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Teacher: \_\_\_\_\_

Date: \_\_\_\_\_

District: Wake County

Assessment: 9\_12 Shared Courses BF10 - Principles of Business and Finance Test 4

Description: Unit 3 and 4 Review

Form: 501

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**1. Carnival Cruise Lines now offers 20 ounce bottles of water instead of the 12 ounce bottles it previously sold. This is an example of which marketing function?**

- A. Distribution**
- B. Financing**
- C. Product management**
- D. Selling**

**2. Which is an example of direct channel of distribution?**

- A. Mary hired her mother to assist with her cupcake business.**
- B. Mary pays an advertising agency to promote her cupcake company.**
- C. Mary pays Tim to deliver cupcakes to customers.**
- D. Mary takes care of all the marketing functions for her cupcake company.**

**3. DMS has opened many warehouses throughout the city. This has especially increased convenience for its business customers. This is an example of which marketing function?**

- A. Distribution**
- B. Financing**
- C. Promotion**
- D. Selling**

**4. Tammy designs sales brochures that include the value, features, and benefits of hand-crafted furniture. This is an example of which marketing function?**

- A. Distribution**
- B. Financing**
- C. Promotion**
- D. Selling**

5. Dunkin' Donuts offers a free donut to customers that complete an on-line survey. The feedback will help with the future product options. This is an example of which marketing function?
- A. Distribution
  - B. Financing
  - C. Marketing-information management
  - D. Selling
6. Lowes Home Improvement provides credit lines to other businesses in order to meet its organizational goals. This is an example of which marketing function?
- A. Distribution
  - B. Financing
  - C. Pricing
  - D. Selling
7. A travel agency usually offers vacation packages starting at \$399. The manager has determined that its operating expenses have increased; therefore, it will increase its markup by 45%. What will the new starting price for a vacation packages?
- A. \$45.00
  - B. \$179.55
  - C. \$358.55
  - D. \$578.55
8. Pop-up advertisements for video games appear whenever Amy visits a website of a sports store. This is an example of which marketing function?
- A. Distribution
  - B. Financing
  - C. Promotion
  - D. Selling
9. New York Fashions Clothing Company surveys customers to find out which zip codes most of their customers reside. The results will help with the company's relocation plans. This is an example of which marketing function?
- A. Distribution
  - B. Financing
  - C. Marketing-information management
  - D. Selling

**10. Many small businesses that sell unique products realized it is easier to make a profit by having businesses online as opposed to a physical location. This is an example of which marketing function?**

- A. Distribution**
- B. Pricing**
- C. Promotion**
- D. Selling**

**11. Which is an example of personalized promotion?**

- A. Jade posted flyers for guests to be informed about her detox program.**
- B. Jade's company sponsored a health fair.**
- C. Jade met with a couple to discuss the benefits of detoxing.**
- D. Jade presented a seminar to 3000 people to promote a detox program.**

**12. Soho sells its shoes directly to the consumer through its own stores at discounted prices. This is an example of which type of store?**

- A. Convenience**
- B. Department**
- C. Factory outlet**
- D. Mail order**

**13. Mary has reviewed several camera dealers' websites, talked with other camera store operators, and surveyed potential customers about cameras. Where is she in the consumer decision-making process?**

- A. Gather information**
- B. Make a purchase**
- C. Recognize a need or want**
- D. Select and evaluate alternatives**

**14. Ken reviews the nutritional content on the product label to avoid saturated fat. This is an example of which type of consumer information source?**

- A. Business sources**
- B. Government agencies**
- C. Media**
- D. Product testing organization**

