

## Net Profit Rate

### Multiple Choice

Identify the choice that best completes the statement or answers the question.

- \_\_\_\_\_ 1. Marking up products covers overhead. The formula for finding the net profit rate is shown below:

$$\text{Net Profit} = \text{Markup} - \text{Overhead}$$

$$\text{Net\_Profit\_Rate} = \frac{\text{Net\_Profit}}{\text{Selling\_Price}}$$

Item	Selling Price	Cost	Markup	Overhead	Net Profit
Widget 1	\$31.69	\$11.65	\$20.04	\$15.04	\$5.00
Widget 2	28.83	15.30	13.53	9.11	4.42
Widget 3	25.82	12.06	13.76	9.75	4.01
Widget 4	30.06	14.39	15.67	9.43	6.24

Which item has a net profit rate of 15.53%?

- a. Widget 1
- b. Widget 4
- c. Widget 3
- d. Widget 2

- \_\_\_\_ 2. Marking up products covers overhead. The formula for finding the net profit rate is shown below:

$$\text{Net Profit} = \text{Markup} - \text{Overhead}$$

$$\text{Net\_Profit\_Rate} = \frac{\text{Net\_Profit}}{\text{Selling\_Price}}$$

Item	Selling Price	Cost	Markup	Overhead	Net Profit	Net Profit Rate
Widget 1	\$30.38	\$12.60	\$17.78	\$12.46	\$5.32	17.51%
Widget 2	35.08	10.29	24.79	19.81	4.98	14.78
Widget 3	30.51	12.97	17.54	9.99	7.55	24.75
Widget 4	31.50	9.84	21.66	13.65	8.01	25.43

Which item has a net profit rate that is incorrectly calculated?

- a. Widget 1  
b. Widget 4  
c. Widget 2  
d. Widget 3
- \_\_\_\_ 3. Marking up products covers overhead. The formula for finding the net profit rate is shown below:

$$\text{Net Profit} = \text{Markup} - \text{Overhead}$$

$$\text{Net\_Profit\_Rate} = \frac{\text{Net\_Profit}}{\text{Selling\_Price}}$$

Item	Selling Price	Cost	Markup	Overhead	Net Profit
Widget 1	\$56.08	\$26.04	\$30.04	\$20.45	\$9.59
Widget 2	63.94	19.07	44.87	31.11	13.76
Widget 3	62.74	32.20	30.54	20.79	9.75
Widget 4	69.12	20.85	48.27	32.45	15.82

Which item has a net profit rate of 22.89%?

- a. Widget 3  
b. Widget 2  
c. Widget 4  
d. Widget 1

- \_\_\_\_ 4. Marking up products covers overhead. The formula for finding the net profit rate is shown below:

$$\text{Net Profit} = \text{Markup} - \text{Overhead}$$

$$\text{Net\_Profit\_Rate} = \frac{\text{Net\_Profit}}{\text{Selling\_Price}}$$

Item	Selling Price	Cost	Markup	Overhead	Net Profit	Net Profit Rate
Widget 1	\$49.02	\$23.15	\$25.87	\$17.21	\$8.66	17.67%
Widget 2	46.02	18.05	27.97	18.23	9.74	21.16
Widget 3	59.71	22.63	37.08	26.08	11.00	17.90
Widget 4	57.93	22.46	35.47	21.72	13.75	23.74

Which item has a net profit rate that is incorrectly calculated?

- a. Widget 2
- b. Widget 4
- c. Widget 3
- d. Widget 1

#### Numeric Response

5. Marking up products covers overhead. The formula for finding the net profit rate is shown below:

$$\text{Markup} = \text{Selling Price} - \text{Cost}$$

$$\text{Net Profit} = \text{Markup} - \text{Overhead}$$

$$\text{Net\_Profit\_Rate} = \frac{\text{Net\_Profit}}{\text{Selling\_Price}}$$

Kado Rodriguez works at Atari in the purchasing department. Kado is ordering \$4,167.36 of benacods that the company will sell for a total of \$8,376.39. The overhead associated with this product is \$1,083.51. What is the net profit rate? Express your answer to the nearest tenth of a percent.

