

# Future Business Leaders of America (FBLA) Business Calculations Practice Test (Sample)

## Study Guide



**Everything you need from our exam experts!**

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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.

# 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!**

## Questions

- 1. What is the amount of interest on a \$140,000 loan at 9.6 percent interest for 36 months?**
  - A. \$161,280**
  - B. \$13,400**
  - C. \$40,320**
  - D. \$483,840**
- 2. Which ratio indicates how well a company can pay off its short-term debt?**
  - A. Efficiency ratio**
  - B. Leverage ratio**
  - C. Liquidity ratio**
  - D. Profitability ratio**
- 3. What is the median of the set of numbers: 1,7,5,1,4,6,5,8,9,10,2,5,3?**
  - A. 6**
  - B. 3**
  - C. 5**
  - D. 4**
- 4. What does overhead mean in business?**
  - A. Costs directly related to production**
  - B. Fixed costs that vary with sales**
  - C. Ongoing expenses not directly attributed to a product or service**
  - D. Profit margins on sold goods**
- 5. Which of the following is NOT a benefit of using online banking?**
  - A. Convenience**
  - B. 24/7 access**
  - C. Annual fees**
  - D. Real-time transaction tracking**

- 6. The P/E is the:**
- A. Stock's current price divided by the current earnings**
  - B. Current price of a stock divided by the earnings when you bought it**
  - C. Price you paid for a stock divided by the current earnings**
  - D. Price you paid for a stock divided by the earnings when you bought it**
- 7. A \$6000 note at a 12% discount rate for 270 days will yield proceeds of:**
- A. \$540**
  - B. \$6540**
  - C. \$720**
  - D. \$5460**
- 8. How do you calculate the price-to-earnings (P/E) ratio?**
- A.  $P/E \text{ Ratio} = \text{Total Earnings} / \text{Total Shares}$**
  - B.  $P/E \text{ Ratio} = \text{Market Price per Share} / \text{Earnings per Share}$**
  - C.  $P/E \text{ Ratio} = \text{Earnings Before Tax} / \text{Total Liabilities}$**
  - D.  $P/E \text{ Ratio} = \text{Dividends per Share} / \text{Market Price per Share}$**
- 9. How is sales tax calculated?**
- A.  $\text{Sales Tax} = \text{Sale Price} / \text{Sales Tax Rate}$**
  - B.  $\text{Sales Tax} = \text{Sale Price} \times (1 + \text{Sales Tax Rate})$**
  - C.  $\text{Sales Tax} = \text{Sale Price} - \text{Sales Tax Rate}$**
  - D.  $\text{Sales Tax} = \text{Sale Price} \times \text{Sales Tax Rate}$**
- 10. What is the basic formula for calculating tax liability?**
- A.  $\text{Tax liability} = \text{gross income} \times \text{taxable liability}$**
  - B.  $\text{Tax liability} = \text{taxable income} \times \text{tax rate}$**
  - C.  $\text{Tax liability} = \text{taxable income} / \text{tax rate}$**
  - D.  $\text{Tax liability} = \text{gross income} / \text{taxable liability}$**



## **Answers**

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

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## **Explanations**

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1. What is the amount of interest on a \$140,000 loan at 9.6 percent interest for 36 months?
- A. \$161,280
  - B. \$13,400
  - C. \$40,320**
  - D. \$483,840

To determine the interest on a \$140,000 loan at an annual interest rate of 9.6 percent for a period of 36 months, you can use the formula for simple interest:  $\text{Interest} = \text{Principal} \times \text{Rate} \times \text{Time}$

1. **Convert the annual interest rate to a decimal**: 9.6 percent as a decimal is 0.096.

2. **Determine the time in years**: Since the time given is 36 months, you convert that to years by dividing by 12:  $36 \text{ months} \div 12 \text{ months/year} = 3 \text{ years}$ .

