

# 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	<b>NOT NEGOTIABLE</b>	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

<b>ORDER BLANK</b>						
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						
<b>Total</b>						



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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	<b>NOT NEGOTIABLE</b>	1001
		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

<b>Catalog Number</b>	<b>Quantity</b>	<b>Item</b>	<b>Color</b>	<b>Size</b>	<b>Unit Price</b>	<b>Total Price</b>
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
					<b>Total</b>	153.52