Financial Reasoning

Question & Answers

PRACTICE APTITUDE TESTS

What are financial reasoning tests?

Financial reasoning tests are similar to numerical reasoning tests, in that they will present financial information to you via graphs, tables and texts. You will be expected to demonstrate knowledge of basic arithmetic (adding, subtracting, multiplication and division), ratios, percentages, average and interests.

Why do employers use financial reasoning tests?

Financial reasoning tests are used for evaluating how well a person can solve mathematical problems with financial bias. These tests are mostly used to test the performance of job applicants for accounting and financial management.

> "You will be expected to demonstrate knowledge of basic arithmetic (adding, subtracting, multiplication and division), ratios, percentages, average and interests."

Instructions for use

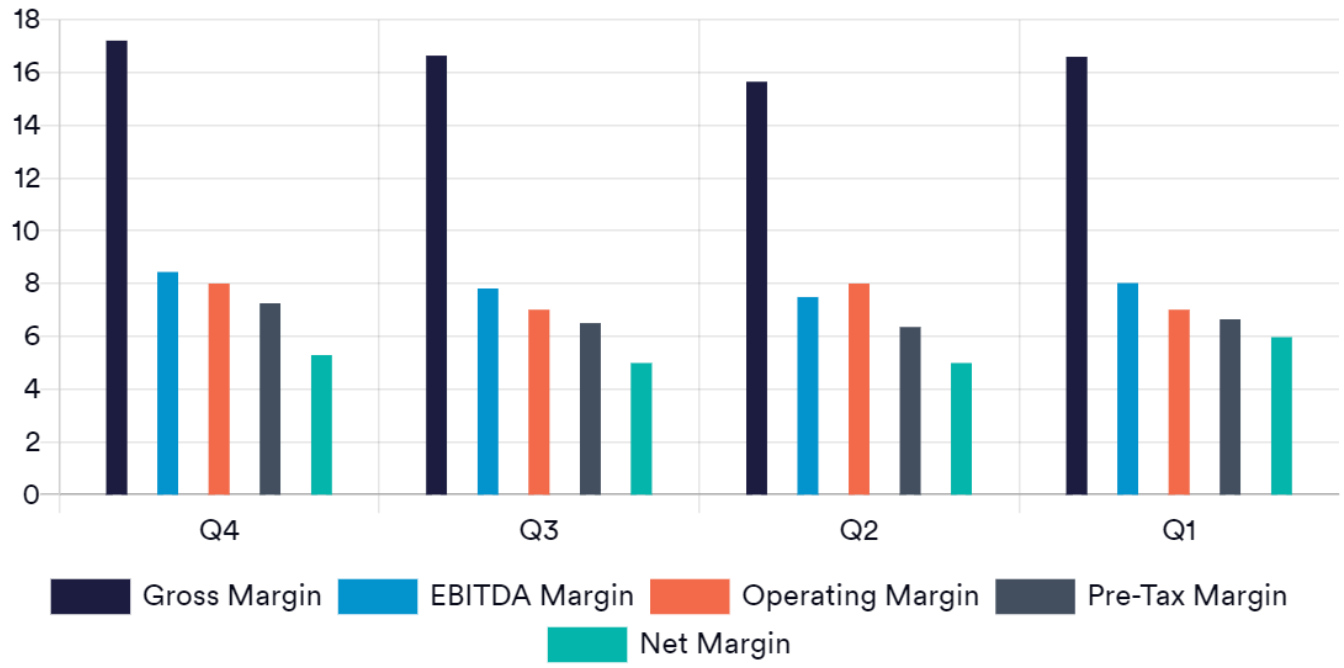
We've provided 5 financial reasoning questions and answers for you to work through. Try and do each one under timed conditions without looking at the answers. Once you've completed each one, look at the answer to assess your performance and see how you can improve moving forwards.

All questions are multiple choice and there is only one correct answer. Calculators are permitted, we also recommend having a pen and paper ready for rough calculations. Try to take the test in an environment where you will not be disturbed.

If you'd like more financial reasoning test practice, you can access our huge financial reasoning test vault online. They're all written by industry experts and are designed to replicate the real tests.

Question 1 – Operating profitability of the US construction industry

Assuming that companies are taxed at 35% on their profits what would the industry tax bill be across all quarters (Q1 to Q4) of the year?



