

Chapter 7 Review WS

Short Answer

Key

1. Chin Pon's charge account statement showed a previous balance of \$0.00, a finance charge of \$0.00, new purchases of \$781.50, and no payments. What is his new balance?
781.50
2. Sharla Clark's charge account statement showed a previous balance of \$2.65, a finance charge of \$0.82, new purchases of \$6,846.50, and no payments. What is her new balance?
6,849.97
3. Roberta James' charge account statement showed a previous balance of \$740, a finance charge of \$1.82, new purchases of \$6.50, and a payment of \$112.50. What is her new balance?
635.82
4. Shelita Sullivan's charge account statement shows an unpaid balance of \$1,329.08. The monthly finance charge is 2.5 percent of the unpaid balance. What is the new account balance?
1,362.31
5. Luther Williams' charge account statement shows an unpaid balance of \$3,987.11. The monthly finance charge is 1.75 percent of the unpaid balance. What is the new account balance?
4,056.88
6. Luisa Cortez's charge account statement shows an unpaid balance of \$1,312.11. The monthly finance charge is 1.75 percent of the unpaid balance. Cortez has new purchases of \$140.00. What is the new account balance?
1,475.07

Key

7. Rishi Maharan's charge account statement shows an unpaid balance of \$6,752.22. The monthly finance charge is 1.85 percent of the unpaid balance. Maharan has new purchases of \$150.75. What is the new account balance?

7,027.89

8. Peggy Andrews has a charge account at Davis Jewelers, which uses the unpaid-balance method of computing finance charges. The periodic rate is 1.75 percent. Andrews' previous balance is \$9,472.08. She had payments and credits of \$250.00. Andrews had \$45.00 in new purchases. What is the new account balance?

9,428.47

(subtract the \$250 payment from the \$9,472.08 before calculating the interest on the unpaid balance)

9. Find the average daily balance (no new purchases included).

9472.08
 - 250.00

 9222.08
 x .0175

 \$162.39

Dates	Payment	End-of-Day Balance	Number of Days	Sum of Balances
4/5-4/17		\$1,500	13	\$ 19,500
4/18	\$1,000		1	500
4/19-5/3			15	7,500
		Total	29	27,500 = 29

10. Find the average daily balance (no new purchases included).

\$948.28
 \$161.39
 + 45.00

Dates	Payment	End-of-Day Balance	Number of Days	Sum of Balances
9/1-9/6		\$3,000	6	\$ 18,000
9/7	\$2,000	1,000	1	1,000
9/8-10/2		1,000	25	25,000
		Total	32	44,000

32 = \$1,375

11. Find the average daily balance (no new purchases included).

Dates	Payment	End-of-Day Balance	Number of Days	Sum of Balances
4/5-4/15		\$555	11	\$ 6,105
4/16	\$330.00	225	1	225
4/17-5/3		225	17	3,825
		Total	29	10,155

$$\div 29 = 350.17$$

12. Find the average daily balance (no new purchases included).

Dates	Payment	End-of-Day Balance	Number of Days	Sum of Balances
6/5-6/17		\$772.00	13	\$ 10,036
6/18	\$750.00	22.00	1	22
6/19-7/4		22.00	16	352
		Total	30	10,410

$$\div 30 = \$347.00$$

13. Find the average daily balance (new purchases included).

Dates	Payment	Purchase	End-of-Day Balance	Number of Days	Sum of Balances
12/1-12/5			\$1,780	5	\$ 8,900
12/6		\$678	2,458	1	2,458
12/7-12/15			2,458	9	22,122
12/16	\$1,400.00		1,058	1	1,058
12/17-12/31			1,058	15	15,870
			Total	31	50,408

$$\div 31 = 1,626.06$$

14. Find the average daily balance (new purchases included).

Dates	Payment	Purchase	End-of-Day Balance	Number of Days	Sum of Balances
3/1-3/5			\$20.00	5	\$ 100
3/6		\$19.00	39.00	1	39
3/7-3/15			39.00	9	351
3/16	\$25.00		14.00	1	14
3/17-3/31			14.00	15	210
			Total		714

$714 \div 31 = 23.03$

15. Find the average daily balance (new purchases included).

Dates	Payment	Purchase	End-of-Day Balance	Number of Days	Sum of Balances
11/2 - 11/8			\$2,000	7	\$ 14,000
11/9		\$119	2,119	1	2,119
11/10	\$1,000		1,119	1	1,119
11/11		\$328	1,447	1	1,447
11/12 - 12/1			1,447	20	28,940
			Total	30	47,625

$47,625 \div 30 = 1,587.50$

16. Find the average daily balance (new purchases included).

Dates	Payment	Purchase	End-of-Day Balance	Number of Days	Sum of Balances
2/1-2/5			\$1,600	5	\$ 8,000
2/6		\$201.00	1,801	1	1,801
2/7-2/14			1,801	8	14,408
2/15	\$600		1,201	1	1,201
2/16-2/28			1,201	13	15,613
			Total	28	46,023

$46,023 \div 28 = 1,643.68$

Review Question

17. Iver Jenkins received this statement from one of his charge accounts. Find the Average Daily Balance, Finance Charge, and New Balance. (Finance charge is calculated based on "Average Daily Balance" and New purchases are included)

Reference	Posting Date	Transaction Date	Description	Purchases & Advances	Payments & Credits
1027485	6/8		PAYMENT		\$100.00
4500298	6/9	6/8	Menswear	\$89.33	
5473390	6/14	6/12	Housewares	\$46.87	
1374655	6/28		PAYMENT		\$200.00
Billing Period	Previous Balance	Periodic Rate	Average Daily Balance	Finance Charge	
6/5 to 7/4	\$634.85	1.45%	a. 608.41	b. 8.82	
Payments & Credits	Purchases & Advances	New Balance	Minimum Payment	Payment Due	
300.00	136.20	479.87			

$608.41 \times .0145 = 8.82$

ADB

Date	Payment	Purchase	End-of-day Balance	# Days	Sum of Balances
6/5 - 6/7			634.85	3	1904.55
6/8	-100.00		534.85	1	534.85
6/9		+89.33	624.18	1	624.18
6/10-6/13			624.18	4	2496.72
6/14		+46.87	671.05	1	671.05
6/15-6/27			671.05	13	8723.65
6/28	-200.00		471.05	1	471.05
6/29-7/4			471.05	6	2826.30

30

$18252.35 \div 30 = 608.41$

ADB = \$608.41