

2019 Individual Scholarship Challenge – Study Guide

1. The financial statement that reports the revenues and expenses for a period of time such as a year or a month is the
 - A. Balance Sheet
 - B. Income Statement**
 - C. Statement of Cash Flows
2. Revenues minus expenses equals
 - A. Gross profit
 - B. Retained earnings
 - C. Net income**
3. The cash basis of accounting records revenues and expenses only when the cash is received, or payment is made.
 - A. True**
 - B. False
4. Use the basic accounting equation to answer this question. The total assets of a company are \$500,000 and its liabilities are equal to one-fifth of its total assets. What is the amount of stockholders' equity?
 - A. \$100,000
 - B. \$200,000
 - C. \$400,000**
 - D. \$500,000
5. The process for identifying, assessing, and prioritizing risks of different kinds is:
 - A. Business Risk
 - B. Internal Controls
 - C. Risk Management**
 - D. Information Technology
6. A large increase in the cost of producing jeans is most likely to result in
 - A. Lower jean prices and more jeans bought
 - B. Higher jean prices and fewer jeans bought**
 - C. No change
 - D. Lower jean prices and fewer jeans bought
7. The ideal investment in terms of risk and return would be:
 - A. High Risk, High Return
 - B. High Risk, Low Return
 - C. Low Risk, High Return**
 - D. Low Risk, Low Return
8. Organizations that develop similar offerings, when grouped together, create a/an
 - A. Merger
 - B. Industry**
 - C. Competitive landscape
 - D. Monopoly
9. A specific group of potential consumers toward which an organization directs its marketing program is referred to as
 - A. Mass market
 - B. Market aggregation
 - C. Target market**
 - D. Promotional market

10. A credit score (FICO) of 850 is considered
- A. Average
 - B. Good
 - C. Excellent
11. What does ARM stand for?
- A. Adjustable rate mortgage
 - B. Amortization rate mortgage
 - C. Adjustable reverse mortgage
12. Payment of cash from a corporation to its stockholders is?
- A. Income
 - B. Dividends
 - C. Expenses
 - D. Liabilities
13. Productivity is
- A. The process of producing goods
 - B. The amount of input you generate given the amount of output
 - C. The amount of output you generate given the amount of input
 - D. The process of buying goods
14. _____ is a cycle or series of cycles of economic expansion and contraction.
- A. Demand
 - B. Supply
 - C. Market
 - D. Business cycle
15. Which of the following credit card makes sense for a person that pays his balance every month?
- A. A credit card with a 5% fixed interest rate
 - B. A credit card with 0% interest rate for the first six months
 - C. A credit card that offers 1% cash back rewards on all purchases
16. When a company purchases goods on credit from suppliers this is called:
- A. Accounts payable
 - B. Interest payable
 - C. Wages payable
 - D. Accounts receivable
17. One of the main components of stockholder's equity is:
- A. Assets
 - B. Retained earnings
 - C. Expenses
 - D. Liabilities
18. Which of the following economic terms describes a general decline in prices for goods and services and in the level of interest rates?
- A. Expansion
 - B. Inflation
 - C. Deflation
 - D. Recession

19. Which of the following represents a formal written promise to pay a specified amount of money on demand or at a definite time?
- A. Accounts payable
 - B. Promissory note
 - C. Note receivable
20. What is a target market?
- A. A group of people most likely to become customers
 - B. A group of people most likely to be similar in age
 - C. A group of people similar to one already identified
 - D. A group of people identified by using market research
21. It is a good idea to start with a secured credit card to build your credit.
- A. True
 - B. False
22. The first objective in marketing is to discover consumer:
- A. Diversity
 - B. Potential
 - C. Objectives
 - D. Needs
23. What does "IPO" stand for?
- A. Investor Public Offering
 - B. Internet Private Offering
 - C. Initial Public Offering
 - D. Initial Private Offering
24. The formula for calculating retail price is
- A. Cost - markup
 - B. Cost + markup
 - C. Markup - cost
 - D. Markup + cost
25. Which of these is not included as a separate item in the basic accounting equation?
- A. Assets
 - B. Revenues
 - C. Liabilities
 - D. Stockholder's equity