Business Math
Test #1 Review

Terms to Know

Cash receipts
Cash payments
Assets
Liabilities
Capital, Owner's equity
Income
Cost of goods sold
Operating expenses
Net sales
Gross Profit

Forms to Know

Balance Sheet
Income Statement

Formulas Used on the Test

Assets = Liability + Capital
Goods Available for Sale = Beginning Inventory + Merchandise Purchased
Cost of Goods Sold = Goods Available for Sale – Ending Inventory
Net Sales = Sales – Returns and Allowances
Gross Profit = Net Sales – Cost of Goods Sold
Average Owner's Equity = $\frac{Beginning\ Equity + Ending\ Equity}{2}$
Return of Equity = $\frac{Net\ Profit}{Average\ Owner's\ Equity}$

C Exercise Set

Answer questions 1–4 using the following word problem.

Ned Wisser received a salary of $265 last month. A friend paid him $75, and he received $54 in birthday money. His dad rewarded him with $15 for his excellent grades his first few weeks back in school. He won $75 in a local art contest. He spent $27.85 in art supplies and $48.90 on school supplies. He paid $140 for his school tuition and $180 on new school clothes.

1. ____________ What were Ned's total receipts?
2. ____________ What were Ned's total payments?
3. ____________ Did Ned have an excess or a deficit?
4. ____________ How much was the excess or deficit?

Answer questions 5–10 using the following word problem.

Aunt Sally's Cookies owns a $79,000 shop. The store has 3 ovens worth $699 each, 15 cookie sheets worth $7.18 each, 9 bowls worth $4.87 each, and other equipment worth a total of $4,475. They owe the bank $54,500, and they owe their supplier $2,780. Other liabilities total $1,780.

5. ____________ What is the total value of the ovens?
6. ____________ What is the total value of the cookie sheets?
7. ____________ What is the total value of the bowls?
8. ____________ What are the total assets?
9. ____________ What are the total liabilities
10. ____________ What is the capital?

D Exercise Set

Complete the chart.

	Assets	Liabilities	Capital
1.		$16,210	$28,420
2.	$1,043,287		$984,299
3.	$284,730	$169,825	
4.	$97,824		$69,949
5.		$104,250	$136,890
6.	$14,280,000		$9,980,975

Complete the balance sheets. Find the total assets, total liabilities, capital, and total liabilities and capital.

7.

T-Shirts By You
Balance Sheet
February 28, 20–

Assets		Liabilities	
Cash	$2,500	Shirt Farm	$ 1,700
Merchandise Inventory	17,980	State Bank	52,650
Store Furniture	1,275		
Land and Building	87,600		
		Total Liabilities	?
		Capital	
		Damon Jones, Capital	?
Total Assets	?	Total Liabilities and Capital	?

8.

Jay's Office Supplies
Balance Sheet
May 31, 20–

Assets		Liabilities	
Cash	$480	Grant Suppliers	$ 2,500
Merchandise Inventory	29,260	First State Bank	15,000
Building and Land	83,500	Federal Savings	27,500
Office Supplies	5,210		
Accounts Receivable	1,980		
		Total Liabilities	?
		Capital	
		Jay McBrayer, Capital	?
Total Assets	?	Total Liabilities and Capital	?

Complete the charts.

	Beginning Inventory	Merchandise Purchases	Goods Available for Sale	Ending Inventory	Cost of Goods Sold
9.	$45,400	$17,600		$39,000	
10.	$1,473,290	$394,680		$1,050,800	
11.	$11,270	$4,665		$12,980	
12.	$75,000	$23,810		$54,725	

	Sales	Returns	Net Sales	Cost of Goods Sold	Gross Profit
13.	$84,900	$5,980		$59,300	
14.	$5,675	$473.50		$2,480	
15.	$10,849	$1,087		$6,044	
16.	$42,710	$695.75		$30,220	
17.	$58,920	$5,762		$41,874	

	Sales	Returns and Allowances	Net Sales	Cost of Goods Sold	Gross Profit	Expenses	Net Profit or Loss	Label as Profit or Loss
18.	$40,210	$149		$16,820		$21,630		
19.	$1,300,000	$16,780		$487,500		$365,900		
20.	$47,250	$6,988		$25,400		$23,210		
21.	$11,900	$187.10		$3,616		$4,820		
22.	$97,600	$9,450		$62,900		$12,810		
23.	$25,100	$388.20		$5,090		$14,750		

D Exercise Set

Supply the missing amounts in the income statement.

The Window Curtain
Income Statement
For the Month Ended September 30, 20–

Income from sales:		
Sales	$97,320	
Less refunds and allowances	4,287	
Net sales		
Cost of goods sold:		
Beginning inventory September 1, 20–	$63,210	
Plus merchandise purchases	19,780	
Total cost of goods available for sale		
Less ending inventory, September 30, 20–	34,690	
Cost of goods sold		
Gross profit		
Operating expenses:		
Wages	$18,400	
Mortgage	4,675	
Taxes	3,870	
Insurance	2,925	
Advertising	4,810	
Utilities	1,500	
Other expenses	5,850	
Total operating expenses		
Net ________		

E Exercise Set

Prepare an income statement for each business.

1. *Mama's Deli*

For the Month Ended July 31, 20–
Sales: $16,250
Cost of goods sold: $7,320
Gross profit: ?
Operating expenses: $4,250
Net profit or loss: ?

2. *Jake's Auto Sales*

For the Month Ended December 31, 20–
Sales: $212,550
Returns: $19,850
Net sales: ?
Beginning inventory: $130,000
Merchandise purchases: $78,900
Total cost of goods available for sale: ?
Ending inventory: $62,785
Cost of goods sold: ?
Gross profit: ?
Operating expenses: $17,980
Net profit or loss: ?