

BANKING AND FINANCE (08)

REGIONAL 2011

CONTESTANT ID# _____ START TIME _____ END TIME _____



Financial Services Events Sponsored by the American Institute of Certified Public Accounts

Objective Portion (30 @ 2 pts. each)	_____	(60)
Financial Word Problems (6 @ 5 points each)	_____	(30)
Job 1 – Bank Deposit (12 @ 2 points each)	_____	(24)
Job 2 – Check Register (1 point for each item on the check, 2 points for each question)	_____	(20)
TOTAL POINTS	_____	(134)

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

Directions: Choose the best answer for each of the following and record your answer on the Scantron form provided.

1. The largest denomination of paper currency in the United States today is the
 - a. one hundred dollar note.
 - b. five hundred dollar note.
 - c. one thousand dollar note.
 - d. ten thousand dollar note.

2. Which of the following assets is the **most** liquid
 - a. the money in your savings account.
 - b. 100 shares of common stock.
 - c. the money on the counter in your home.
 - d. a certificate of deposit that comes due in three months.

3. Many companies offer _____, which is an automatic deposit of net pay to an employee's designated bank account.
 - a. automatic payments.
 - b. amortization.
 - c. direct deposit.
 - d. indirect deposit.

4. Overdraft protection is
 - a. the use of a debit card to purchase an item or service at a retail store.
 - b. an automatic loan made to an account if the balance will not cover checks written.
 - c. the amount of interest that a financial institution would pay on a deposit.
 - d. the percentage of increase in the value of savings from earned interest.

5. A(n) _____ is a report that accounts for the differences between a bank statement and a check book balance.
 - a. annual report
 - b. endorsement
 - c. bank reconciliation
 - d. bank report

6. The maximum amount of money a creditor will allow a credit user to borrow is called a
 - a. grace period.
 - b. credit rating.
 - c. credit report.
 - d. line of credit.

7. The calculation for simple interest is _____ x interest rate x amount of time.
 - a. down payment
 - b. principal
 - c. maturity value
 - d. month

8. The three C's of credit include all of the following **except**
 - a. cooperation.
 - b. character.
 - c. capacity.
 - d. collateral.

9. The total amount of taxes owed is called
 - a. exemption.
 - b. tax liability.
 - c. income tax.
 - d. tax credit.

10. If a driver receives several traffic tickets, his or her insurance premiums will probably
 - a. increase.
 - b. decrease.
 - c. stay the same.
 - d. increase by \$10 per year for each ticket received.

11. The people who will have the legal right to your assets when you die are your
 - a. guardians.
 - b. executors.
 - c. attorneys.
 - d. heirs.

12. A company that sells its stock openly in stock markets, where anyone can buy them, is a
 - a. sole proprietorship.
 - b. public corporation.
 - c. private corporation.
 - d. partnership.

13. It would be beneficial to do comparison shopping for which of the following items?
 - a. notebooks for school.
 - b. a new DVD.
 - c. a pair of socks.
 - d. a new flat screen television.

14. What court deals with legal disputes that involve dollar amounts below a certain limit, which varies from state-to-state?
 - a. district court
 - b. superior court
 - c. small claims court
 - d. Small Business Administration

15. Holding a variety of investments in order to reduce risk is called
 - a. liquidity.
 - b. dollar-cost-averaging.
 - c. return on investment.
 - d. diversification.

16. The purpose of investing is to
 - a. provide for short-term needs.
 - b. keep money in a safe place.
 - c. provide for intermediate needs.
 - d. make your money grow.

17. The amount of a personal loan that a creditor will approve is based on
 - a. the borrower's existing debts and current payments to other creditors.
 - b. the borrower's income.
 - c. the borrower's credit payment history.
 - d. all of the above would be considered.

18. A loan that is used to secure financing for the purchase of a house or other real estate is called a(n)
 - a. unsecured loan.
 - b. cash advance loan.
 - c. mortgage loan.
 - d. personal loan.

19. The price paid for insurance is called a
 - a. deductible.
 - b. co-pay.
 - c. beneficiary.
 - d. premium.

20. Which of the following endorsements is the **least** secure?
 - a. qualified endorsement
 - b. full endorsement
 - c. restrictive endorsement
 - d. blank endorsement

21. The person who signs a check is the
 - a. drawee.
 - b. drawer.
 - c. payee.
 - d. bearer.

22. Which of the following directly transfers money from a person's account to the account of a retailer?
 - a. charge card
 - b. credit card
 - c. debit card
 - d. cash card

23. Samantha has written a \$300 check to Angelo, but she has only \$200 in her account and it is returned unpaid to Angelo. Samantha has written a
 - a. floating check.
 - b. cancelled check.
 - c. postdated check.
 - d. bounced check.

24. All of the following are considered installment loans **except**
 - a. automobile loans.
 - b. mortgage loans.
 - c. education loans.
 - d. credit cards.

