# *Business Concepts – Middle Level*

***The written objective test may include questions on items related to characteristics and organizations of business, consumerism, money management and banking, career awareness, and rights and responsibilities of managers, employees, owners, and government.***

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| 1. True | 1. | True/False: Start up capital may come from owner’s personal funds, banks or other financial institutions, or private investors. |
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| 2. False | 2. | True/False: A sound business plan will aid beginning entrepreneurs to obtain required capital. |
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| 3. c | 3. | The United States of America is based on \_\_\_.  a. custom based economy  b. directed economy  c. market economy  c. planned economy |
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| 4. b | 4. | The quantity of a product or service that consumers are willing to buy is \_\_\_.  a. supply  b. demand  c. inventory  d. GDP |
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| 5. b | 5. | The total value of all final goods and services produced I a country in one year measures a nation’s \_\_\_.  a. Net Assets  b. GDP  c. Gross Income  d. TPV |
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| 6. d | 6. | Employees who earn an hourly amount of money are paid \_\_\_\_.  a. straight time  b. salary  c. overtime  d. wages |
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| 7. a | 7. | Observing a person at work to gain career insight is an example of a(n) \_\_\_.  a. job shadowing experience  b. internship  c. interactive education  d. cooperative education |
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| 8. b | 8. | Wal-Mart is an example of a \_\_\_\_.  a. producer  b. retailer  c. specialty store  d. wholesaler |
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| 9. c | 9. | A keyboarding test during an interview is an example of a(n)\_\_\_.  a. civil service test  b. cogitative test  c. ability test  d. aptitude test |
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| 10. d | 10. | The government agency set up to help small business is the \_\_\_.  a. FDA  b. FTC  c. ABA  d. SBA |
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| 11. d | 11. | An organization designed to supervise and regulate member banks is \_\_\_.  a. trust company  b. the Better Business Bureau  c. the FDIC  d. the Federal Reserve |
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| 12. c | 12. | The amount of debt to which the interest rate is applied when borrowing money is the \_\_\_.  a. installment loan  b. asset  c. principle  d. capital |
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| 13. a | 13. | An example of a \_\_\_.  a. variable expense  b. fixed expense  c. tax exempt expense  d. capital expense |
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| 14. b | 14. | The only direct channel of distribution is \_\_\_.  a. producer to retailer to consumer  b. producer to consumer  c. producer to wholesaler to retailer to consumer  d. retailer to consumer |
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| 15. b | 15. | A favorable balance of trade is achieved if \_\_\_.  a. imports exceed exports  b. exports exceed imports  c. tariffs equal exports  d. tariffs exceed exports |
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| 16. a | 16. | Tom agrees to buy hay from Bob for $2.oo per bale. This is an example of a \_\_\_.  a. contract  b. bartering  c. production sales  d. consent |
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| 17. a | 17. | People 16 years of age or older who have, or are seeking a job, comprise the \_\_\_.  a. work force  b. production sector  c. service sector  d. occupational grouping |
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| 18. b | 18. | A computer company that has been in operation for less than three years and has no employees other than the owner is best described as a \_\_\_.  a. 401K  b. venture business  c. resources sector business  d. corporation |
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| 19. c | 19. | The process of starting, organizing, managing, and assuming the responsibilities for a business is \_\_\_.  a. risk management  b. financial management  c. entrepreneurship  d. marketing |
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| 20. c | 20. | An organization developed to self-regulate and improve credibility of businesses throughout the country is the \_\_\_.  a. Food and Drug Administration  b. Small Business Administration  c. Better Business Bureau  d. Federal Trade Commission |
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| 21. b | 21. | An automobile salesperson who sells a car to a customer, knowing that the odometer has been turned back 20,000 miles, has committed \_\_\_\_.  a. theft of services  b. fraud  c. willful omission  d. conspiracy |
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| 22. a | 22. | A federal agency that insures all accounts in the same name at each bank is the \_\_\_.  a. FDIC  b. ABA  c. NYSE  d. NCUA |
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| 23. c | 23. | When an investment can be turned into money quickly, the investment is said to be \_\_\_.  a. volatile  b. usurious  c. liquid  d. fixed |
