



- 1 You earn \$30,000 per annum. After your annual review your manager decides to pay you \$2,000 more.
What is the percentage increase?
- 2 You earn \$45,000 per annum. You get a promotion and your salary moves to \$60,000.
What percentage pay increase have you received?
- 3 Your net worth is: (choose one)
 - a The difference between your bank borrowings and your savings
 - b The difference between your liabilities and your assets
 - c The difference between your income and expenditure
 - d All of these together
- 4 Michael has all of the following. Which one is an asset:
 - a Mortgage
 - b Hire purchase
 - c Student loan
 - d Plumbing business
- 5 Jane pays \$15,000 off her mortgage over a year. If all of her other finances are unchanged over that year her net worth will have:
 - a Stayed the same
 - b Increased
 - c Decreased
- 6 Max is calculating his net worth. Four years ago he bought shares for \$6,000 that now have a market value of \$8,500. Which value should he use to calculate his current net worth:
 - a \$6,000
 - b \$8,500
- 7 A budget is essentially about considering:
 - a Income
 - b Expenditure
 - c Income and expenditure
- 8 You should plan budget periods:
 - a Weekly
 - b Monthly
 - c Annually
 - d In periods which match income
- 9 Budgeting is:
 - a Trying to spend less
 - b Quite unnecessary for most people
 - c Planning for income and priorities for expenditure
 - d Recording how you have spent money
 - e All of the above

- 10 Kiri has a job with a take-home pay of \$1,500 per month. She spends \$400 each month on rent and \$200 per month on groceries. She also spends \$200 each month on transport, \$200 on clothing, \$100 on eating out and \$200 on everything else. How long will it take her to save \$2,000?
- a 5 months
 - b 6 months
 - c 10 months
 - d 12 months
- 11 Kylie and her three friends went to a restaurant for a meal. They agreed to split the bill. The total came to \$180 plus a service charge of 10 per cent. How much was Kylie's share of the bill?
- a \$45.00
 - b \$47.50
 - c \$49.50
 - d \$50.00
- 12 Paddy needs a pair of strong boots for his outdoor work. He finally tracks down the kind he wants. The price ticket says \$150 less 12½ per cent. What amount will he have to pay?
- a \$168.75
 - b \$131.25
 - c \$162.50
 - d \$137.50
- 13 Pita has an income of \$1,700 per month from his job. His expenditure each month is:
- | | |
|---------------|-------|
| Rent | \$450 |
| Food | \$400 |
| Clothing | \$100 |
| Phone/power | \$150 |
| Transport | \$200 |
| Entertainment | \$200 |
| Other | \$300 |
- Pita has a deficit each month of \$100. If he could increase his income by 5 per cent, reduce his entertainment expenditure by 20 per cent, reduce his food costs by 10 per cent, and his transport expense by 5 per cent what would his surplus be:
- a \$15
 - b \$75
 - c \$175
 - d \$275
- 14 It is financially intelligent to borrow for things that will:
- a Go up in value in the future
 - b Go down in value in the future
 - c Be worth the same in the future
 - d Be worth nothing in the future
- 15 Mary is borrowing \$240,000 on her \$300,000 house. Her Loan to Value Ratio (LVR) is:
- a 20 per cent
 - b 60 per cent
 - c 240 per cent
 - d None of these

- 16 Credit cards attract a higher interest rate. This is because:
- a They do not have a bank account with them
 - b The customer can pay them off at any time
 - c They are usually only for a small amount of credit
 - d They are unsecured
- 17 Antonio has been unable to pay off his credit card balance for a few months. He has \$2,400 owing since last billing in January. The annual rate on his card is 18 per cent. How much will he be billed for interest alone this month (February)?
- a \$576
 - b \$100
 - c \$36
 - d \$200
- 18 If Antonio can't pay any of the February bill but puts no further charges on his card what will the March bill show?
- a \$2,496.96
 - b \$2,500.00
 - c \$2,436.00
 - d \$2,600.00
- 19 Alexia borrows \$17,500 to buy a \$20,000 car. Six months later she falls into arrears with the hire purchase, the car is sold for \$14,000 and Alexia still owes \$2,500. Which of the following is most likely to happen?
- a The lender will 'forget' about the \$2,500 that is still owed and forgive the debt
 - b The lender will continue to add interest and any other costs to the amount and pursue Alexia for it to the point of forcing the sale of any other assets and even bankruptcy
 - c Alexia will be told to repay the \$2,500 when she can
- 20 Andrew borrows \$5,000 for an overseas trip at a rate of 10 per cent per annum. At the end of the year:
- a He owes \$500 interest
 - b He owes \$5,000 principal
 - c Both of the above
- 21 Which statement best describes a Principal and Interest or table loan:
- a You can pay it off whenever you like
 - b You only have to pay interest during the loan and pay off the principal in one lump sum at the end
 - c Your monthly repayments remain the same throughout the loan and these payments are partly principal and partly interest repayments
 - d You can have a fixed or variable rate
- 22 Which of the following is incorrect? Credit cards are good because:
- a You do not have to repay them in full each month
 - b You can save on bank fees
 - c They give you a period of free credit
 - d They are convenient
- 23 If you invest \$1,000 today at 4 per cent for a year your balance in 12 months' time would be:
- a Higher if the interest is compounded daily rather than monthly
 - b Higher if the interest is compounded quarterly rather than weekly
 - c \$1,400 no matter how the interest is compounded
 - d \$1,040 no matter how the interest is compounded