3. **Inserting values into the formula**: Principal = \$140,000 Rate = 0.096 Time = 3 years Therefore, the calculation will be:  $\text{Interest} = \$140,000 \times 0.096 \times 3$

4. **Calculating the interest**: First, calculate  $\$140,000 \times 0.096$ , which equals \$13,440. Then multiply that by 3:  $\$13,440 \times 3 = \$40,320$ . The result of \$40,320 represents the total interest accrued on the loan over the 36

2. Which ratio indicates how well a company can pay off its short-term debt?
- A. Efficiency ratio
  - B. Leverage ratio
  - C. Liquidity ratio**
  - D. Profitability ratio

The chosen ratio that indicates how well a company can pay off its short-term debt is known as the liquidity ratio. This ratio measures a company's ability to meet its short-term financial obligations with its most liquid assets. Key liquidity ratios include the current ratio and the quick ratio. The current ratio, which is calculated by dividing current assets by current liabilities, shows the extent to which current assets can cover current liabilities. A higher current ratio suggests that a company is in a better position to pay off its short-term debts. Conversely, the quick ratio takes a more conservative approach by excluding inventory from current assets, providing an even clearer picture of a company's liquidity in case of sudden cash needs. In contrast, the efficiency ratio assesses how effectively a company uses its assets to generate revenue, the leverage ratio looks at the degree to which a company is using borrowed money to finance its assets, and the profitability ratio measures a company's ability to generate profit relative to its revenue, assets, or equity. These metrics provide valuable insights into different aspects of a company's financial health, but they do not directly address its ability to cover short-term liabilities like the liquidity ratio does.

**3. What is the median of the set of numbers:  
1,7,5,1,4,6,5,8,9,10,2,5,3?**

- A. 6
- B. 3
- C. 5**
- D. 4

To find the median of a set of numbers, the first step is to arrange the numbers in ascending order. For the given set of numbers—1, 7, 5, 1, 4, 6, 5, 8, 9, 10, 2, 5, 3—the ordered sequence is: 1, 1, 2, 3, 4, 5, 5, 5, 6, 7, 8, 9, 10. Next, identify the total number of values in the ordered list. In this case, there are 13 numbers, which is an odd count. The median is the number that is located in the middle position of the sorted list. To find the middle position, you can use the formula  $\frac{(n + 1)}{2}$ , where  $(n)$  is the number of values. Here,  $(n)$  is 13, so the position is  $\frac{(13 + 1)}{2} = 7$ . Thus, the median is the value at the 7th position in the ordered list. Counting through the ordered numbers, the 7th value is 5.

**4. What does overhead mean in business?**

- A. Costs directly related to production
- B. Fixed costs that vary with sales
- C. Ongoing expenses not directly attributed to a product or service**
- D. Profit margins on sold goods

Overhead in a business context refers to ongoing expenses that are not directly attributed to the production of goods or services. This includes costs such as rent, utilities, salaries of non-production staff, and general administrative expenses. These costs are essential for running the business but do not directly contribute to the creation of a product or service, which distinguishes them from direct costs. Understanding overhead is crucial for effective budgeting and financial planning, as it helps businesses ascertain their total operating costs and pricing strategies. By managing overhead effectively, companies can improve their profitability and ensure that they maintain healthy profit margins after covering these ongoing expenses. The other options focus on different aspects of business costs; for example, direct costs relate specifically to production, while fixed costs that vary with sales introduce a level of complexity that does not align with the standard definition of overhead. Profit margins pertain to the financial performance of sold goods rather than the operating costs associated with running the business.

**5. Which of the following is NOT a benefit of using online banking?**

- A. Convenience**
- B. 24/7 access**
- C. Annual fees**
- D. Real-time transaction tracking**

C is the correct choice because annual fees are typically associated with certain types of banking services, rather than being a benefit of online banking. Rather, benefits of online banking include convenience, as it allows users to manage their accounts from anywhere at any time. The 24/7 access feature is another significant advantage, enabling customers to conduct transactions and manage their finances outside of traditional banking hours. Furthermore, real-time transaction tracking empowers users to monitor their financial activities instantly, contributing to greater control and awareness over their accounts. Thus, the other options listed are clearly benefits of online banking, whereas annual fees represent a potential cost or drawback, depending on the bank's policies.

**6. The P/E is the:**

- A. Stock's current price divided by the current earnings**
- B. Current price of a stock divided by the earnings when you bought it**
- C. Price you paid for a stock divided by the current earnings**
- D. Price you paid for a stock divided by the earnings when you bought it**

The P/E, or price-to-earnings ratio, is a key financial metric that helps investors assess the relative value of a company's shares in relation to its earnings. It is calculated by taking the current market price of a company's stock and dividing it by the company's current earnings per share (EPS). This ratio indicates how much investors are willing to pay for each dollar of earnings, making it a popular tool for determining whether a stock is overvalued or undervalued compared to its peers or historical averages. A high P/E ratio may suggest that the market expects future growth, while a low P/E ratio may indicate that the stock is undervalued or the company is experiencing difficulties. The other options describe scenarios that do not accurately reflect the standard calculation of the P/E ratio. The correct answer specifically focuses on the current price relative to current earnings, which is the definition used by investors and analysts in evaluating stocks.