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| 24. a | 24 | When supply decreases and demand increases, the price of a good \_\_\_.  a. rises  b. creates a loss  c. lowers  b. stabilizes |
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| 25. a | 25. | The part of the profit a stockholder receives from a corporation is a \_\_\_.  a. dividend  b. net profit  c. tax-sheltered annuity  b. gross profit |
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| 26. a | 26. | A document enclosed with a letter of application summarizing important job related information is a \_\_\_.  a. resume  b. brief  c. summary  d. work log |
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| 27. c | 27. | Musical artists can protect their lyrics and music with a \_\_\_.  a. patent  b. trademark  c. copyright  d. license |
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| 28. b | 28. | New employees should do all the following **except** \_\_\_.  a. ask questions  b. dress more casually than your co-workers  c. be friendly to everyone  d. complete tasks well and on time |
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| 29. c | 29. | Buying a product without much prior thought is \_\_\_\_.  a. convenience buying  b. direct buying  c. impulse buying  d. immediate possession |
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| 30. d | 30. | Credit as many benefits and drawbacks. Which item listed below is a drawback of credit>  a. convenience  b. immediate possession  c. increased credit limited  d. overbuying |
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| 31. a | 31. | Rent is an example of a(n) \_\_\_\_ expense.  a. fixed  b. capital  c. variable  c. asset |
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| 32. c | 32. | A phase of the business cycle when most people who want to work are working and businesses produce goods and services in record number is \_\_\_\_.  a. bull market  b. recovery  c. prosperity  d. depression |
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| 33. b | 33. | A country that imports more than it exports has a \_\_\_\_.  a. balance of trade  b. trade deficit  c. favorable trading status  d. trade surplus |
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| 34. c | 34. | All of the following are good rules for writing a check **except** \_\_\_.  a. always use ink  b. avoid making checks payable to cash  c. neatly retrace your writing if a selling error has been made  d. record every payment from our checking account promptly |
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| 35. a | 35. | A relative or a friend who has property or a good credit rating that signs a secured loan with you is a(n) \_\_\_.  a. cosigner  b. partner  c. investor  d. creditor |
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| 36. c | 36. | The percentage of interest that will be added to your savings over a period of time is the \_\_\_\_.  a. principal  b. rate  c. yield  d. income |
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| 37. a | 37. | Which type of life insurance has no cash value if the policy is surrender?  a. term life  b. variable life  c. universal life  d. whole life |
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| 38. a | 38. | The first step in establishing a successful business is to \_\_\_.  a. create a sound business plan  b. market known trends  c. purchase bulk lots to reduce business costs  d. obtain capital resources |
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| 39. True | 39. | True/False: The purpose of a Better Business Bureau is to protect consumers by promoting ethical conduct by businesses. |
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| 40. True | 40. | True/False: The sole proprietorship is usually the most appropriate form of business organization for a new small business. |
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| 41. True | 41. | True/False: The amount paid for the use of money is interest. |
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| 42. b | 42. | Work behaviors are important to developing a career and include all of the following **except** \_\_\_.  a. punctuality  b. manual dexterity  c. good attendance  d. appropriate appearance |
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| 43. b | 43. | Which of the following is designed as a career-planning tool and is published every five years by the federal government?  a. Monthly Labor Review  b. Occupational Outlook Handbook  c. Hyman Resource Guidelines  d. Workforce Projections Quarterly |
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| 44. c | 44. | Which of the following is a federal agency that protects depositors’ money in case of the failure of the bank or financial institution?  a. Federal Reserve System  b. Internal Revenue Service  c. Federal Deposit Insurance Company  d. Savings and Loan Association |
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| 45. b | 45. | All of the following are advantages of checking accounts **except** \_\_\_.  a. a checking account is a convenient way to handle business affairs  b. checking accounts always bear interest  c. a check is a legal proof of payment  d. check account has many safety measures |
