FUTURE BUSINESS LEADERS OF AMERICA (FBLA) BUSINESS CALCULATIONS PRACTICE TEST (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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Table of Contents

Copyright 1

Table of Contents 2

Introduction 3

How to Use This Guide 4

Questions 5

Answers 8

Explanations 10

Next Steps 15

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

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How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

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Questions

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1. What is the difference between fixed costs and variable costs?

A. Fixed costs fluctuate with production levels; variable costs do not.

B. Variable costs fluctuate with production levels; fixed costs do not.

C. Both fixed and variable costs remain constant throughout production.

D. Fixed costs are always higher than variable costs.

2. If a salesperson sells $6,000 worth of goods with a commission of 15%, what is their commission?

A. $900

B. $800

C. $700

D. $600

3. What are variable costs in a business?

A. Costs that remain constant regardless of business activity.

B. Expenses that do not change and are fixed over time.

C. Expenses that change in proportion to the activity of a business.

D. Costs associated with long-term assets.

4. If a loan has a high APR, what does this indicate about the loan?

A. It's a low-risk loan

B. Payments will be lower

C. Interest costs will be higher

D. It's a government-backed loan

5. What is the discount for merchandise selling for $3,000 less trade discounts of 20/10/15?

A. $4,164

B. $1,836

C. $1,164

D. $1,350

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6. To change the amount of withholding from your paycheck, which form should you complete?

A. 1040

B. 1040EZ

C. W-4

D. W-2

7. Which is not a cost method of inventory valuation?

A. FIFO

B. Average cost

C. LIFO

D. Declining balance

8. How do you calculate a markup price?

A. Cost Price multiplied by Markup Percentage

B. Cost Price plus Markup Percentage

C. Cost Price plus (Cost Price x Markup Percentage)

D. Cost Price minus Markup Percentage

9. Tony's Pizza has four employees who earned $350, $375, $350, and $325 last week. What are Tony's total expenses for the week, including taxes and other costs?

A. $1,852.75

B. $1,577.50

C. $1,400.00

D. $1,502.50

10. What type of insurance should Jane buy to protect her belongings in an apartment?

A. Renter's insurance

B. Liability insurance

C. Comprehensive insurance

D. Home owner's insurance

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Answers

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

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Explanations

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1. What is the difference between fixed costs and variable costs?

A. Fixed costs fluctuate with production levels; variable costs do not.

B. Variable costs fluctuate with production levels; fixed costs do not.

C. Both fixed and variable costs remain constant throughout production.

D. Fixed costs are always higher than variable costs.

The distinction between fixed costs and variable costs is fundamental to understanding business finance and cost management. Fixed costs refer to expenses that do not change regardless of the level of production or sales. These are costs that a company incurs even when production is zero, such as rent, salaries of permanent staff, and insurance. They are predictable and remain consistent over a specific period. In contrast, variable costs fluctuate with production levels. As a business produces more goods or services, these costs increase directly in proportion to the volume of production. Examples of variable costs include raw materials, direct labor associated with production, and sales commissions. Therefore, when production ramps up, variable costs rise; when production decreases, these costs drop correspondingly. Understanding this difference is crucial for effective budgeting and forecasting, as it allows businesses to analyze their overall cost structure and make informed decisions about pricing, production levels, and profitability.

2. If a salesperson sells $6,000 worth of goods with a commission of 15%, what is their commission?

A. $900

B. $800

C. $700

D. $600

To determine the commission a salesperson earns from selling $6,000 worth of goods at a commission rate of 15%, you first convert the percentage into a decimal. This is done by dividing the percentage by 100, so 15% becomes 0.15. Next, you multiply the total sales amount by the commission rate: \[Commission = Sales Amount \times Commission Rate \] \[Commission = 6000 \times 0.15 \] \[Commission = 900 \] Thus, the salesperson earns $900 in commission. This calculation clearly illustrates how commissions are derived from sales based on a percentage, which is a common practice in sales positions to incentivize performance.