15. Joan read a newspaper article about a new and improved product coming on the market next week. This is an example of which type of consumer information source?
- A. Business sources
  - B. Government agencies
  - C. Media
  - D. Product testing organization
16. Mary is debating about which four of the following cameras to purchase: Canon, Casio, Epson, Konica Minolta, Nikon, Panasonic, and Sony cameras. These cameras have better performance records. Where is she in the consumer decision-making process?
- A. Gather information
  - B. Make a purchase
  - C. Recognize a need or want
  - D. Select and evaluate alternatives
17. John needed to purchase a soda as quick as possible. Which type of store would be the quickest to purchase a soda?
- A. Convenience
  - B. Department
  - C. Factory outlet
  - D. Mail order
18. Mary plans to order 300 cameras for her store inventory. Where is she in the consumer decision-making process?
- A. Gather information
  - B. Make a purchase
  - C. Recognize a need or want
  - D. Select and evaluate alternatives
19. Mary decided to order more Casio, Epson, Nikon, and Sony cameras for her store. These cameras have received the best reviews from her customers. Where is she in the consumer decision-making process?
- A. Determine the effectiveness of the decision
  - B. Gather information
  - C. Recognize a need or want
  - D. Select and evaluate alternatives

- 20. Office Depot sells office supplies and copying services. It promotes its supplies and services to customers that operate a home office or a business office. Which step of the marketing strategy has it performed?**
- A. Create a marketing mix**
  - B. Create a target market**
  - C. Identify a marketing mix**
  - D. Identify a target market**
- 21. Mary will be opening her own camera store soon. She is trying to figure out which types of cameras to sell. Where is she in the consumer decision-making process?**
- A. Gather information**
  - B. Make a purchase**
  - C. Recognize a need or want**
  - D. Select and evaluate alternatives**
- 22. Dr. Scholl's provides a variety of products for the feet. It promotes its product to people who want to make their feet more comfortable. Which step of the marketing strategy has it performed?**
- A. Create a marketing mix**
  - B. Create a target market**
  - C. Identify a marketing mix**
  - D. Identify a target market**
- 23. Brad refuses to eat a new product because of a warning from the United States Department of Agriculture. This is an example of which type of consumer information source?**
- A. Business sources**
  - B. Government agencies**
  - C. Media**
  - D. Product testing organization**
- 24. Mary checks the label on all products she buys for warnings. This is an example of which type of consumer information source?**
- A. Business sources**
  - B. Government agencies**
  - C. Media**
  - D. Product testing organization**

Please use the following chart for this question.

**Figure A**

Budget Categories					
Cash	\$133,100	Fixed assets	\$171,000	Income tax payable	\$17,000
Accounts receivable	125,900	Machinery	38,000	Wages Payable	21,000
Utilities Payable	14,500	Accounts payable	1,500	Payroll taxes Payable	15,000

25. From Figure A, what is the total amount of liabilities?

- A. \$52,000
- B. \$53,100
- C. \$60,100
- D. \$69,000

Please use the following chart for this question.

**Figure B**

Current assets	\$154,000
Current liabilities	125,000
Owner's equity	65,000
Net income	32,000
Total assets	180,000
Total expenses	30,000
Total liabilities	145,000
Total sales	200,000

26. Using Figure B, what is the current ratio for assets to liabilities?

- A. 0.81
- B. 1.06
- C. 1.23
- D. 2.73

Please use the following chart for this question.

Figure C

Financial Statement Ratio	Company A	Company B
Current: assets to liabilities	1.03	0.75
Debt to Equity: total liabilities to owners' equity	6.20	4.40
Return on Equity: net profit to owners' equity	2.0	1.0
Net income: total sales to net income	0.35	0.35

27. Which statement is true regarding Figure C?

- A. Company A has a more favorable current ratio than Company B.
- B. Company A has a more favorable debt to equity ratio than Company B.
- C. Company B has a more favorable return on equity ratio than Company A.
- D. Company B has a more favorable net income ratio than Company A.

Please use the following chart for this question.

Figure D

Current assets	\$254,000
Current liabilities	195,000
Owner's equity	85,000
Net income	42,000
Total assets	210,000
Total expenses	43,000
Total liabilities	125,000
Total sales	198,000

28. Using Figure D, what is the current ratio for assets to liabilities?

- A. 0.83
- B. 1.06
- C. 1.30
- D. 2.75

Please use the following chart for this question.