A) **$639M** ☐

B) **$1,916M** ☐

C) **$847M** ☐

D) **$12,775M** ☐

Solution

Step 1: Calculate Pre-tax margin for each quarter

Quarter 1 36,500 X 0.22 = 8,030 X 6.64% = $533M

Quarter 2 36,500 X 0.28 = 10,220 X 6.34% = $648M

Quarter 3 36,500 X 0.3 = 10,950 X 6.49% = $711M

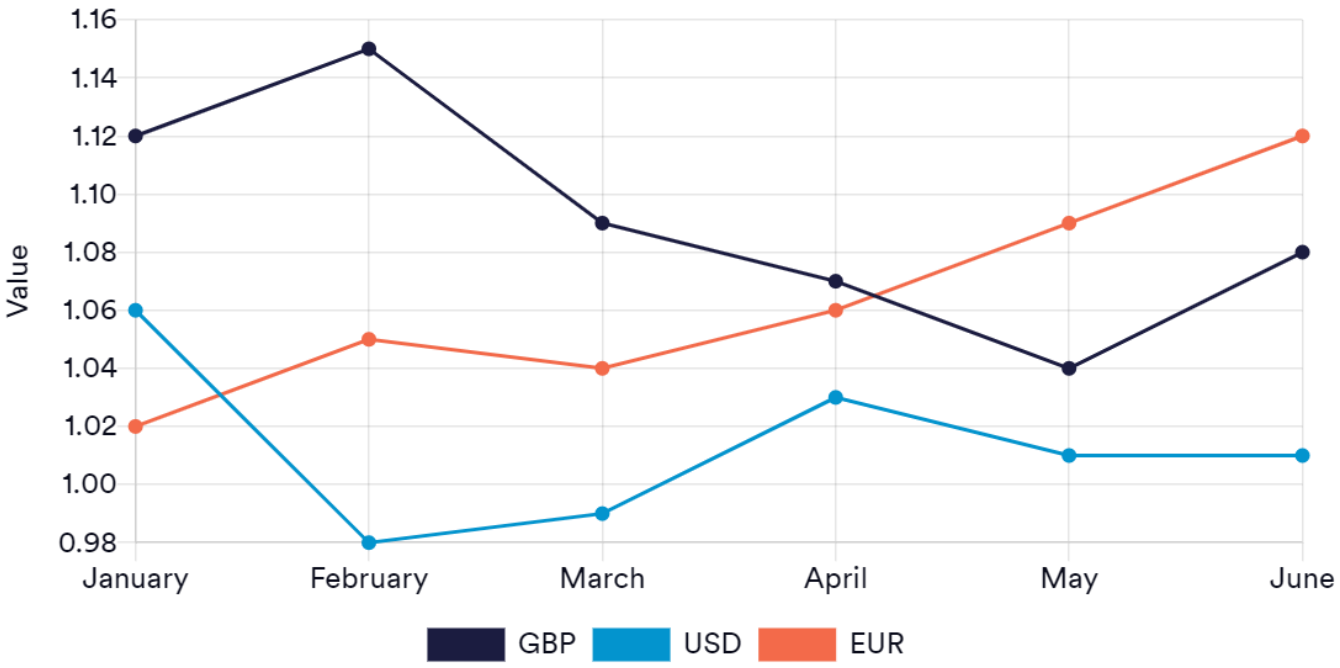
Quarter 4 36,500 X 0.2 = 7,300 X 7.25% = $529M

Step 2: Calculate 35% of total

35% = (533+648+711+529) = $2,421M X 0.35 = $847M

Question 2 – The value of 1 Canadian Dollar

What is the difference between the number of Canadian dollars could you buy with 3,500 EUR in April compared to 3,500 EUR in June?



A) 122 ☐

B) 177 ☐

C) 133 ☐

D) 199 ☐

Solution

Step 1: Calculate the number Canadian Dollars you could purchase in April

EUR 3,500 ÷ 1.06 = 3,301.89

Step 2: Calculate the number Canadian Dollars you could purchase in June

EUR 3,500 ÷ 1.12 = 3,125

Step 3: Work out the difference

CAD 3,301.89 - CAD 3,125 = CAD 176.89

Question 3 – Airline analysis of freight handling

The long-haul Boeing 747-400 aircraft fleet each fly one trip per day and average 85% passenger occupancy over a 250-day period. What percentage of total possible ULD capacity is empty and available to carry cargo?

Aircraft Type	Fleet Number	Hold Capacity (kgs)	Passenger Capacity	Max ULD Capacity
Airbus A319	35	2,000	156	5
Airbus A320	30	1,750	150	7
Airbus A321	15	2,830	185	10
Airbus A380-800	10	11,860	469	38
Boeing 747-400	50	12,880	524	32
Boeing 777-200	40	26,600	400	32

ULD = unit loading device or standard container for baggage or cargo
Each ULD can hold baggage for up to 45 passengers 1 metric tonne = 1,000kgs