25. Which of the following is **not** a typical duty of a bank teller?
 - a. manage large sums of money placed in trust with the bank according to clients wishes
 - b. prepare currency and coin for retail customers
 - c. sell savings bonds
 - d. balance the cash drawer daily

26. If you make a mistake when writing a check, you should
- erase the error and correct it.
 - write "VOID" across the face of the check and tear it into small pieces and throw it away.
 - use correction fluid to cover the error and re-write it correctly.
 - write "VOID" across the face of the check and save the check for filing with your monthly statement.
27. A disadvantage of people looking forward to receiving a large government tax refund is
- interest-free loan to the government for a year.
 - no disadvantages to the taxpayer,
 - receive more money in your paycheck each week.
 - smart way to save the future.
28. Outstanding checks should be subtracted
- from the checkbook balance.
 - from the deposits.
 - from the bank balance.
 - None of the above.
29. The usual trade-off of choosing small payments is
- having a short period to pay.
 - paying more in interest.
 - having variable interest rates.
 - paying less in interest.
30. The tax a person pays at the time he or she buys a new vehicle is a(n)
- sales tax.
 - excise tax.
 - estate tax.
 - gift tax.

FINANCIAL WORD PROBLEMS

Directions: Compute the answer for each of the finance problems below and place your answer on the line provided.

1. The Cortez family's total budget is \$78,400. Of their total budget they plan to spend 7% on a vacation trip to Florida and 12 $\frac{1}{4}$ % on new furniture for their home.

(a) How much will the Cortez family spend for their vacation? a _____

(b) How much will the Cortez family spend on their new furniture? b _____

2. Brian purchased a \$2,500.00 three-month Certificate of Deposit (CD) that pays a 6.4% simple interest for the term of the deposit.

(a) How much interest will the CD earn in six months if Brian leaves the CD to renew at the end of the first three months? a _____

(b) What is the value of the CD upon maturity at the end of the six months? b _____

3. On Wednesday, Kristen's checking account balance was \$114.76. During the day Kristen's employer deposited her \$603.78 pay directly to her checking account. On her way home from work she made an ATM withdrawal of \$100.00. Later that night, she wrote checks for \$122.25, \$75.00, and \$90.05.

(a) What is the total of the withdrawals from her account for Wednesday? a _____

(b) What is the balance in her checking account at the end of the day on Wednesday? b _____

JOB 1—BANK DEPOSIT

Complete the blank deposit slip for Angela Ramirez, 98 South Street, Cincinnati, OH 43214. The account number is 1035-369 and the date is December 24, 2010. Angela is depositing the following:


Currency	22	\$20 bills
	8	\$10 bills
	32	\$5 bills
	17	\$1 bills
Coins	52	quarters
	26	dimes
	30	nickels
Checks	\$142.42	ABA #12-3434
	\$12.68	ABA #12-3475
	\$221.75	ABA #45-7838

Angela would also like \$50.00 back from this deposit.

DEPOSIT SLIP Angela Ramirez 98 South Street Cincinnati, OH 43214 DATE _____ Acknowledge receipt of cash returned by signing above. USA BANK, Cincinnati, Ohio I: 1035-369-0:	CASH		
	Including Coins		
	<i>List checks singly</i>		
	TOTAL		
	LESS CASH RECEIVED		
	NET DEPOSIT		

JOB 2—CHECK WRITING

Complete Check 1212 using today's date. Make it payable to Unique Florist for \$62.78 for flowers sent to his mother. Sign the check using Michael Stone's name.

Michael Stone 35 River Road Chicago, IL 34587	10-325/4235	1212
	_____ 20 _____	
PAY TO THE ORDER OF _____	\$ _____	
		_____ DOLLARS
NON-NEGOTIABLE		
 Integrity Bank		
MEMO _____	_____	
:103254235 : 123456789 1212		

1. Who is the drawee? _____
2. Who is the payee? _____
3. Who is the drawer? _____
4. What is the transit number? _____
5. What was the purpose of writing this check? _____
6. What is the account number for this checking account? _____
7. What are the ABA numbers? _____



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KEY

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Judges/Graders:

Please double-check and verify all scores!

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MULTIPLE CHOICE

(each question is worth 2 points, total of 60 points)

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

FINANCIAL WORD PROBLEMS

(each question is worth 10 points, award 5 points for each part of the question, total 30 points)

1. a. \$5,488.00
b. \$9,604.00
2. a. \$80.64
b. \$2,580.64
3. a. \$387.30
b. \$331.24


JOB 1 – BANK DEPOSIT

DEPOSIT SLIP Angela Ramirez 98 South Street Cincinnati, OH 43214 DATE <u>12/24/10</u> <u>Angela Ramirez</u> Acknowledge receipt of cash returned by signing above. USA BANK, Cincinnati, Ohio I: 1035-369-0:	CASH Including Coins	714	10
	<i>List checks singly</i>		
	12-3434	142	42
	12-3475	12	68
	45-7838	221	75
	TOTAL	1,090	95
	LESS CASH RECEIVED	50	00
	NET DEPOSIT	1,040	95

(2 points for each item on the deposit slip, total of 24 points)

JOB 2 – CHECK WRITING

(Each item on the check is worth 1 point, each question is worth 2 points, total points 20)

Michael Stone 35 River Road Chicago, IL 34587	1212
	<u>current date</u> <u>2010</u>
PAY TO THE ORDER OF <u>Unique Florist</u>	<u>\$62.78</u>
<u>Sixty-two 78/100-----</u>	DOLLARS
NON-NEGOTIABLE	
 Integrity Bank	
MEMO <u>Flowers for mom</u>	<u>Michael Stone</u>
:103254235 : 123456789 1212	

- | | |
|-------------------|--------------------|
| 1. Integrity Bank | 4. 103254235 |
| 2. Unique Florist | 5. flowers for mom |
| 3. Michael Stone | 6. 123456789 |
| | 7. 10-325/4235 |