6. Marking up products covers overhead. The formula for finding the net profit rate is shown below:

$$\text{Markup} = \text{Selling Price} - \text{Cost}$$

$$\text{Net Profit} = \text{Markup} - \text{Overhead}$$

$$\text{Net\_Profit\_Rate} = \frac{\text{Net\_Profit}}{\text{Selling\_Price}}$$

Kado McGreggor works at Montgomery Ward in the purchasing department. Kado is ordering \$4,858.16 of dayrons that the company will sell for a total of \$7,578.73. The overhead associated with this product is \$1,020.21. What is the net profit? Express your answer as a dollar amount to the nearest cent.

7. Marking up products covers overhead. The formula for finding the net profit rate is shown below:

$$\text{Markup} = \text{Selling Price} - \text{Cost}$$

$$\text{Net Profit} = \text{Markup} - \text{Overhead}$$

$$\text{Net\_Profit\_Rate} = \frac{\text{Net\_Profit}}{\text{Selling\_Price}}$$

Marty Rodriguez works at Montgomery Ward in the purchasing department. Marty is ordering \$337.76 of spatins that the company will sell for a total of \$611.35. The overhead associated with this product is \$87.82. What is the net profit rate? Express your answer to the nearest tenth of a percent.

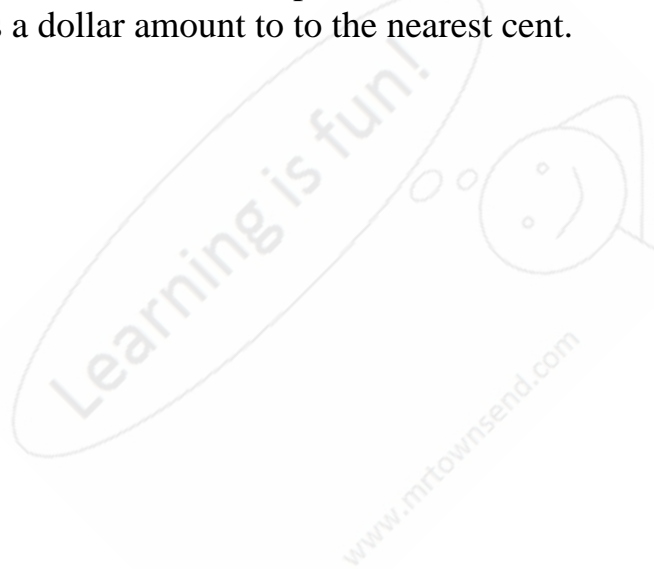
8. Marking up products covers overhead. The formula for finding the net profit rate is shown below:

$$\text{Markup} = \text{Selling Price} - \text{Cost}$$

$$\text{Net Profit} = \text{Markup} - \text{Overhead}$$

$$\text{Net\_Profit\_Rate} = \frac{\text{Net\_Profit}}{\text{Selling\_Price}}$$

Irene Kensington works at Montgomery Ward in the purchasing department. Irene is ordering \$3,639.36 of benacods that the company will sell for a total of \$6,987.57. The overhead associated with this product is \$873.45. What is the net profit? Express your answer as a dollar amount to the nearest cent.



**Net Profit Rate**  
**Answer Section**

**MULTIPLE CHOICE**

- |           |        |
|-----------|--------|
| 1. ANS: C | PTS: 1 |
| 2. ANS: C | PTS: 1 |
| 3. ANS: C | PTS: 1 |
| 4. ANS: C | PTS: 1 |

**NUMERIC RESPONSE**

5. ANS: 37.3  
PTS: 1
6. ANS: 1,700.36  
PTS: 1
7. ANS: 30.4  
PTS: 1
8. ANS: 2,474.76  
PTS: 1

