

BANKING & FINANCE

(145)

REGIONAL – 2014

Multiple Choice & Short Answer:

Multiple Choice (22 @ 2 points each) _____ (44 points)

True/False (8 @ 2 points each) _____ (16 points)

Production:

Job 1 _____ (10 points)

Job 2 _____ (30 points)

TOTAL POINTS _____ (***100 points***)

Failure to adhere to any of the following rules will result in disqualification:

- 1. Contestant must hand in this test booklet and all printouts. Failure to do so will result in disqualification.**
- 2. No equipment, supplies, or materials other than those specified for this event are allowed in the testing area. No previous BPA tests and/or sample tests or facsimile (handwritten, photocopied, or keyed) are allowed in the testing area.**
- 3. Electronic devices will be monitored according to ACT standards.**

No more than 60 minutes testing time

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Workplace Skills Assessment Program competition.

MULTIPLE CHOICE: (2 pts. each) Choose the best answer for each of the following, and record your answer on the Scantron form provided.

1. What is the principal on a loan?
 - A. interest paid
 - B. interest unpaid
 - C. total amount paid
 - D. initial amount borrowed

2. When reviewing an entrepreneur's loan application, banks review the three Cs of credit, which are
 - A. character, capacity, and collateral.
 - B. character, capacity, and capital.
 - C. cash, character, and certificates.
 - D. case history, collateral, and cash.

3. Jackson lent \$8,000 to Miller. Jackson asked Miller to sign a 9% simple-interest note as evidence of the debt. On the maturity date, Miller will repay the principal plus \$1,080 interest. The term of this note is
 - A. one year.
 - B. six months.
 - C. 18 months.
 - D. two years.

4. Which of the following is NOT a source of income for a bank?
 - A. the interest earned by depositors
 - B. investments
 - C. loan income
 - D. fees for services

5. The rate of interest the Federal Reserve charges banks for short-term loans is called the
 - A. discount rate.
 - B. federal funds rate.
 - C. reserve requirement rate.
 - D. prime rate.

6. Which of the following assets is the *most* liquid?
 - A. the money in your savings account
 - B. 100 shares of stock in a Fortune 500 company
 - C. the money in your wallet
 - D. a certificate of deposit that comes due in six months

7. Which of the following features of a check indicates who is to receive the funds?
 - A. the bearer
 - B. the signature
 - C. the payee
 - D. the memo

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8. Which of the following endorsements is the *least* secure?
 - A. qualified endorsement
 - B. full endorsement
 - C. restrictive endorsement
 - D. blank endorsement

9. Which of the following is an example of a restrictive endorsement?
 - A. "For Deposit Only"
 - B. the signature of the holder
 - C. "Pay to the Order of Tia Brown"
 - D. "Pay to the Order of Teri Davis, without recourse"

10. Accounts in most banks are insured up to \$250,000 by the
 - A. National Savings Association.
 - B. United States Department of Banking.
 - C. Federal Deposit Insurance Corporation.
 - D. Savings Insurance Company.

11. "A depositor's written order to a bank to pay a specific sum of money from that depositor's account to the party named therein" is the definition of a(n)
 - A. note.
 - B. negotiable instrument.
 - C. check.
 - D. certificate of deposit.

12. The type of credit used when a consumer purchases an item and pays the cost of that item plus interest over a fixed time period is
 - A. service credit.
 - B. installment credit.
 - C. bank card credit.
 - D. layaway credit.

13. Alan wrote a check for \$49. When he entered the amount in his checkbook, he recorded the amount of the check as \$94. When reconciling his bank statement, Alan will need to
 - A. add \$45 to his checkbook balance.
 - B. subtract \$45 from his checkbook balance.
 - C. subtract \$45 from the bank statement balance.
 - D. add \$94 to the bank statement balance.

14. The combined value of a roll of nickels plus a roll of dimes is
 - A. \$12.
 - B. \$7.
 - C. \$20.
 - D. \$10.

15. Which of the following two items are found on a balance sheet?
 - A. interest and principal
 - B. assets and liabilities
 - C. interest and assets
 - D. principal and bonds

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16. Mary pays for her \$28.97 purchase with a \$50 bill. What denominations of change does the cashier give Mary?
- A. 3 pennies, two \$1 bills, and two \$5 bills
 - B. 3 pennies, one \$1 bill, and one \$20 bill
 - C. 1 nickel, one \$1 bill, one \$5 bill, and one \$20 bill
 - D. 1 nickel, six \$1 bills, one \$5 bill, and one \$10 bill
17. Andrew Jackson's picture is on the front side of the \$20 bill. On the back (reverse) side of the bill is a picture of the
- A. U.S. Treasury building.
 - B. Washington Monument.
 - C. U.S. Capitol building.
 - D. White House.

Use this information to answer the next three questions. Jack buys the following items in a state with a 6% sales tax rate: a shirt @ \$39.40, a belt @ \$26.80, and socks @ \$18.40. Jack pays for his purchase with a \$100 bill.