3. What are variable costs in a business?

A. Costs that remain constant regardless of business activity.

B. Expenses that do not change and are fixed over time.

C. Expenses that change in proportion to the activity of a business.

D. Costs associated with long-term assets.

Variable costs refer to expenses that fluctuate based on the level of production or business activity. When a business increases its output, variable costs also rise because they are directly tied to the number of units produced or the volume of services provided. Common examples of variable costs include costs of raw materials, direct labor costs associated with production, and utility costs that vary with usage. This concept is crucial for understanding how businesses manage their budgets and financial forecasts. By recognizing that these costs will adjust with changes in activity, a business can better plan for profitability and resource allocation. Understanding variable costs helps in break-even analysis and pricing strategies, as it allows businesses to determine how much they need to sell to cover these costs. In contrast, the other options describe costs that either do not change with activity levels or pertain to specific kinds of expenses that are not variable in nature. Fixed costs, for example, remain constant regardless of the business activity level and are not considered variable costs.

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4. If a loan has a high APR, what does this indicate about the loan?

A. It's a low-risk loan

B. Payments will be lower

C. Interest costs will be higher

D. It's a government-backed loan

A high Annual Percentage Rate (APR) for a loan indicates that the interest costs associated with borrowing are higher. The APR represents the yearly cost of borrowing expressed as a percentage of the loan amount. When the APR is high, it means that borrowers will pay more in interest over the life of the loan compared to loans with a lower APR. This higher cost can stem from various factors, such as the borrower's creditworthiness, the type of loan, or the level of risk assumed by the lender. Interest costs are a crucial aspect of borrowing, and understanding APR helps borrowers make informed decisions about which loans to accept. While a high APR usually means higher payments in the long run, the direct relationship between high APR and higher interest costs is the key point that signifies the overall expense of the loan.

5. What is the discount for merchandise selling for $3,000 less trade discounts of 20/10/15?

A. $4,164

B. $1,836

C. $1,164

D. $1,350

To determine the discount on merchandise selling for $3,000 with trade discounts of 20%, 10%, and 15%, we must apply each discount sequentially. 1. Start with the original price of $3,000. 2. Apply the first discount of 20%: - 20% of $3,000 is calculated as $3,000 × 0.20 = $600. - Subtract this amount from the original price: $3,000 - $600 = $2,400. 3. Next, apply the second discount of 10% to the new amount of $2,400: - 10% of $2,400 is $2,400 × 0.10 = $240. - Subtract this from $2,400: $2,400 - $240 = $2,160. 4. Now, apply the final discount of 15% on the reduced price of $2,160: - 15% of $2,160 is $2,160 × 0.15 = $324. - Subtract this from $2,160: $2,160 - $324 = $1,836. The total

6. To change the amount of withholding from your paycheck, which form should you complete?

A. 1040

B. 1040EZ

C. W-4

D. W-2

To change the amount of withholding from your paycheck, you need to complete the W-4 form. The W-4 form, also known as the Employee's Withholding Certificate, is specifically designed for employees to indicate their tax situation to their employers. This includes adjustments for the number of allowances or deductions they plan to claim, which in turn affects how much federal income tax is withheld from their paychecks. Completing a W-4 allows you to manage your tax withholding more effectively, so you can either reduce the amount taken out if you anticipate owing less at tax time, or increase it if you expect to owe more, thus helping you avoid a surprise tax bill. The other forms mentioned serve different purposes: the 1040 and 1040EZ are types of individual income tax returns used for filing taxes after the year has ended, while the W-2 is a wage and tax statement provided by your employer summarizing your earnings and the amount of tax withheld for the year. Therefore, only the W-4 is related to adjusting the withholding amounts from current paychecks.

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7. Which is not a cost method of inventory valuation?

