

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



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE**

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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	16

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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

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- 1. A service charge is most commonly associated with which type of account?**
 - A. Making a deposit
 - B. Making a withdrawal
 - C. A checking account
 - D. A savings account
- 2. How is total cost calculated?**
 - A. Profit plus Variable Costs
 - B. Fixed Costs plus Variable Costs
 - C. Fixed Costs minus Variable Costs
 - D. Revenue minus Total Expenses
- 3. How is total revenue calculated?**
 - A. Total Revenue = Price per Unit + Quantity Sold
 - B. Total Revenue = Quantity Sold - Price per Unit
 - C. Total Revenue = Price per Unit x Quantity Sold
 - D. Total Revenue = Average Price + Total Quantity
- 4. A \$1,000 CD earns 3% interest with an annual service charge fee of \$2. What's the yield?**
 - A. 2.8%
 - B. 30%
 - C. 3.0%
 - D. 28%
- 5. What is a credit score?**
 - A. A measure of a company's investment risk
 - B. A numerical expression of a person's creditworthiness
 - C. An assessment of a company's market value
 - D. A ranking of an individual's net worth
- 6. 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

7. How is the average cost per unit calculated?

- A. Average Cost per Unit = Total Costs - Total Units Produced
- B. Average Cost per Unit = Total Cost / Total Units Sold
- C. Average Cost per Unit = Total Cost / Total Units Produced
- D. Average Cost per Unit = Total Revenue / Total Units Produced

8. Which of the following represents a liability on a balance sheet?

- A. Cash on hand
- B. Accounts Payable
- C. Retained Earnings
- D. Inventory

9. How do you calculate the quick ratio?

- A. Quick Ratio = Current Assets / Current Liabilities
- B. Quick Ratio = (Current Assets - Inventory) / Current Liabilities
- C. Quick Ratio = Total Current Liabilities / Total Assets
- D. Quick Ratio = Total Equity / Total Liabilities

10. What does profitability measure for a business?

- A. The ability to generate revenue over time
- B. The ability to generate profit relative to revenue or costs
- C. The ability to maintain market share
- D. The ability to attract new customers

Answers

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

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Explanations

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1. A service charge is most commonly associated with which type of account?

- A. Making a deposit
- B. Making a withdrawal
- C. A checking account**
- D. A savings account

A service charge is most commonly associated with a checking account because these accounts often have fees for maintaining the account, processing transactions, or providing additional services like overdraft protection or printed checks. Financial institutions typically impose these charges to cover administrative costs or to discourage low-balance accounts. In contrast, while savings accounts can also have fees, they are generally less common and often tied to specific conditions such as falling below a minimum balance. Making deposits or withdrawals does not inherently relate to service charges, as they are simply transactions that may or may not incur fees depending on the type of account and the bank's policies. Therefore, checking accounts are the most likely to have ongoing service charges associated with their management and maintenance.

2. How is total cost calculated?

- A. Profit plus Variable Costs
- B. Fixed Costs plus Variable Costs**
- C. Fixed Costs minus Variable Costs
- D. Revenue minus Total Expenses

Total cost is calculated by adding fixed costs to variable costs. Fixed costs are expenses that do not change with the level of production or sales, such as rent, salaries, and insurance. They remain constant regardless of how much product is made or sold. On the other hand, variable costs fluctuate with production volume, including costs for materials, labor, and shipping that increase as more goods are produced. The total cost represents the complete expenditure required to manufacture a product or provide a service and is vital for businesses to understand their pricing strategies, profitability, and overall financial health. Therefore, when calculating total cost, combining both fixed and variable costs gives businesses the full picture of their expense structure, which is essential for budgeting and financial planning. The other options do not accurately represent the relationship between costs in a business context, as they either misinterpret cost components or provide calculations that do not derive total cost.

3. How is total revenue calculated?

- A. Total Revenue = Price per Unit + Quantity Sold
- B. Total Revenue = Quantity Sold - Price per Unit
- C. Total Revenue = Price per Unit x Quantity Sold**
- D. Total Revenue = Average Price + Total Quantity

Total revenue is calculated by multiplying the price per unit by the quantity sold. This formula reflects the relationship between the price of each item and the number of items sold, providing a clear measure of the total income generated from sales. In a business context, understanding this calculation is essential for evaluating sales performance and making decisions about pricing and inventory. If, for instance, a company sells 100 units of a product at \$5 each, the total revenue would be $\$5 \times 100$, which equals \$500. This straightforward calculation allows businesses to analyze their financial health effectively and set sales strategies based on expected revenue streams. The other provided options do not accurately represent the calculation of total revenue. Price per unit plus quantity sold does not capture the financial relationship needed to calculate revenue, while subtracting price per unit from quantity sold fails to provide any meaningful financial metric. Furthermore, averaging price with total quantity also does not yield total revenue, as it improperly mixes distinct concepts without establishing the necessary multiplication of price by the number of units sold.

4. A \$1,000 CD earns 3% interest with an annual service charge fee of \$2. What's the yield?

A. 2.8%

B. 30%

C. 3.0%

D. 28%

To determine the yield of a Certificate of Deposit (CD), you'll want to consider the interest earned and any service charges associated with it. In this particular scenario, the CD amount is \$1,000, and it earns interest at a rate of 3%. To calculate the interest earned in one year, you multiply the principal amount by the interest rate: Interest earned = $\$1,000 \times 0.03 = \30 . However, there is an annual service charge fee of \$2 that needs to be deducted from the interest earned to calculate the yield effectively. Therefore, the net earnings after accounting for the fee would be: Net earnings = Interest earned - Service charge = $\$30 - \$2 = \$28$. Now, to find the yield, which reflects the net earnings as a percentage of the principal amount, you would use the following formula: Yield = (Net earnings / Principal) $\times 100$. Yield = $(\$28 / \$1,000) \times 100 = 2.8\%$. This calculation shows that the yield on the CD, after accounting for the service charge, is 2.8%. This is the correct choice as it accurately represents the effective return on investment considering the fees involved.