7. A \$6000 note at a 12% discount rate for 270 days will yield proceeds of:

- A. \$540
- B. \$6540
- C. \$720
- D. \$5460**

To find the proceeds from a note based on the discount rate, it is essential to calculate the amount of discount applied to the note based on the face value, discount rate, and the time period involved. First, we can calculate the discount amount. The formula for calculating the discount is:  $\text{Discount} = \text{Face Value} \times \text{Discount Rate} \times \left(\frac{\text{Time}}{360}\right)$  Using the given values: - Face Value = \$6000 - Discount Rate = 12% (or 0.12 as a decimal) - Time = 270 days Substituting these values into the formula gives:  $\text{Discount} = 6000 \times 0.12 \times \left(\frac{270}{360}\right) = 540$  Calculating the fraction of the year:  $\frac{270}{360} = 0.75$  Now plug this back into the discount calculation:  $\text{Discount} = 6000 \times 0.12 \times 0.75 = 540$  Calculating this step-by-step: 1.  $6000$

8. How do you calculate the price-to-earnings (P/E) ratio?

- A. P/E Ratio = Total Earnings / Total Shares
- B. P/E Ratio = Market Price per Share / Earnings per Share**
- C. P/E Ratio = Earnings Before Tax / Total Liabilities
- D. P/E Ratio = Dividends per Share / Market Price per Share

The price-to-earnings (P/E) ratio is a financial metric that helps investors evaluate the relative value of a company's shares. It is calculated by dividing the market price per share by the earnings per share (EPS). This ratio provides insight into how much investors are willing to pay for a dollar of the company's earnings, making it a crucial gauge for assessing whether a stock is overvalued, undervalued, or fairly priced. The formula's focus on market price per share highlights how the stock is perceived in the market, while the earnings per share reflects the company's profitability. A higher P/E ratio may suggest that the market expects future growth from the company, while a lower ratio may indicate that the stock is undervalued or that the company is facing challenges. By using this method, investors can compare the P/E ratios of different companies, regardless of their size, to determine relative investment value. Understanding this calculation helps in making more informed decisions regarding stock purchases or sales.

## 9. How is sales tax calculated?

- A. Sales Tax = Sale Price / Sales Tax Rate
- B. Sales Tax = Sale Price x (1 + Sales Tax Rate)
- C. Sales Tax = Sale Price - Sales Tax Rate
- D. Sales Tax = Sale Price x Sales Tax Rate**

Sales tax is calculated by multiplying the sale price of an item by the sales tax rate. This method effectively determines the amount of tax that must be added to the sale price to arrive at the final price paid by the consumer. For instance, if an item has a sale price of \$100 and a sales tax rate of 5%, the calculation would be: Sales Tax = Sale Price x Sales Tax Rate Sales Tax = \$100 x 0.05 Sales Tax = \$5 This result indicates that the total cost to the consumer would be \$105 when the sales tax is included. The other options provided do not accurately describe how sales tax is calculated. For example, dividing the sale price by the sales tax rate does not yield the correct tax amount and instead gives an unrelated figure. Adding the sale price to the sales tax rate results in a misleading total since it does not reflect the nature of taxation on the sale price itself. Lastly, subtracting the sales tax rate from the sale price does not contribute to determining the sales tax and would misrepresent the transaction's financial details. These inaccuracies highlight the importance of correctly using the multiplication method to calculate sales tax.

## 10. What is the basic formula for calculating tax liability?

- A. Tax liability = gross income X taxable liability
- B. Tax liability = taxable income X tax rate**
- C. Tax liability = taxable income / tax rate
- D. Tax liability = gross income / taxable liability

The basic formula for calculating tax liability is derived from the need to determine the amount of tax owed based on the income that is subject to taxation. In this scenario, taxable income represents the portion of income that is subject to tax after all deductions, exemptions, and adjustments are made. The tax rate is the percentage at which that taxable income is taxed. Thus, the formula for tax liability expresses that the amount owed is equal to the taxable income multiplied by the applicable tax rate. This approach allows individuals and businesses to understand their tax obligations based on their specific financial situation, ensuring that they calculate how much tax they owe based solely on the income that the government recognizes as taxable. This formula is widely used in tax calculations and aligns with standard practices in accounting and finance for determining liabilities. It effectively simplifies the tax calculation process into a straightforward multiplication of two key financial figures: taxable income and the tax rate.



## 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](mailto: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!**