A) 20% ☐
B) 59% ☐
C) 40% ☐
D) 69% ☐

Solution

Step 1: Calculate number of ULDs available for cargo per aircraft

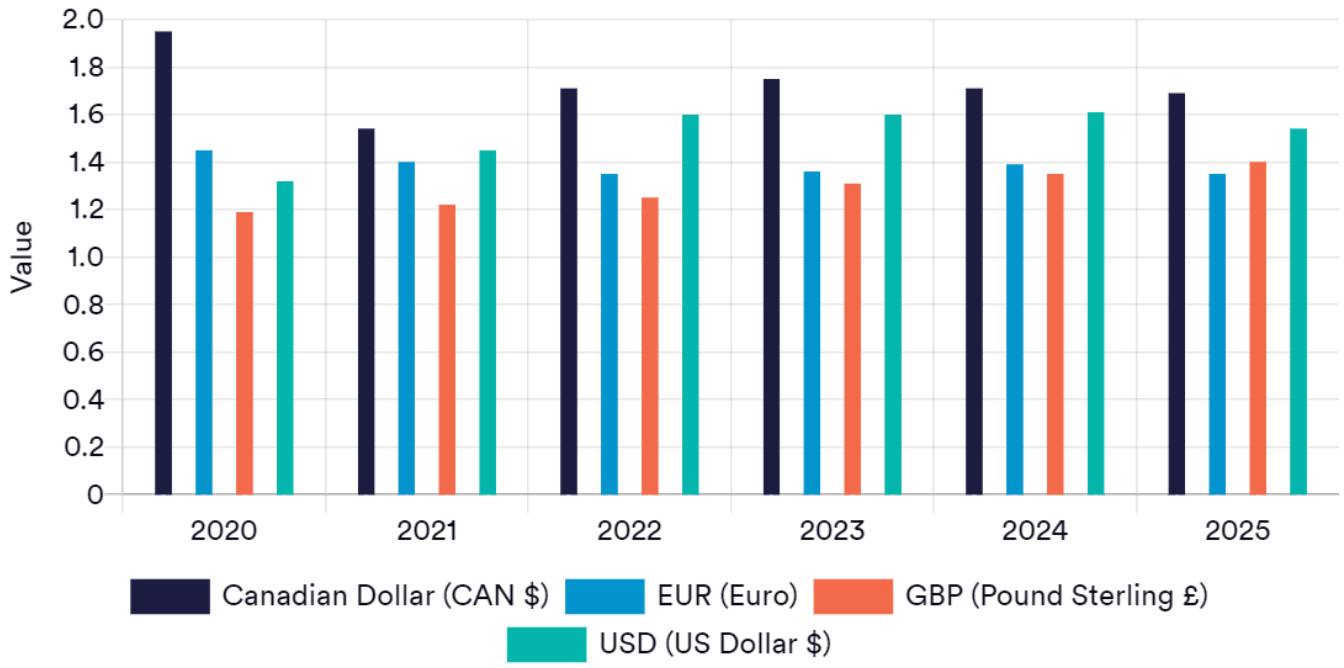
= 524 X .85 = 445 passengers divided by 45 = 10 ULDs needed for baggage per aircraft

Step 2: Calculate percentage available for one aircraft

= 22 ULDs (available for cargo) divided by 32 ULDs (total number of ULDs) = 69%

Question 4 – The average value of 1 Swiss Franc (CHF)

5,000 GBP was used to purchase Swiss Francs in 2021. How much would they be worth if converted into USD in 2022? Note that transaction fees of 1.5% apply on sale only of CHF.



A) USD 4,098 ☐

B) USD 6,459 ☐

C) USD 4,598 ☐

D) USD 6,854 ☐

Solution

Step 1: Calculate the number Swiss Francs purchased in 2021

In 2021 GBP 5,000 ÷ 1.22 = CHF 4,098.36

Step 2: Calculate the number US Dollars purchased in 2022

In 2022 CHF 4,098.36 x 1.60 = USD 6,557.38

Step 3: Subtract the transaction fee

USD 6,557.38 x (100 - 1.5) = USD 6,459.02

Question 5 – Exchanges rates to the British pound

In Month 2, 5,000 Pesta is converted into Lita. In Month 5 this is converted back into what value in £ (to the nearest £)?

	Month 1	Month 2	Month 3	Month 4	Month 5
Dram	1.61	1.63	1.67	1.61	1.58
Lita	1.53	1.54	1.55	1.51	1.51
Pesta	11.55	11.35	11.24	11.36	11.58
Bahi	1.27	1.28	1.29	1.3	1.28
Reper	1.58	1.61	1.65	1.6	1.56

A) **£449** ☐

B) **£469** ☐

C) **£459** ☐

D) **£479** ☐

Solution

Step 1: Convert 5,000 Pesta into Lita by converting into £ first

5,000 Pesta / 11.35 = £440.53

Step 2: Convert the Lita into £.

£440.53 x 1.54 = 678.41 Lita

Step 3: Convert the Lita back into £ using the Month 5 conversion rate.

678.42 / 1.51 = £449

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