

Chapter 4 Test

For #1 to #6, select the best answer.

1. Adam is considering an interest-free plan to buy a used car. The payments are \$357.40 per month for 4 years. What is the total cost of the vehicle?
A \$21 444.00 **B** \$17 155.20
C \$14 296.00 **D** \$18 019.20
2. Corrine is financing the purchase of a car that costs \$20 000. Which financing plan has the lowest monthly payment?
A 2 years at 0.9%
B 3 years at 1.9%
C 4 years at 2.9%
D 6 years at 3.9%
3. The lease payments for car A are \$645 per month for 3 years. Car B can be purchased using a loan that has payments of \$550 per month for 3 years. Which of the following must be true?
A Lease payments are always cheaper because you do not own the car.
B The leased car's retail value is greater.
C The interest rate for the car loan is less.
D The leased car has a greater down payment.
4. Which is a variable operating cost of car ownership?
A fuel
B insurance
C licensing
D finance payments
5. The fuel consumption rate of a new truck is 15.2 L/100 km. How much fuel would be used for a 500-km trip?
A 15.2 L **B** 76 L
C 152 L **D** 500 L
6. In order for a business to make a profit, which must be true?
A Operating costs must be low.
B Employees must be paid on a low scale.
C Revenue must be greater than expenses.
D Income taxes must be low.
7. Jill bought an upgraded sound system for her recently-purchased used car. The system cost \$1800, including taxes. The payment plan called for no interest and no payments for the first year. Jill paid off the loan in 10 months.
a) What was the cost of the interest on the loan?
b) What was the average monthly payment?
c) What is one reason the store where Jill bought the system can still make a profit selling with no interest and no payments for the first year?



Name: _____

Date: _____

BLM 4-7
(continued)

- 8.** Arnold is starting an air-conditioning business, and he needs a truck. He considers leasing the truck for 3 years.
- a)** What extra costs are there usually at the beginning of the lease term? at the end of the lease term?
 - b)** Describe one advantage of leasing.
 - c)** If you were giving Arnold advice on his decision, what information would you need to know?
- 9.** Operating a vehicle costs money even if there are no payments to be made. Make a list of five vehicle costs that are incurred over the period of a typical year.
- 10.** A student considers operating an ice cream stand for the months of July and August. The rent on the stand is \$100 per month. The cost of supplies and advertising is \$1000 per month. Assume that she sells an average of 80 cones per day at a profit of \$1 per cone, and that she stays open 7 days a week. What will her profit be at the end of the summer?

