Contestant No. _____

BUSINESS PROFESSIONALS of AMERICA
Giving Purpose to Potential

BANKING AND FINANCE

(145)

NATIONAL 2023

CONCEPT KNOWLEDGE:

Multiple Choice (25 @ 2 points each)	_____ (50 points)

APPLICATION KNOWLEDGE:

Short Answer (3 points each)	_____ (30 points)
Problem 1. Loan Repayment Schedule (1 point each)	_____ (39 points)
Problem 2. Bankruptcy Claims (3 points each)	_____ (24 points)
TOTAL POINTS	_____ ***(143 points)***

Test Time: 60 minutes

GENERAL GUIDELINES:

Failure to adhere to any of the following rules will result in disqualification:

1. No equipment, supplies, or materials other than those specified for this event are allowed in the testing area. No previous BPA tests and/or sample tests (handwritten, photocopied, or keyed) are allowed in the testing area.
2. Electronic devices will be monitored according to ACT standards.

The test is divided into two parts, and you MUST complete both parts. You will have 60 minutes to complete your work.

PART ONE Instructions: Concept Knowledge

1. Open a web browser and navigate to **competition.bpa.org**.
2. Click on the Click here to access the Objective Test Website button.
3. Enter your BPA Member ID (8-digits) and Password: bpa to access your test questions.
4. Answer all questions and submit your test.
5. Move on to Part Two.

PART TWO: Application Knowledge

Complete the questions in the rest of this test booklet by filling in the PDF. When you are finished, save the PDF and upload it to the scoring system using the **Student Upload For Projects** button on **competition.bpa.org**

EXAM GUIDELINES:

Assumptions to make when taking this assessment:

- Round all calculations to two decimals at the final step.
- Round all percentages to one decimal place.
- Use 360 days for interest calculations.

Short Answer (30 total points)

1. If you borrow $350 for two weeks and pay a loan fee of $50, the annual percentage rate would be:

   APR: _____

2. Calculate how much of the minimum payment goes toward reducing the principal on a credit card with a 2% minimum payment policy, a $4,000 balance, and an 18% APR.

   Reduction of principal: _____

3. Calculate the interest earned on a three-year CD with an initial value of $12,500 earning 5.5%, compounded annually. What will be each year's compounded interest and the final balance?

   Year 1: a. _____

   Year 2: b. _____

   Year 3: c. _____

   Balance: d. _____

4. Calculate the total amount of money created from a deposit of $10,000 as it moves through three further cycles of deposits. Assume a reserve rate of 8%.

   Deposit 1: a. _____

   Deposit 2: b. _____

   Deposit 3: c. _____

   Total Deposits: d. _____

Problem 1. Loan Repayment Schedule (39 total points)

Complete the schedule for a 1-year installment loan at an 18% APR. The monthly payments are $45.84, and the initial loan is $500.

Loan Repayment Schedule				
Month	Monthly Payment	Interest Payment	Applied to Principal	Balance
1	$45.84			
2	$45.84			
3	$45.84			
4	$45.84			
5	$45.84			
6	$45.84			
7	$45.84			
8	$45.84			
9	$45.84			
10	$45.84			
11	$45.84			
12	$45.84			
Totals				

Problem 2. Bankruptcy Claims (24 points)

A business has gone bankrupt. The money that is left after secured creditors have been paid is paid to all other creditors in proportion to their claims. In the first table, calculate what percent of the unsecured creditors' claims can be paid. In the second table, calculate how many cents on the dollar can be paid to the unsecured creditors.

	Total Creditor Claims	Cash Available for Creditors	Percentage of Claims Paid
1	$68,000	$27,200	
2	37,200	11,160	
3	146,700	51,345	
4	288,000	187,200	

	Total Creditor Claims	Cash Available for Creditors	Cents on the Dollar Paid
5	$83,600	$53,504	
6	71,760	25,116	
7	196,000	82,320	
8	54,000	8,688	