Figure F

<b>Financial Statement Ratio</b>	<b>Company A</b>	<b>Company B</b>
Current: assets to liabilities	.50	1.05
Debt to Equity: total liabilities to owners' equity	4.20	6.20
Return on Equity: net profit to owners' equity	3.0	2.0
Net income: total sales to net income	0.40	0.40

29. Which statement is true regarding Figure F?

- A. Company A has a more favorable current ratio than Company B.
- B. Company A has a more favorable debt to equity ratio than Company B.
- C. Company B has a more favorable return on equity ratio than Company A.
- D. Company B has a more favorable net income ratio than Company A.

30. Joni estimated that her business could invest an additional \$3,000. Which type of budget was used?

- A. Cash
- B. Expansion
- C. Operating
- D. Start-up

31. Last year's revenue for Zoe's Company was \$95,000 and it paid \$83,000 for expenses. Which is the net income/net loss amount for the business?

- A. \$5,000 net income
- B. \$5,000 net loss
- C. \$12,000 net income
- D. \$19,000 net loss

Please use the following chart for this question.

**Figure B**

Current assets	\$154,000
Current liabilities	125,000
Owner's equity	65,000
Net income	32,000
Total assets	180,000
Total expenses	30,000
Total liabilities	145,000
Total sales	200,000

32. Using Figure B, what is the debt to equity ratio for total liabilities to owners' equity?
- A. 0.22
  - B. 0.45
  - C. 1.92
  - D. 2.23
33. Amana Appliance Company determined its affordability to start selling self-cleaning stoves. This is an example of what kind of financial planning?
- A. Expansion
  - B. Personal
  - C. Operation
  - D. Start-up
34. Jack reviewed his company's budget for six months and determined that it is spending more on credit card purchases. Which type of budget was used?
- A. Cash
  - B. Expansion
  - C. Operating
  - D. Start-up

Please use the following chart for this question.

Figure D

Current assets	\$254,000
Current liabilities	195,000
Owner's equity	85,000
Net income	42,000
Total assets	210,000
Total expenses	43,000
Total liabilities	125,000
Total sales	198,000

35. Using Figure D, what is the net income ratio for total sales to net income?

- A. 2.71
- B. 3.71
- C. 4.71
- D. 5.71

36. Alicia should use which type of budget to analyze the business performance of her floral company?

- A. Cash
- B. Expense
- C. Operating
- D. Start-up

37. Ford Motor Company determined it can afford to start selling vehicles that imitate a family room on wheels. This is an example of what kind of financial planning?

- A. Expansion
- B. Personal
- C. Operation
- D. Start-up

38. Paul projected that his business expenses for the next twelve months should be around \$30,000. This is an example of what kind of financial planning?

- A. Expansion
- B. Personal
- C. Operation
- D. Start-up

39. Tonya projected that her business expenses for the next six months should be around \$2,500. This is an example of what kind of financial planning?

- A. Expansion
- B. Personal
- C. Operation
- D. Start-up

40. Which financial ratio will John use if he wants to determine whether his business could pay its debts due this month?

- A. Current
- B. Debt to equity
- C. Net income
- D. Return on equity

Please use the following chart for this question.

Figure E

Current assets	\$54,000
Current liabilities	35,000
Owner's equity	6,000
Net income	4,000
Total assets	10,000
Total expenses	4,000
Total liabilities	12,000
Total sales	19,000

41. Using Figure E, what is the return on equity ratio for net profit to owners' equity ?

- A. 0.67
- B. 1.52
- C. 1.77
- D. 2.25

42. An investor prefers a financial institution that offers safe deposit boxes, trusts, and loans. Which characteristic(s) of financial institutions the investor prefers?

- A. Fees and charges
- B. Restrictions
- C. Services
- D. Safety

43. Todd gave Intrek Computer Services a personal check for which his bank guaranteed payment. This is an example of which type of payment service?

- A. Certified check
- B. Electronic
- C. Money order
- D. Traveler's check

Please use the following figure for this question.