- 24 Sheryl has a mortgage of \$250,000 over 25 years at 8 per cent. The monthly repayments are \$1,929.54. The total interest that she will pay over the mortgage is:
- a \$176,690
 - b \$20,000
 - c \$328,862
 - d \$500,000
- 25 The cash return from shares that is paid to investors is called:
- a Rent
 - b Interest
 - c Dividends
 - d Profit
- 26 Ben and Sarah are the same age. At 25, Sarah began saving \$2,000 per annum (i.e. each year) while Ben saved nothing. At 50 years of age Ben realised that he needed to start saving and began to put aside \$4,000 p.a. Sarah kept on saving \$2,000 p.a. Now they are both 75 years old. Who has the most saved?
- a Ben, because he saved more each year
 - b They would both have the same amount because each of them saved the same
 - c Sarah, because she saved more
 - d Sarah, because her money has been growing for a longer time
- 27 A property is purchased for \$150,000 and has a rent of \$280 per week. Its annual yield is:
- a 10 per cent
 - b \$280
 - c \$14,560
 - d 9.7 per cent
- 28 You are considering a mortgage. The loan amount will be \$100,000. Repaying interest only, your payments per fortnight will be \$400. What is the annual interest rate for the mortgage?
- 29 You have a house that is worth \$450,000. You still owe \$200,000 on the mortgage. You and your partner have three vehicles - a company car valued at \$45,000, your partner's car worth \$7,500, and a four-wheel drive which is worth \$25,000 and on which you owe \$17,000. You have credit card debts of \$5,500 since your last overseas holidays. You have just signed for a rental property. It cost you \$250,000 but you have a valuation for \$275,000. You put down \$25,000. What is your net worth?
- 30 You have \$1,000 invested. The interest rate is 10 per cent. How much interest will you have earned at the end of the year?
- 31 If you allow your investment to compound how much will you have at the end of three years?
- 32 You have \$15,000 to invest. You expect to get a very good return of 12 per cent. How long will it take for your investment to double?
- 33 You have a second house as an investment. You rent it out. The house cost you \$300,000. You collect \$1,200 per month. What is the yield?
- 34 Calculate the Earnings Per Share (EPS) if a business has a net profit of \$ 5 million, and 10 million shares on issue.

- 35 What is the Price/Earnings (P/E) ratio if the business has a net profit of \$5 million, a share price of \$2.50 and 10 million shares on issue?
- 36 A bankrupt company can be profitable. True or false?
- 37 In business, profit is the same as cash. True or false?
- 38 A company can be very profitable but short of cash. True or false?
- 39 Accounts receivable are not counted as an asset until actually collected. True or false?
- 40 An income statement shows whether a company is operating profitably. True or false?
- 41 If a business buys products at \$12 and sells at \$15, what is the gross profit?
- 42 What is the gross profit percentage?
- 43 If a business retails (ex GST) products at \$12 which it bought for \$10, what is the mark-up percentage?
- 44 If a business marks up its products by 50 per cent and it buys products at \$20 each, what is the gross profit percentage?
- 45 If a product costs \$5.00 and retails at \$7.50 (ex GST) what would the percentage margin be with a discount of \$0.50?
- 46 If the business has current assets of \$5,000 and current liabilities of \$2,500, what is the current ratio?
- 47 If the business earned \$1 million last year and the shareholders' equity is \$5 million, what is the Return On Equity (ROE)?
- 48 Given the following facts, what is the quick ratio (acid test)?
- Current assets \$10,000
 - Accounts receivable \$2,500
 - Current liabilities \$15,000
 - Inventory \$5,500
 - Sales \$40,000
 - Profit before interest and tax \$8,000
- 49 Using the same facts, what is the quick ratio if accounts receivable are excluded?
- 50 What is the profit margin on sales ratio?