18. What is the total of his purchase before sales tax?
- A. \$84.60
 - B. \$74.60
 - C. \$89.68
 - D. \$5.08
19. What is the dollar amount of tax Jack pays?
- A. \$84.60
 - B. \$74.60
 - C. \$89.68
 - D. \$5.08
20. How much change will Jack receive?
- A. \$10.32
 - B. \$11.68
 - C. \$10.33
 - D. \$11.67
21. You want to buy an iPad listed at \$460 cash. You can withdraw the money from savings and pay cash, or you can finance the purchase with \$100 down and 15 payments of \$30. How much more will the iPad cost if you use financing?
- A. \$460
 - B. \$550
 - C. \$90
 - D. \$0
22. All of the following are advantages of using credit except
- A. you can enjoy goods when your funds are low and pay for them later
 - B. credit costs money.
 - C. you have a record of your expenses.
 - D. you can stop payment on purchases of defective items.

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TRUE or FALSE: (2 pts. each) Record your answer on the Scantron form provided. Mark A if the statement is true. Mark B if the statement is false.

- 23. A mortgage is the longest and largest debt most people will ever incur.
- 24. Every business, no matter how large or small, needs to disburse and collect cash to complete business transactions.
- 25. The amount a borrower pays to use the principal of a loan is called a fee.
- 26. The Truth in Lending Act does not relate to closed-end credit or oral disclosures.
- 27. The longer time you lockup your money in a CD, the higher the interest rate you'll get.
- 28. A request that an institution not cash a particular check is called a stop-payment order.
- 29. Outstanding checks should be subtracted from the checkbook balance.
- 30. Cosigning a loan means agreeing to be responsible for loan payments if the borrower fails to make them.

JOB 1 - (10 pts.) Nathan Fisher's checkbook balance is \$1,254.16. He issues a check dated January 24 for \$489.40 to Archer Electronics for a laptop computer. Nathan authorizes you to write and sign the check for him. Use the form below to write the check. He made a deposit of \$223.29 today. What is Nathan's checkbook balance after these two transactions? _____

Nathan Fisher 1234 Walker Avenue Wrightsville, IN	NOT NEGOTIABLE	1001
		Date: _____
PAY TO THE ORDER OF _____		\$ _____
_____		DOLLARS
MEMO _____	_____ Authorized Signature	

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JOB 2 - (30 pts.) Use this information to order the following items. The buyer is Paul Miller. His address is 1234 Maple Avenue in Maryville, Missouri 64468. The tax rate is 5.8%. Orders over \$150 are shipped free. Shipping cost on orders under \$150 is \$10.80. Use the form below to complete the order for Paul Miller.

Two red mock turtlenecks, size M, catalog number M123X, price per item, \$19.95

One navy jacket, size XL, catalog number J211V, price per item, \$50

Three coral t-shirts, size M, catalog number T087M, price per item \$15

ORDER BLANK						
Rex's Sporting Goods 6478 Fifth Avenue New York, NY 10010						
<p>Name _____ Address _____ City _____ State ____ ZIP _____</p>						

Catalog Number	Quantity	Item	Color	Size	Unit Price	Total Price
Subtotal						
Sales Tax						
Shipping						
Total						



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True/False (8 @ 2 points each) _____ (16 points)

Production:

Job 1 _____ (10 points)

Job 2 _____ (30 points)

TOTAL POINTS _____ (***100 points***)

Judge/Graders: Please double check and verify all scores and answer keys!

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OBJECTIVE: (2 pts. each)

- | | |
|-------|-------|
| 1. D | 16. B |
| 2. B | 17. D |
| 3. C | 18. A |
| 4. A | 19. D |
| 5. A | 20. A |
| 6. C | 21. C |
| 7. C | 22. B |
| 8. D | 23. A |
| 9. A | 24. A |
| 10. C | 25. B |
| 11. C | 26. B |
| 12. B | 27. A |
| 13. A | 28. A |
| 14. B | 29. B |
| 15. B | 30. A |

JOB 1 (10 PTS.) - Balance, 4 pts. Check Entries, 6 pts. (1 pt. each)

Checkbook balance \$988.05 (4 pts.)

Nathan Fisher 1234 Walker Avenue Wrightsville, IN	1001
NOT NEGOTIABLE	
	Date: <u>January 24, 2014</u>
PAY TO THE ORDER OF <u>Archer Electronics</u>	<u>\$489.40</u>
<u>Four hundred eighty-nine and 40/100 -----</u> DOLLARS	
MEMO <u>laptop computer</u>	<u>Nathan Fisher (signed)</u> Authorized Signature



JOB 2 - (30 pts.) - Address block, 5 pts. Order information, 25 pts. (1 pt. per entry)

ORDER BLANK

Rex's Sporting Goods
6478 Fifth Avenue
New York, NY 10010

Name Paul Miller

Address 1234 Maple Avenue

City, ST ZIP Maryville, MO 64468

Catalog Number	Quantity	Item	Color	Size	Unit Price	Total Price
M123X	2	Mock Turtleneck	Red	M	19.95	39.90
J211V	1	Jacket	Navy	XL	50.00	50.00
T087M	3	T-Shirts	Coral	M	15.00	45.00
					Subtotal	134.90
					Sales Tax	7.82
					Shipping	10.80
					Total	153.52