Figure A

The diagram shows a check with the following fields and callouts:

- 1: MICR line (123456789 12 34567890 117)
- 2: Date
- 3: Amount in dollars
- 4: Pay to the order of
- 5: Bank Name
- 6: Bank Address
- 7: Memo
- 8: MICR line (123456789)
- 9: MICR line (12 34567890)
- 10: Name, Address, City, State, ZIP

44. Which number in Figure A refers to the drawer's account number?

- A. 1
- B. 7
- C. 8
- D. 9

45. The Federal Reserve System approved the merger of Wachovia Bank and Wells Fargo Bank. This is an example of which service of the Federal Reserve System?

- A. Acting as a clearinghouse
- B. Approving bank mergers
- C. Managing the discount rate
- D. Participating in open market activities

46. Which is the FIRST step in the check writing process?

- A. Writing the appropriate information in the check register
- B. Writing the drawer's signature
- C. Writing the payee's name
- D. Writing the purpose of the check

47. Direct Finance Company's primary function is to use its own money instead of customers' savings to provide loans to other businesses. This is an example of which type of financial institution?

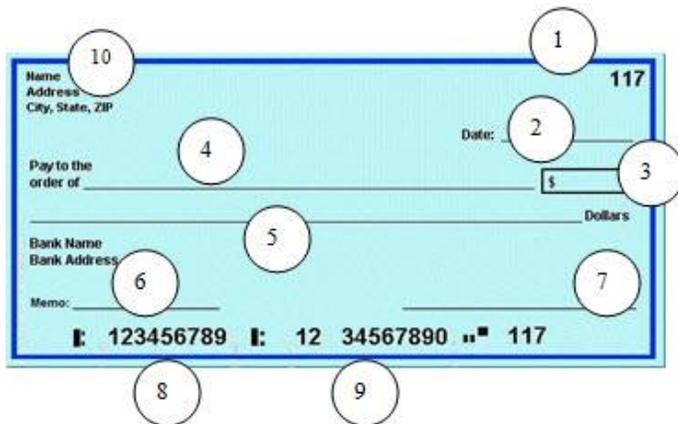
- A. Depository
- B. Check-cashing outlet
- C. Non-depository
- D. Pawnshop

48. Jennifer prefers a financial institution that will meet her business needs such as access to checking options, credit cards, and loans. Which characteristic(s) of financial institutions does she prefer?

- A. Fees and charges
- B. Restrictions
- C. Services
- D. Safety

Please use the following figure for this question.

Figure A



49. Which number in Figure A refers to the check number?

- A. 1
- B. 6
- C. 8
- D. 9

Please use the following graphic for this question.

**Figure C**

X <i>Pay to the order of</i>
<i>Barry Alvarez</i>
<i>Mark Dantonio</i>
DO NOT WRITE BELOW THIS LINE

50. Figure C is an example of:

- A. a full endorsement.
- B. a restrictive endorsement.
- C. an endorsement.
- D. an outstanding endorsement.

51. Phil is writing a company check and just completed writing the amount of the check in words. What should Phil do NEXT?

- A. Write the payee's name
- B. Sign the check
- C. Write in the numerical amount of the check
- D. Write in the purpose of the check

Please use the following figure for this question.

Figure A

The diagram shows a check with the following fields and callouts:

- 1: Top right corner (MICR line area)
- 2: Date field
- 3: Amount field (starts with \$)
- 4: Pay to the order of field
- 5: Bank Name field
- 6: Bank Address field
- 7: Memo field
- 8: Bottom left corner (MICR line area)
- 9: Bottom center (MICR line area)
- 10: Top left corner (Name, Address, City, State, ZIP)

Additional fields visible on the check include: Name, Address, City, State, ZIP; Pay to the order of; Bank Name; Bank Address; Memo; and MICR lines at the bottom: 123456789 12 34567890 117.

52. Which number in Figure A refers to the location for the drawer's signature?

- A. 2
- B. 5
- C. 6
- D. 7

53. Sarah purchased school supplies with a store gift card of \$300. This is an example of which type of payment service?