5. What is a credit score?

A. A measure of a company's investment risk

B. A numerical expression of a person's creditworthiness

C. An assessment of a company's market value

D. A ranking of an individual's net worth

A credit score is a numerical expression of a person's creditworthiness, which reflects their ability to repay debts and manage credit. This score is typically derived from an individual's credit history, including factors such as payment history, total amount owed, length of credit history, types of credit used, and new credit inquiries. A higher credit score indicates a good credit risk, meaning that lenders are more likely to view the individual as reliable when it comes to repaying loans. Understanding a credit score is crucial for individuals when applying for loans, mortgages, or credit cards, as it plays a significant role in determining interest rates and loan approval. In contrast, the other options provided relate to different financial concepts: the assessment of investment risk or market value does not pertain to personal credit, and net worth involves total assets minus liabilities, which does not equate to a credit score. Thus, the significance of the credit score lies in its role as a tool for measuring personal credit risk for lenders, making it an essential factor in personal finance management.

6. 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.

7. How is the average cost per unit calculated?

- A. Average Cost per Unit = Total Costs - Total Units Produced
- B. Average Cost per Unit = Total Cost / Total Units Sold
- C. Average Cost per Unit = Total Cost / Total Units Produced**
- D. Average Cost per Unit = Total Revenue / Total Units Produced

The average cost per unit is calculated by taking the total cost incurred in the production of goods and dividing it by the total number of units produced. This method provides a clear understanding of the cost associated with manufacturing each individual unit, which is essential for pricing decisions, budgeting, and financial analysis. Using this formula (Total Cost divided by Total Units Produced), you can determine how much each unit costs the business on average, which is vital for evaluating profitability and making informed business decisions. In contrast, other options do not accurately reflect the calculation of average cost per unit and can lead to misunderstandings about production costs. For instance, subtracting total units produced from total costs does not logically correlate to the average cost calculation. Similarly, using total units sold does not account for excess inventory or production inefficiencies, while dividing total revenue by total units produced would provide a measure of revenue per unit, not cost.

8. Which of the following represents a liability on a balance sheet?

- A. Cash on hand
- B. Accounts Payable**
- C. Retained Earnings
- D. Inventory

Accounts Payable accurately represents a liability on a balance sheet because it reflects the amount of money that a company owes to its suppliers or creditors for goods and services received but not yet paid for. This obligation requires the company to pay back this amount, classifying it as a liability. On a balance sheet, liabilities are crucial for understanding the financial obligations of a business. They must be settled in the future, typically through the outflow of resources, which is why they are distinctly categorized from assets (what the company owns) and equity (the owners' residual interest in the company). The other options represent different aspects of a company's financial position. Cash on hand is an asset, as it indicates liquidity and represents available funds. Retained earnings reflect the cumulative amount of net income retained in the business, categorized under equity, representing the owners' interest. Inventory is also an asset because it represents goods available for sale, which contributes to the company's revenue generation. Understanding the classification of these different elements is critical for analyzing a company's financial health and structure.

9. How do you calculate the quick ratio?

- A. Quick Ratio = Current Assets / Current Liabilities
- B. Quick Ratio = (Current Assets - Inventory) / Current Liabilities**
- C. Quick Ratio = Total Current Liabilities / Total Assets
- D. Quick Ratio = Total Equity / Total Liabilities

The quick ratio is an important financial metric used to measure a company's ability to meet its short-term obligations with its most liquid assets. The correct formula for calculating the quick ratio involves subtracting inventory from current assets before dividing by current liabilities. This is because inventory is not as easily convertible to cash as other current assets like cash itself or accounts receivable. By using this formula, the quick ratio provides a more stringent view of a company's liquidity than the current ratio, which includes inventory. In practice, businesses often have inventory that may take time to sell, and in a financial crunch, relying on inventory to cover short-term liabilities can be risky. Therefore, the quick ratio focuses only on the most liquid assets, ensuring that stakeholders get a clearer picture of a company's ability to meet its immediate financial obligations without relying on inventory sales. This approach aligns well with the purpose of the quick ratio: to assess a company's short-term financial health quickly and accurately.

10. What does profitability measure for a business?

- A. The ability to generate revenue over time
- B. The ability to generate profit relative to revenue or costs**
- C. The ability to maintain market share
- D. The ability to attract new customers

Profitability measures the ability of a business to generate profit relative to its revenue or costs. This concept focuses on how effectively a business can convert its sales into actual profits after accounting for all expenses. It gives insights into the business's operational efficiency and financial health, highlighting how well it manages its costs in relation to the income generated. For example, a company might have substantial revenue, but if its costs are equally high or exceed its income, it may not be profitable. Profitability ratios, such as profit margin, return on assets, and return on equity, are commonly used to assess this aspect, providing a clearer picture of a firm's financial performance. The other choices might reference important aspects of business performance but do not specifically capture the essence of profitability. Generating revenue over time is crucial, but it is just one part of the overall picture. Maintaining market share and attracting new customers are vital for business growth but don't directly assess how well a company turns revenue into profit. Thus, the key focus of profitability is on the balance between earnings and the costs incurred to achieve them.

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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://fbia-businesscalculations.examzify.com>

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

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