Bodily Injury: 100/300/50

A. \$108

B. \$94

C. \$187

D. \$144

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

A. 90.84

B. 98.4

C. 9.84

D. 9,840

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

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

12. The municipality of Waterloo needs \$915,000 from property tax to meet its budget. The total value of assessed property in Waterloo is \$14,000,000. What is the tax rate per dollar? (Round your answer to the nearest thousandth.)

- A. \$.071
- B. \$.065
- C. \$.07
- D. \$.0655

13. 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. 22
- B. 7
- C. 72
- D. 20

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

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

15. Stocks are always quoted in

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

16. An auto insurance premium may be partially based on the

- A. attitude of the driver.
- B. expected life of the car.
- C. make of the car.
- D. number of years one expects to drive a car.

17. 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. \$980
- C. \$186.20
- D. \$852.60

18. Calculate the median from the following numbers: $16 + 9 + 10 + 5 + 4$.

- A. 9
- B. 5
- C. 4
- D. 10

19. Personal property items do *not* include

- A. furniture.
- B. jewelry.
- C. land.
- D. autos.

20. What is the retail method?

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

21. 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. 21.45
- B. 23.74
- C. 30.61
- D. 32.14

22. 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. 26%
- B. 42%
- C. 68%
- D. 32%

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

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

24. With net sales of \$40,000, beginning inventory at retail of \$14,000, ending inventory at retail of \$20,000, and cost of goods sold of \$19,500, what is the inventory turnover at retail rounded to the nearest hundredth?

- A. 2.35
- B. 3.25
- C. 5.23
- D. 5.15

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

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

End of exam