- A. Cashier's check
- B. Certified check
- C. Electronic
- D. Money order

54. James received a \$100 check. He wants to endorse this check over to Steve. Which type of endorsement should James use?

- A. Blank
- B. Full
- C. Non-endorsement
- D. Restrictive

55. Maria prefers an endorsement that will make sure checks are used for deposits only to her business account. Which type of endorsement is preferred?

- A. Blank endorsement
- B. Full endorsement
- C. Non-endorsement
- D. Restrictive endorsement

56. Mary is writing a company check, and has just completed writing the purpose of the check. What should she do NEXT?

- A. Write the payee's name
- B. Sign the check
- C. Write in the numerical amount of the check
- D. Write in the purpose of the check

57. Mary prefers a relatively safe investment that will allow her to withdraw money after a few days without losing any of her principal. Which is the BEST investment choice for Mary?

- A. Bond investment
- B. Certificate of deposit
- C. Money market account
- D. Stock investment

58. How are common and preferred stocks similar?

- A. Both pay limited dividend payments.
- B. Both have a risk of loss of an investment.
- C. Both have the same amount of risk.
- D. Both stockholders have voting rights.

59. How much interest is earned on a balance of \$1,800 that is compounded semiannually at a 6% interest rate for an account maintained for one year?

- A. \$109.62
- B. \$110
- C. \$154
- D. \$175

60. How are common and preferred stocks different?

- A. Common stock pays stockholders limited dividend payments.
- B. Common stockholders have non-voting rights.
- C. Preferred stock stockholders have priority in dividend payments.
- D. Preferred stock stockholders have a minimum period of ownership.

61. How much interest is earned on a balance of \$1,000 for a certificate of deposit that is compounded at an 8% interest rate for an account maintained for three years?

- A. \$135.00
- B. \$241.30
- C. \$259.71
- D. \$301.89

**62. Some customers recently learned that they can exchange quilts purchased from Tyson's Antique Store over 25 years ago for higher prices than they were originally purchased. Which type of investment are the quilts?**

- A. Collectibles**
- B. Commodities exchanges**
- C. Currency**
- D. Gold, silver, and precious metals**

**63. Ted deposits money in a savings plan regularly. The interest he earns on this plan is indicative of how the money markets are doing. Which savings plan is he using?**

- A. Bond investment**
- B. Certificate of deposit**
- C. Money market account**
- D. Savings account**

**64. Jack is reviewing his investment portfolio to make sure it includes options that will allow him to access money immediately. Which type of evaluation factor of saving is he considering?**

- A. Liquidity**
- B. Potential return**
- C. Safety and risk**
- D. Taxes**

**65. Mary's business has \$5,000 to start a savings plan at a local bank. She is comparing the interest rates between a mutual fund and a regular savings account. Which evaluation factor of saving is Mary considering?**

- A. Liquidity**
- B. Potential return**
- C. Safety and risk**
- D. Taxes**

**66. RadioShack offers shares of stock to investors at a consistent rate of 6% without any voting rights. What type of stock is it offering?**

- A. Bond**
- B. Common stock**
- C. Mutual fund**
- D. Preferred stock**

67. Bob sells specialty guitars and hopes to exchange the guitars for a much higher value than the purchase price. Which type of investment could the guitars become?
- A. Collectibles
  - B. Commodities and futures
  - C. Commodity exchanges
  - D. Gold, silver, and precious metals
68. The city government needs 1.2 million dollars to build a new medical facility. Which type of bond investment opportunity would help the city government obtain funding for the facility?
- A. Corporate bond
  - B. Municipal bond
  - C. Treasury bills
  - D. Treasury notes
69. Sam prefers a savings plan that allows him to earn interest on previously earned interest. Which type interest does he prefer?
- A. Compound
  - B. Money market
  - C. Simple
  - D. Variable
70. Mary needs a savings plan that will allow her to access her money as cash for potential emergency needs. Which type of evaluation factor of saving is she considering?
- A. Liquidity
  - B. Potential return
  - C. Safety and risk
  - D. Taxes