

Answer Key

Lesson 1: GOODS & SERVICES — *Your Good, Your Service*

1) service 2) good 3) good 4) good 5) good 6) good 7) good 8) good or service — depending on whether cell phone was interpreted as cell phone plan or the actual phone 9) both 10) service 11) service 12) good

Lesson 2: UNIT PRICING & COMPARISON SHOPPING —

The Price is Right

Answers will vary depending on the students' shopping experience.

Lesson 3: SUPPLY & DEMAND — *Determining the Right Price*

Determining the selling price of concert tickets

1. Add more concert dates, if possible.
2. Cancel some of the scheduled dates based on ticket sales.
3. Yes, if the demand is low and you have tickets remaining immediately prior to the concert, you would sell them at a price less than the cost so that you can recoup some of your investment in the concert.

Seasonality and Holidays: Supply and Demand Issues

A) Examples include:

- The price of home heating oil, firewood, and snowblowers is likely to increase during the winter season in the Northeast and Midwest due to high demand; these items are also likely to drop in price during the summer season due to low demand.
- The price of air conditioners and items such as sun block or suntan lotion is likely to increase during the summer season due to high demand, but decrease during the winter season due to low demand.
- The price of fresh fruits and vegetables is likely to increase during the winter season due to low supply.

B1) Valentine's Day and Mother's Day.

B2) During the Memorial Day, Fourth of July, Labor Day and Thanksgiving holidays, which are traditionally busy times of the year in terms of people traveling.

C) Examples of products that are considered rare, unique and in short supply are diamonds and antiques, such as antique cars.

Answer Key

Lesson 4: PERSONAL BUDGETING — *Managing Your Money*

Monthly Budget Answer Sheet

Gross Pay: \$12/hour x 40 hours/week x 4 weeks/per month	\$ 1,920.00
Tax Rate: 15%	
Taxes Withheld: gross pay x tax rate	\$ 288.00
TOTAL NET PAY	\$ 1,632.00

EXPENSES:

Fixed Expenses:

Rent	\$ 500.00
Car Payment	\$ 250.00
Car Insurance	\$ 100.00
Gas	\$ 100.00
Groceries	\$ 150.00
Cellular Phone	\$ 50.00
Cable and Internet	\$ 80.00
Total Fixed Expenses	\$ 1,230.00

Disposable Income **\$ 402.00**

Variable Expenses:

Dinner (4 dinners@\$25)	\$ 100.00
Movies (2 movies&food@\$15)	\$ 30.00
Travel (\$30 gas+\$75 hotel+\$150 misc.)	\$ 255.00
Lunch (12 lunches@\$10)	\$ 120.00
Total Variable Expenses	\$ 505.00

Net Surplus or Shortage **\$ (103.00)**

Answer Key

Lesson 5: SAVINGS & INTEREST — *Saving for the Holidays*

Total amount saved: \$938.35

Total interest earned: \$38.35

Monthly interest rate = $10\% / 12 \text{ months} = .83\%$ or $.0083$

Month	Beginning Balance	Deposits	Interest Earned	Ending Balance
March	\$ 100.00		\$ 0.83	\$ 100.83
April	\$ 100.83	\$ 100.00	\$ 1.67	\$ 202.51
May	\$ 202.51	\$ 100.00	\$ 2.52	\$ 305.03
June	\$ 305.03	\$ 100.00	\$ 3.38	\$ 408.40
July	\$ 408.40	\$ 100.00	\$ 4.24	\$ 512.64
August	\$ 512.64	\$ 100.00	\$ 5.11	\$ 617.75
September	\$ 617.75	\$ 100.00	\$ 5.98	\$ 723.73
October	\$ 723.73	\$ 100.00	\$ 6.86	\$ 830.59
November	\$ 830.59	\$ 100.00	\$ 7.75	\$ 938.35
		\$ 800.00	\$ 38.35	

Lesson 6: CHECKING ACCOUNTS — *Balancing the Numbers*

The correct balance is \$445. The checkbook balance and the balance according to the bank statement are different because of timing differences — the recording of transactions by the depositor and the bank occur at different times.

Balance according to the bank statement	\$325
Add: Deposits in transit	\$200
Deduct: Outstanding checks	\$50
ATM withdrawals not reported	\$30
Balance according to your checkbook, <i>after</i> deducting service fees	\$445