1. 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

2. 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?

A. $5,000 net income

B. $5,000 net loss

C. $9,000 net income

D. $9,000 net loss

3. 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

4. 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?

A. Expansion

B. Personal

C. Operation

D. Start-up

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

A. Balance sheet

B. Budget

C. Income statement

D. Cash flow statement

6. 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

7. 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

8. 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

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

A. Cash

B. Expansion

C. Operating

D. Start-up

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

A. Cash

B. Expansion

C. Operating

D. Start-up

11. 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

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?

A. $5,000 net income

B. $5,000 net loss

C. $12,000 net income

D. $19,000 net loss

13. 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?

A. Balance sheet

B. Budget

C. Income statement

D. Statement of owner's equity

14. 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?

A. $50 net income

B. $50 net loss

C. $500 net income

D. $500 net loss

15. 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?

A. Cash

B. Expansion

C. Operating

D. Start-up

16. 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?

A. Expansion

B. Personal

C. Operation

D. Start-up

17. 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

18. Which is the FIRST step in opening a checking account?

A. Completing a signature card

B. Completing a bank reconciliation

C. Ordering a set of checks

D. Receiving the first cancelled check

19. 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

20. 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?

A. Convenience

B. Fees and charges

C. Restrictions

D. Safety

21. 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

22. The Federal Reserve System supplied the monetary system with $300 billion. 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

23. 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

24. 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

25. 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

26. 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?

A. Depository

B. Check-cashing outlet

C. Non-depository

D. Pawn shop

27. 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

28. 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

29. 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

30. 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

31. 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

32. 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?

A. Clearinghouse

B. Participation in open market operations

C. Supervision of banks

D. Managing the discount rate

33. 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

34. 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

35. 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.

36. 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

37. 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

38. 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

39. 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

40. 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

41. How are common and preferred stocks similar?

A. Both pay limited dividend payments.

B. Both have a risk of loss of a investment.

C. Both have the same amount of risk.

D. Both stockholders have voting rights.

42. 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

43. 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

44. 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

45. 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

46. 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