**4.01**

\_\_\_\_\_1. Mary reviewed her company's budget for one year and determined that it is continuously spending more on utilities. Which type of budget was used?

\_\_\_\_\_2. Using Figure B, what is the net income ratio for total sales to net income?

|  |  |  |
| --- | --- | --- |
| 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 |

\_\_\_\_\_3. 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?

\_\_\_\_\_4. Using Figure B, what is the current ratio for assets to liabilities?

|  |  |  |
| --- | --- | --- |
| 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 |

\_\_\_\_\_5. 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?

\_\_\_\_\_6. Kate projected that her business revenue for the next quarter should be around $7,000. This is an example of what kind of financial planning?

\_\_\_\_\_7. Tonya compared revenue of $30,000 to expenses of $22,000 to determine whether her business experienced a net income or loss. Which type of financial statement was used?

\_\_\_\_\_8.Which statement is true regarding Figure F?

Figure F

|  |  |  |
| --- | --- | --- |
| Financial Statement Ratio | Company A | Company 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 |

\_\_\_\_\_9. Alicia should use which type of budget to analyze the business performance of her floral company?

\_\_\_\_\_10. Using Figure D, what is the net income ratio for total sales to net income?

|  |  |  |
| --- | --- | --- |
| 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 |

\_\_\_\_\_11. Paul reviewed his company's budget for six months and determined that it is spending less on utilities. Which type of budget was used?

\_\_\_\_\_12. 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?

\_\_\_\_\_13. Using Figure B, what is the debt to equity ratio for total liabilities to owners' equity?

|  |  |  |
| --- | --- | --- |
| 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 |

\_\_\_\_\_14. 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?

Please use the following chart for questions 151 through 152:

|  |  |  |
| --- | --- | --- |
| 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 |

\_\_\_\_\_15. Using Figure E, what is the return on equity ratio for net profit to owners' equity?

\_\_\_\_\_16. Using Figure E, what is the debt to equity ratio for total liabilities to owners' equity?

\_\_\_\_\_17.Which statement is true regarding Figure C?

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 |

\_\_\_\_\_18. Ted projected that his business revenue for the next quarter should be around $9,000. This is an example of what kind of financial planning?

\_\_\_\_\_19. Amana Appliance Company determined its affordability to start selling self-cleaning stoves. This is an example of what kind of financial planning?

\_\_\_\_\_20. Using Figure D, what is the current ratio for assets to liabilities?

|  |  |  |
| --- | --- | --- |
| 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 |

\_\_\_\_\_21.Which financial ratio will John use if he wants to determine whether his business could pay its debts due this month?

\_\_\_\_\_22. Harry's Grocery Store revenue for last year was $98,000 and it paid $103,000 for expenses. Which is the net income/net loss amount for the store?

\_\_\_\_\_23. Jill can find the value of assets and liabilities for her business at the end of the year on which type of financial statement?

\_\_\_\_\_24. Carl estimated that his business could invest an additional $40,000. Which type of budget was used?

\_\_\_\_\_25. Using Figure D, what is the debt to equity ratio for total liabilities to owners' equity?

|  |  |  |
| --- | --- | --- |
| 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 |

\_\_\_\_\_26. 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?

\_\_\_\_\_27. From Figure A, what is the total amount of liabilities?

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 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 |

\_\_\_\_\_28.Which statement is true regarding Figure F?

Figure F

|  |  |  |
| --- | --- | --- |
| Financial Statement Ratio | Company A | Company 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. Last month's revenue for Tisha's Tire Company was $700 and it paid $650 for expenses. Which is the net income/net loss amount for the business?

1. $12,000 net income
2. $5,000 net loss
3. $50 net income
4. $69,000
5. 0.67
6. 1.30
7. 1.47
8. 2.00
9. 2.23
10. 4.71
11. 6.25
12. Balance sheet
13. Cash
14. Company A has a more favorable current ratio than Company B.
15. Company A has a more favorable debt to equity ratio than Company B.
16. Company B has a less favorable debt to equity ratio than Company A.
17. Current
18. Expansion
19. Expansion
20. Income statement
21. Operating
22. Operating
23. Operating
24. Operating
25. Operation
26. Operation
27. Operation
28. 1.23

**4.02**

\_\_\_\_\_1. Sarah purchased school supplies with a store gift card of $300. This is an example of which type of payment service?