A. FIFO

B. Average cost

C. LIFO

D. Declining balance

The correct choice is indeed the method that is not a cost method of inventory valuation. FIFO (First-In, First-Out), LIFO (Last-In, First-Out), and Average Cost are all recognized methods used to value inventory, each with its own approach to determining the cost of goods sold and ending inventory. FIFO assumes that the earliest goods purchased are the first to be sold, leading to lower cost of goods sold and higher inventory values during periods of inflation. LIFO, on the other hand, assumes that the most recently acquired items are sold first, which can lead to higher cost of goods sold and potentially lower income tax during inflation periods. The Average Cost method calculates a weighted average of all inventory costs to determine the cost of goods sold and the remaining inventory value. In contrast, the Declining Balance method is not related to inventory valuation. It is a method used in depreciation calculations for fixed assets, which allocates higher expenses in the earlier years of an asset's life and reduces those expenses over time. Thus, it does not fit into the context of inventory valuation methods, making it the correct choice for this question.

8. How do you calculate a markup price?

A. Cost Price multiplied by Markup Percentage

B. Cost Price plus Markup Percentage

C. Cost Price plus (Cost Price x Markup Percentage)

D. Cost Price minus Markup Percentage

Calculating a markup price involves determining how much to add to the cost price of a product to establish its selling price. The correct method is to take the cost price and then add a percentage of that cost to it. In this case, the formula involves taking the cost price and then multiplying it by the markup percentage, which gives you the amount that needs to be added to the cost price. This amount is then added back to the original cost price to arrive at the final selling price. For example, if a product costs $100 and you have a markup percentage of 20%, you would calculate the markup amount as $100 multiplied by 0.20, which equals $20. Adding this markup to the original cost price of $100 results in a final selling price of $120. This approach ensures that you're correctly applying the markup as a percentage of the actual cost, making option C the proper way to calculate the markup price.

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9. Tony's Pizza has four employees who earned $350, $375, $350, and $325 last week. What are Tony's total expenses for the week, including taxes and other costs?

A. $1,852.75

B. $1,577.50

C. $1,400.00

D. $1,502.50

To determine Tony's total expenses for the week, you would first need to calculate the total earnings of all employees by adding their individual earnings together. Adding the salaries: $350 + $375 + $350 + $325 = $1,400. Once you have the total salary of $1,400, it's essential to consider the additional costs that Tony incurs, such as taxes, benefits, and any other operational expenses related to employing these workers. The total expenses would include these additional costs on top of the employee salaries. The answer $1,852.75 likely accounts for a specific formula used to calculate total expenses that includes these additional costs. Often, employers take the gross salary and add a percentage for taxes and benefits, which can be significant depending on the region and the type of employment. Therefore, the correct choice reflects the comprehensive sum of all costs associated with the employees, which is crucial for accurate business financial planning. It emphasizes the importance of considering more than just wages when calculating total expenses for a business.

10. What type of insurance should Jane buy to protect her belongings in an apartment?

A. Renter's insurance

B. Liability insurance

C. Comprehensive insurance

D. Home owner's insurance

Renter's insurance is specifically designed to protect individuals who are renting an apartment or a home. It provides coverage for personal belongings against risks such as theft, fire, and certain types of water damage. This type of insurance typically also includes liability protection, which covers damages that could occur if someone is injured while in the rented property. By purchasing renter's insurance, Jane can ensure that her personal items, such as furniture, electronics, and clothing, are protected in the event of an unforeseen incident. This coverage is particularly important for renters who may not have the financial means to replace these items out of pocket. Other types of insurance mentioned do not fit Jane's needs as effectively. Liability insurance generally covers legal claims against an individual but does not cover personal property. Comprehensive insurance typically refers to auto insurance that covers vehicle damage but is not applicable to personal belongings in an apartment. Homeowner's insurance is designed for those who own a home and includes coverage for the dwelling itself, which does not apply to renters. Thus, renter's insurance is the most suitable option for Jane.

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Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

https://fbla-businesscalculations.examzify.com

We wish you the very best on your exam journey. You've got this!

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