# *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 economyb. directed economyc. market economyc. planned economy |
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| 4. b | 4. | The quantity of a product or service that consumers are willing to buy is \_\_\_.a. supplyb. demandc. inventoryd. 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 Assetsb. GDPc. Gross Incomed. TPV |
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| 6. d | 6. | Employees who earn an hourly amount of money are paid \_\_\_\_.a. straight timeb. salaryc. overtimed. 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 experienceb. internshipc. interactive educationd. cooperative education |
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| 8. b | 8. | Wal-Mart is an example of a \_\_\_\_.a. producerb. retailerc. specialty stored. wholesaler |
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| 9. c | 9. | A keyboarding test during an interview is an example of a(n)\_\_\_.a. civil service testb. cogitative testc. ability testd. aptitude test |
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| 10. d | 10. | The government agency set up to help small business is the \_\_\_.a. FDAb. FTCc. ABAd. SBA |
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| 11. d | 11. | An organization designed to supervise and regulate member banks is \_\_\_.a. trust companyb. the Better Business Bureauc. the FDICd. 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 loanb. assetc. principled. capital |
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| 13. a | 13. |  An example of a \_\_\_.a. variable expenseb. fixed expensec. tax exempt expensed. capital expense |
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| 14. b | 14. | The only direct channel of distribution is \_\_\_.a. producer to retailer to consumerb. producer to consumerc. producer to wholesaler to retailer to consumerd. retailer to consumer |
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| 15. b | 15. | A favorable balance of trade is achieved if \_\_\_.a. imports exceed exportsb. exports exceed importsc. tariffs equal exportsd. 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. contractb. barteringc. production salesd. 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 forceb. production sectorc. service sectord. 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. 401Kb. venture businessc. resources sector businessd. corporation |
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| 19. c | 19. | The process of starting, organizing, managing, and assuming the responsibilities for a business is \_\_\_.a. risk managementb. financial managementc. entrepreneurshipd. 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 Administrationb. Small Business Administrationc. Better Business Bureaud. 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 servicesb. fraudc. willful omissiond. 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. FDICb. ABAc. NYSEd. NCUA |
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| 23. c | 23. | When an investment can be turned into money quickly, the investment is said to be \_\_\_.a. volatileb. usuriousc. liquidd. fixed |
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| 24. a | 24 | When supply decreases and demand increases, the price of a good \_\_\_.a. risesb. creates a lossc. lowersb. stabilizes |
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| 25. a | 25. | The part of the profit a stockholder receives from a corporation is a \_\_\_.a. dividendb. net profitc. tax-sheltered annuityb. 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. resumeb. briefc. summaryd. work log |
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| 27. c | 27. | Musical artists can protect their lyrics and music with a \_\_\_.a. patentb. trademarkc. copyrightd. license |
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| 28. b  | 28. | New employees should do all the following **except** \_\_\_.a. ask questionsb. dress more casually than your co-workersc. be friendly to everyoned. complete tasks well and on time |
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| 29. c | 29. | Buying a product without much prior thought is \_\_\_\_.a. convenience buyingb. direct buyingc. impulse buyingd. 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. convenienceb. immediate possessionc. increased credit limitedd. overbuying |
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| 31. a | 31. | Rent is an example of a(n) \_\_\_\_ expense.a. fixedb. capitalc. variablec. 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 marketb. recoveryc. prosperityd. depression |
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| 33. b | 33. | A country that imports more than it exports has a \_\_\_\_.a. balance of tradeb. trade deficitc. favorable trading statusd. trade surplus |
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| 34. c | 34. | All of the following are good rules for writing a check **except** \_\_\_.a. always use inkb. avoid making checks payable to cashc. neatly retrace your writing if a selling error has been maded. 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. cosignerb. partnerc. investord. 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. principalb. ratec. yieldd. income |
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| 37. a | 37. | Which type of life insurance has no cash value if the policy is surrender?a. term lifeb. variable lifec. universal lifed. whole life |
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| 38. a | 38. | The first step in establishing a successful business is to \_\_\_.a. create a sound business planb. market known trendsc. purchase bulk lots to reduce business costsd. 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. punctualityb. manual dexterityc. good attendanced. 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 Reviewb. Occupational Outlook Handbookc. Hyman Resource Guidelinesd. 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 Systemb. Internal Revenue Servicec. Federal Deposit Insurance Companyd. 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 affairsb. checking accounts always bear interestc. a check is a legal proof of paymentd. check account has many safety measures |
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| 46. a | 46. | The federal government attempts to prevent monopolies by using \_\_\_.a. antitrust lawsb. the Internal Revenue Servicec. Federal Fair Business Administrationd. public utilities |
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| 47. b | 47. | Where is the headquarters for the Federal Reserve Bank?a. New York Cityb. Washington, DCc. Los Angelesd. 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 Affairsb. the Better Business Bureauc. the Federal Trade Commissiond. 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 yearb. goods and services produced in the world in a yearc. goods and services produced in the U.S. in a yeard. 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. producingb. marketingc. farmingd. extracting |
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| 52. c | 52. | Workers most likely to work on retainer are \_\_\_.a. salespeopleb. doctorsc. lawyersd. farmers |
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| 53. a | 53. | Which of the following is inappropriate during a job interview?a. talking too muchb. asking questions about the positionc. dressing appropriatelyd. 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 managerb. is government ownedc. employs fewer than 500 peopled. 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 confidentialityb. the right to be informedc. the right to choosed. the right to be heard |
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| 56. b | 56. | Which of the following is **not** a consumer responsibility?a. be honestb. be uninformedc. company reasonablyd. 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 careerb. an actuated planc. an occupationd. an ambitious goal |
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| 58. b | 58. |  Without satisfied consumers, businesses would **not** \_\_\_.a. be allowed to become incorporatedb. make sales, earn profits, or remain in businessc. be allowed to become incorporatedd. 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 expensesb. fixed expensesc. allowancesd. 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 careerb. career planningc. a jobd. 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 industryb. the extracting industryc. the goods-producing industryd. all of the above |
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| 62. a | 62. | A refusal to work until demands are met is called a \_\_\_.a. strikeb. picketc. lockoutd. 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. copyrightb. logoc. patentd. trademark |
| 64. c | 64. | Which of the following is **not** a right of consumers?a. right to consumer educationb. right to safetyc. right to get money backd. right to service |
| 65. d | 65. | Which of the following is the formula for computing simple interest?a. P=I\*R\*Tb. I\*P=R\*Tc. T-P\*I/Rd. I=P\*R\*T |
| 66. b | 66.  | Calculate the simple interest of $1000 borrowed at 9% for 12 months.a. $7.20b. $2.00c. $72.00d. $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 accountb. certificate of depositc. money market accountd. mutual fund |
| 68. c | 68.  | Which of the following is **not** income?a. money earned from babysittingb. a paycheckc. change received from a store clerkd. interest earned on a savings account |
| 69. b | 69. | Managers perform which of the following functions.a. organizingb. controllingc. planningd. all of the above |
| 70. c | 70. | A plan for spending money is a(n) \_\_\_.a. annual reportb. income statementc. budgetd. balance sheet |