

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	\$105.34	\$42.17	\$63.17	\$46.19	\$16.98
Widget 2	75.23	25.74	49.49	37.40	12.09
Widget 3	77.55	32.75	44.80	34.43	10.37
Widget 4	72.48	29.83	42.65	28.62	14.03

Which item has a net profit rate of 13.37%?

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

- ____ 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	\$32.91	\$11.58	\$21.33	\$15.22	\$6.11	18.57%
Widget 2	33.82	18.25	15.57	9.71	5.86	17.33
Widget 3	39.51	22.11	17.40	9.59	7.81	20.48
Widget 4	38.25	14.03	24.22	19.45	4.77	12.47

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

- a. Widget 2
b. Widget 4
c. Widget 3
d. Widget 1
- ____ 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	\$57.14	\$16.70	\$40.44	\$29.43	\$11.01
Widget 2	43.69	21.55	22.14	15.50	6.64
Widget 3	66.59	26.88	39.71	27.91	11.80
Widget 4	53.09	14.92	38.17	31.45	6.72

Which item has a net profit rate of 19.27%?

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

- _____ 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	\$75.43	\$40.00	\$35.43	\$25.44	\$9.99	13.24%
Widget 2	81.86	33.96	47.90	34.08	13.82	16.88
Widget 3	89.53	39.18	50.35	37.59	12.76	12.83
Widget 4	88.06	27.09	60.97	43.50	17.47	19.84

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

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

Numeric Response

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

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

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

$$\text{Net_Profit_Rate} = \frac{\text{Net_Profit}}{\text{Selling_Price}}$$

Marty Benefield works at DeLorean Motor Company in the purchasing department. Marty is ordering \$2,607.82 of benacods that the company will sell for a total of \$5,137.41. The overhead associated with this product is \$573.72. 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:

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

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

$$\text{Net_Profit_Rate} = \frac{\text{Net_Profit}}{\text{Selling_Price}}$$

Tanya Gillespie works at Montgomery Ward in the purchasing department. Tanya is ordering \$3,285.43 of benacods that the company will sell for a total of \$6,603.72. The overhead associated with this product is \$887.07. 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:

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

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

$$\text{Net_Profit_Rate} = \frac{\text{Net_Profit}}{\text{Selling_Price}}$$

Emma Rodriguez works at Montgomery Ward in the purchasing department. Emma is ordering \$4,361.23 of lucras that the company will sell for a total of \$8,504.40. The overhead associated with this product is \$1,177.53. What is the net profit rate? Express your answer to the nearest tenth of a percent.

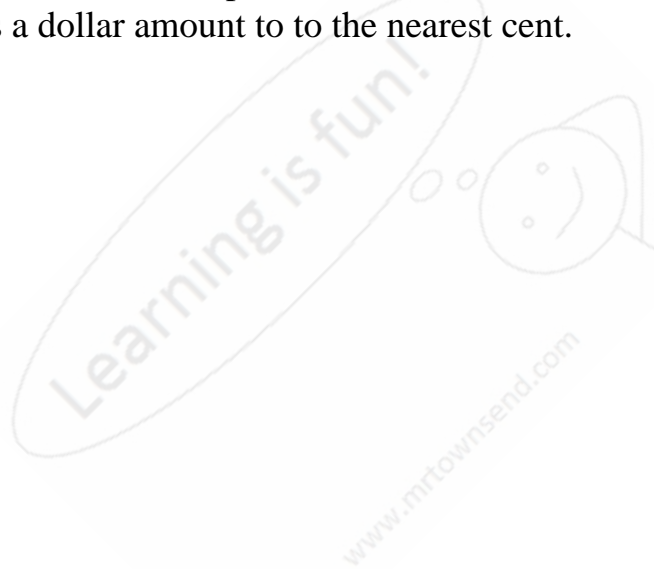
8. Marking up products covers overhead. The formula for finding the net profit rate is shown below:

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

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

$$\text{Net_Profit_Rate} = \frac{\text{Net_Profit}}{\text{Selling_Price}}$$

Jose Kensington works at Atari in the purchasing department. Jose is ordering \$4,024.06 of hibdites that the company will sell for a total of \$6,036.09. The overhead associated with this product is \$804.81. 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: D | PTS: 1 |
| 2. ANS: C | PTS: 1 |
| 3. ANS: B | PTS: 1 |
| 4. ANS: B | PTS: 1 |

NUMERIC RESPONSE

5. ANS: 38.1
PTS: 1
6. ANS: 2,431.22
PTS: 1
7. ANS: 34.9
PTS: 1
8. ANS: 1,207.22
PTS: 1

