

High School Business Day

Individual Exam Study Guide

The exam has 75 multiple-choice questions covering accounting, marketing, economics, finance, management, and business in general. This guide has 25 sample questions from the exam. Use it to get comfortable with the style of the questions and the main ideas.

How to use this guide: Cover the answer, try the question first, then check. Remember that the exam has more questions that are not in this guide, so understanding the ideas matters more than memorizing answers. The answer letters here may not match the order on the exam.

Quick Reference

Idea	Remember it as
Accounting equation	Assets = Liabilities + Owner's Equity
Break-even (items)	Fixed costs ÷ (Price – Variable cost per item)
The 4 Ps of marketing	Product, Price, Place, Promotion
4 functions of management	Planning, Organizing, Leading, Controlling

Accounting

- Which financial statement shows a company's revenues and expenses over a period of time?
 - Income statement
 - Sales receipt
 - Bank statement
 - Balance sheet

Answer: A. Income statement

- The basic accounting equation is:
 - Owner's Equity = Assets + Liabilities
 - Assets = Liabilities + Owner's Equity
 - Revenue = Assets + Liabilities
 - Assets = Liabilities – Owner's Equity

Answer: B. Assets = Liabilities + Owner's Equity

- Which of the following is a fixed cost for a coffee shop?
 - Milk
 - Paper cups
 - Coffee beans
 - Monthly rent for the building

Answer: D. Monthly rent for the building

4. A food truck has \$1,000 in monthly fixed costs. It sells each item for \$10, and each item costs \$6 in ingredients and packaging. How many items must it sell each month to break even?
- A. 100
 - B. 167
 - C. 250
 - D. 1,000

Answer: C. 250

5. Accounts receivable is best described as:
- A. Money a business owes to its suppliers
 - B. Cash a business keeps in the register
 - C. Money owed to a business by its customers
 - D. The cost of the products a business sells

Answer: C. Money owed to a business by its customers

6. The U.S. government agency with authority over the financial reporting requirements of publicly traded corporations is:
- A. AICPA
 - B. FASB
 - C. IRS
 - D. SEC

Answer: D. SEC

7. Accrual accounting is based on this principle/guideline.
- A. Cost
 - B. Full Disclosure
 - C. Matching
 - D. Conservatism

Answer: C. Matching

8. In most cases, not-for-profit entities:
- A. Prepare budgets using the same steps as those used by profit-oriented enterprises
 - B. Know budgeted cash receipts at the beginning of a time period, so they budget only expenditures
 - C. Begin the budgeting process by budgeting expenditures rather than receipts
 - D. Can ignore budgets because they are not expected to generate net income

Answer: C. Begin the budgeting process by budgeting expenditures rather than receipts

9. Depreciation is an allocation concept and does not attempt to report the actual change in the value of the asset?
- A. True
 - B. False

Answer: A. True

10. In which of the following would you classify Notes Payable?
- A. Asset
 - B. Liability
 - C. Revenue
 - D. Expense

Answer: B. Liability

Marketing

11. Which of the following is NOT one of the four Ps of marketing?

- A. Product
- B. Price
- C. Profit
- D. Promotion

Answer: C. Profit

12. A company's target market is:

- A. The suppliers it buys from
- B. The competitors it wants to beat
- C. The city where its headquarters is located
- D. The specific group of customers it most wants to reach

Answer: D. The specific group of customers it most wants to reach

13. A company's unique selling proposition (USP) is:

- A. A legal document that protects an invention
- B. Its total sales for the year
- C. What makes its product different from, and better than, competitors in customers' eyes
- D. Its lowest possible price

Answer: C. What makes its product different from, and better than, competitors in customers' eyes

14. A company stops selling through stores and sells only on its own website. This is mainly a change in which "P"?

- A. Product
- B. Price
- C. Place
- D. Promotion

Answer: C Place

Economics

15. Scarcity means:

- A. Governments control all resources
- B. A store runs out of an item for one day
- C. Resources are unlimited but wants are limited
- D. Resources are limited but human wants are unlimited

Answer: D. Resources are limited but human wants are unlimited

16. According to the law of demand, when the price of a product rises, the quantity people want to buy usually:

- A. Doubles
- B. Falls
- C. Stays exactly the same
- D. Rises

Answer: B. Falls

17. Opportunity cost is:

- A. The value of the next-best choice you give up
- B. The profit made from a sale
- C. The price of an item after taxes
- D. The amount of money spent on a purchase

Answer: A. The value of the next-best choice you give up

18. The unemployment rate measures the percentage of:

- A. All adults who do not have a job
- B. People who have left the workforce for good
- C. Workers who changed jobs this year
- D. People in the labor force who want a job and are actively looking but do not have one

Answer: D. People in the labor force who want a job and are actively looking but do not have one

Finance

19. Compound interest is interest earned on:

- A. Both the original amount and the interest already earned
- B. Only deposits made after the first year
- C. Only the interest from last year
- D. Only the original amount

Answer: A. Both the original amount and the interest already earned

20. Diversification means:

- A. Selling all your investments when prices drop
- B. Spreading investments across different assets to reduce risk
- C. Investing only in bonds
- D. Putting all your savings into one very promising stock

Answer: B. Spreading investments across different assets to reduce risk

21. In business, ROI stands for:

- A. Return on investment
- B. Rate of inflation
- C. Revenue over income
- D. Review of insurance

Answer A. Return on investment

Management

22. Which of the following is NOT one of the four functions of management?

- A. Controlling
- B. Organizing
- C. Advertising
- D. Planning

Answer: C. Advertising

23. A manager who asks the team for ideas and involves them in decisions is using which leadership style?
- A. Democratic (participative)
 - B. Bureaucratic
 - C. Laissez-faire
 - D. Autocratic

Answer: A. Democratic (participative)

24. In SMART goals, the “M” stands for:
- A. Motivated
 - B. Measurable
 - C. Managerial
 - D. Monetary

Answer: B. Measurable

Business in General

25. An entrepreneur is someone who:
- A. Starts and runs a business, taking on financial risk
 - B. Lends money to businesses
 - C. Audits a company's books
 - D. Works for a large corporation

Answer: A. Starts and runs a business, taking on financial risk