

# Sample Test (Chapter 1)

Student: \_\_\_\_\_

1. Melanie Barest likes to go to the movies once a week. When she is at the movies, she generally gets a large popcorn and a drink. Melanie wants to be sure that she sets aside money each week so she can continue going to the movies. What type of goal would this be for Melanie?
  - A. Consumable-products goal
  - B. Durable-products goal
  - C. Intangible goal
  - D. Intermediate goal
  - E. Long term goal
  
2. The amount of interest is determined by multiplying the amount in savings by the:
  - A. annual interest rate.
  - B. time period.
  - C. number of months in a year.
  - D. time period and number of months.
  - E. annual interest rate and the time period.
  
3. John Garic has just moved into a new house and needs a lawn mower since he has always lived in apartments and now he has a lawn to mow. What type of goal would this be for John?
  - A. Consumable-products goal
  - B. Durable-products goal
  - C. Intangible goal
  - D. Intermediate goal
  - E. Long term goal
  
4. Mary Sheets is considering investing in 30 year Corporate Bonds issued by Duke Energy Company. She knows that she will earn an interest rate of 8% by purchasing these bonds. However, she is concerned because she might need to take her money out of this investment in a year and she has heard that she might have to sell the bonds at a significantly lower price than she will purchase them for. What type of risk is Mary concerned about?
  - A. Inflation risk
  - B. Interest rate risk
  - C. Income risk
  - D. Personal risk
  - E. Liquidity risk

5. The main economic influence that determines prices is:

- A. the stock market.
- B. interest rates.
- C. employment.
- D. government spending.
- E. supply and demand.

6. The first step of the financial planning process is to:

- A. develop financial goals.
- B. implement the financial plan.
- C. analyze your current personal and financial situation.
- D. evaluate and revise your actions.
- E. create a financial plan of action.

## Sample Test (Chapter 1) Key

1. (p. 8) Melanie Barest likes to go to the movies once a week. When she is at the movies, she generally gets a large popcorn and a drink. Melanie wants to be sure that she sets aside money each week so she can continue going to the movies. What type of goal would this be for Melanie?

- A. Consumable-products goal
- B. Durable-products goal
- C. Intangible goal
- D. Intermediate goal
- E. Long term goal

*Bloom's: Comprehension  
Difficulty: Medium  
Kapoor - Chapter 001 #83  
Learning Objective: 1-2*

2. (p. 16) The amount of interest is determined by multiplying the amount in savings by the:

- A. annual interest rate.
- B. time period.
- C. number of months in a year.
- D. time period and number of months.
- E. annual interest rate and the time period.

*Bloom's: Knowledge  
Difficulty: Medium  
Kapoor - Chapter 001 #56  
Learning Objective: 1-4*

3. (p. 8-9) John Garic has just moved into a new house and needs a lawn mower since he has always lived in apartments and now he has a lawn to mow. What type of goal would this be for John?

- A. Consumable-products goal
- B. Durable-products goal
- C. Intangible goal
- D. Intermediate goal
- E. Long term goal

*Bloom's: Comprehension  
Difficulty: Easy  
Kapoor - Chapter 001 #82  
Learning Objective: 1-2*

4. Mary Sheets is considering investing in 30 year Corporate Bonds issued by Duke Energy Company. She knows that she will earn an interest rate of 8% by purchasing these bonds. However, she is concerned because she might need to take her money out of this investment in a year and she has heard that she might have to sell the bonds at a significantly lower price than she will purchase them for. What type of risk is Mary concerned about?

(p. 5)

- A. Inflation risk
- B. Interest rate risk
- C. Income risk
- D. Personal risk
- E. Liquidity risk**

*Bloom's: Comprehension  
Difficulty: Medium  
Kapoor - Chapter 001 #81  
Learning Objective: 1-1*

5. The main economic influence that determines prices is:

(p. 12)

- A. the stock market.
- B. interest rates.
- C. employment.
- D. government spending.
- E. supply and demand.**

*Bloom's: Knowledge  
Difficulty: Medium  
Kapoor - Chapter 001 #36  
Learning Objective: 1-3*

6. The first step of the financial planning process is to:

(p. 3)

- A. develop financial goals.
- B. implement the financial plan.
- C. analyze your current personal and financial situation.**
- D. evaluate and revise your actions.
- E. create a financial plan of action.

*Bloom's: Knowledge  
Difficulty: Easy  
Kapoor - Chapter 001 #63  
Learning Objective: 1-1*

# Sample Test (Chapter 1) Summary

<i>Category</i>	<i># of Questions</i>
Bloom's: Comprehension	3
Bloom's: Knowledge	3
Difficulty: Easy	2
Difficulty: Medium	4
Kapoor - Chapter 001	6
Learning Objective: 1-1	2
Learning Objective: 1-2	2
Learning Objective: 1-3	1
Learning Objective: 1-4	1