Use Figure A on the following Questions: 167, 168, 169, 170

Figure A



\_\_\_\_\_2.Which number in Figure A refers to the drawer's account number?

\_\_\_\_\_3. Which number in Figure A refers to the check number?

\_\_\_\_\_4. Which number in Figure A refers to the location for the drawer's signature?

\_\_\_\_\_5. Which number in Figure A refers to the routing number?

\_\_\_\_\_6. The Federal Reserve System aids in transferring funds between banks in North Carolina and New Jersey. This is an example of which service of the Federal Reserve System?

\_\_\_\_\_7. An investor prefers a financial institution that offers access to local branches and ATM machines near her home and job. Which characteristic(s) of financial institutions the investor prefers?

\_\_\_\_\_8. An investor prefers a financial institution that offers safe deposit boxes, trusts, and loans. Which characteristic(s) of financial institutions the investor prefers?

\_\_\_\_\_9. Southern Life Insurance Company makes money on selling specific services such as policies instead of retaining their customers money. This is an example of which type of financial institution?

\_\_\_\_\_10. Figure C is an example of:

Figure C

 

\_\_\_\_\_11. 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?

\_\_\_\_\_12. Maria prefers an endorsement that will make sure checks are used for deposits only to her business account. Which type of endorsement is preferred?

\_\_\_\_\_13. 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?

\_\_\_\_\_14.Which is the FIRST step in opening a checking account?

\_\_\_\_\_15. The Federal Reserve System supplied the monetary system with $300 billion. This is an example of which service of the Federal Reserve System?

\_\_\_\_\_16. 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?

\_\_\_\_\_17.Which is the FIRST step in the check writing process?

\_\_\_\_\_18. Todd gave Intrek Computer Services a personal check for which his bank guaranteed payment. This is an example of which type of payment service?

\_\_\_\_\_19. James received a $100 check. He wants to endorse this check over to Steve. Which type of endorsement should James use?

\_\_\_\_\_20. Phil is writing a company check and just completed writing the amount of the check in words. What should Phil do NEXT?

1. 1
2. 7
3. 8
4. 9
5. a full endorsement.
6. Approving bank mergers
7. Certified check
8. Clearinghouse
9. Completing a signature card
10. Convenience
11. Electronic
12. Full
13. Non-depository
14. Non-depository
15. Participating in open market activities
16. Restrictive endorsement
17. Services
18. Services
19. Write in the purpose of the check
20. Writing the appropriate information in the check register

**4.03**

\_\_\_\_\_1. 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?

\_\_\_\_\_2. 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?

\_\_\_\_\_3. 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?

\_\_\_\_\_4. 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?

\_\_\_\_\_5. RadioShack offers shares of stock to investors at a consistent rate of 6% without any voting rights. What type of stock is it offering?

\_\_\_\_\_6. 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?

\_\_\_\_\_7. 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?

\_\_\_\_\_8. Sam prefers a savings plan that allows him to earn interest on previously earned interest. Which type interest does he prefer?

\_\_\_\_\_9. How are common and preferred stocks different?

\_\_\_\_\_10. How are common and preferred stocks similar?

\_\_\_\_\_11. 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?

\_\_\_\_\_12. 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?

\_\_\_\_\_13. 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?

\_\_\_\_\_14. 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?

1. $109.62
2. $259.71
3. Collectibles
4. Collectibles
5. Compound
6. Liquidity
7. Liquidity
8. Money market account
9. Money market account
10. Municipal bond
11. Potential return
12. Preferred stock
13. Preferred stock stockholders have priority in dividend payments.
14. Both have a risk of loss of a investment