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| 46. a | 46. | The federal government attempts to prevent monopolies by using \_\_\_.  a. antitrust laws  b. the Internal Revenue Service  c. Federal Fair Business Administration  d. public utilities |
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| 47. b | 47. | Where is the headquarters for the Federal Reserve Bank?  a. New York City  b. Washington, DC  c. Los Angeles  d. Chicago |
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| 48. d | 48. | The agency that help protects the consumer’s right to be heard is \_\_\_.  a. the Office of Consumer Affairs  b. the Better Business Bureau  c. the Federal Trade Commission  d. All of the above |
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| 49. True | 49. | True/False: The Federal Trade Commission is one of the federal agencies that protects your right to be heard. |
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| 50. c | 50. | GDP is the total value of all \_\_\_.  a. services produced in the U.S. in a year  b. goods and services produced in the world in a year  c. goods and services produced in the U.S. in a year  d. goods produced in the U.S. in a year |
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| 51. b | 51. | The business function that bridges the gap between the producer and the consumer is \_\_\_.  a. producing  b. marketing  c. farming  d. extracting |
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| 52. c | 52. | Workers most likely to work on retainer are \_\_\_.  a. salespeople  b. doctors  c. lawyers  d. farmers |
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| 53. a | 53. | Which of the following is inappropriate during a job interview?  a. talking too much  b. asking questions about the position  c. dressing appropriately  d. arriving early |
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| 54. b | 54. | Which of the following is **not** apply to small businesses?  a. usually has the owner as manager  b. is government owned  c. employs fewer than 500 people  d. usually is local, serving the nearby community |
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| 55. a | 55. | Which of the following is **not** a consumer right?  a. the right to confidentiality  b. the right to be informed  c. the right to choose  d. the right to be heard |
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| 56. b | 56. | Which of the following is **not** a consumer responsibility?  a. be honest  b. be uninformed  c. company reasonably  d. be involved |
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| 57. c | 57. | A task or series of tasks that are performed to produce a good or service is \_\_\_.  a. a career  b. an actuated plan  c. an occupation  d. an ambitious goal |
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| 58. b | 58. | Without satisfied consumers, businesses would **not** \_\_\_.  a. be allowed to become incorporated  b. make sales, earn profits, or remain in business  c. be allowed to become incorporated  d. None of the above |
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| 59. b | 59. | Costs that occur regularly and are for the same amount each time are \_\_\_.  a. variable expenses  b. fixed expenses  c. allowances  d. budgets |
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| 60. a | 60. | A goal in life that is fulfilled through a job or a series of jobs is known as \_\_\_.  a. a career  b. career planning  c. a job  d. a tentative career decision |
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| 61. a | 61. | Someone who is working in a fast-food restaurant is working in \_\_\_.  a. the service-producing industry  b. the extracting industry  c. the goods-producing industry  d. all of the above |
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| 62. a | 62. | A refusal to work until demands are met is called a \_\_\_.  a. strike  b. picket  c. lockout  d. boycott |
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| 63. d | 63. | The words, letters, or symbols that are associated with a specific company or product are called the \_\_\_\_.  a. copyright  b. logo  c. patent  d. trademark |
| 64. c | 64. | Which of the following is **not** a right of consumers?  a. right to consumer education  b. right to safety  c. right to get money back  d. right to service |
| 65. d | 65. | Which of the following is the formula for computing simple interest?  a. P=I\*R\*T  b. I\*P=R\*T  c. T-P\*I/R  d. I=P\*R\*T |
| 66. b | 66. | Calculate the simple interest of $1000 borrowed at 9% for 12 months.  a. $7.20  b. $2.00  c. $72.00  d. $20.00 |
| 67. c | 67. | This type of account pays a variable interest rate based on rates paid to holders of short-term government debt, namely US Treasury bills, is called a(n) \_\_\_.  a. Super NOW account  b. certificate of deposit  c. money market account  d. mutual fund |
| 68. c | 68. | Which of the following is **not** income?  a. money earned from babysitting  b. a paycheck  c. change received from a store clerk  d. interest earned on a savings account |
| 69. b | 69. | Managers perform which of the following functions.  a. organizing  b. controlling  c. planning  d. all of the above |
| 70. c | 70. | A plan for spending money is a(n) \_\_\_.  a. annual report  b. income statement  c. budget  d. balance sheet |