

Before You Invest Post-Test (MS)

1. Owners of _____ can vote for the board of directors and on issues that come up at annual meetings.
 - a. dividends
 - b. preferred stock
 - c. common stock
2. _____ are issued by corporations and by governments to raise funds.
 - a. stocks
 - b. bonds
 - c. earnings
3. Shareholders invest their money in a
 - a. proprietorship.
 - b. for-profit corporation.
 - c. partnership.
4. When Jan buys shares of BarNone Candy stock, she becomes
 - a. an entrepreneur.
 - b. a partial owner of the company.
 - c. a lender.
5. A public company sells its shares to the Securities and Exchange Commission.
 - a. True
 - b. False
6. Based on the Rule of 72, if you invested money and earned 9% interest, your money would double in
 - a. 72 years
 - b. 12 years
 - c. 8 years.
7. The Board of Directors of Kodak Company voted to share some of the profits with its shareholders. They have decided to issue
 - a. dividends
 - b. bonds
 - c. bonuses
8. Investing means
 - a. putting your money to work earning more money.
 - b. saving your money.
 - c. keeping your money safe.
9. When the STAR company decides to go public, it can choose to be listed on any of the stock exchanges.
 - a. True
 - b. False
10. When you invest in a bond, you are
 - a. owning a government business
 - b. borrowing money for stock purchases
 - c. loaning money to a company



11. Shareholders in a for-profit corporation are liable for the debts of the corporation.
 - a. True
 - b. False

12. Buying and selling stocks on the New York Stock Exchange can best be compared to
 - a. a grocer story
 - b. an auction
 - c. a flea market

13. Compounding is
 - a. buying the same stock in the same amount over time.
 - b. choosing several different stocks.
 - c. earning interest on interest.

14. All publicly-held corporations pay dividends to shareholders from their profits.
 - a. True
 - b. False

15. Why are investments riskier than savings?
 - a. companies don't care about you
 - b. it is not your money
 - c. there are more unknowns

16. Jenna's team purchased 100 shares of TopHat stock for \$35.50/share. Two weeks later, the team decided to sell their 100 shares of TopHat stock at the current market price of \$46.25/share. Excluding commissions, how much money was gained or lost on the sale?
 - a. \$1175 loss
 - b. \$1075 gain
 - c. \$1175 gain

17. The Delphi Company's earnings are the same as its revenue.
 - a. True
 - b. False

18. In general, the _____ risk you are willing to take, the _____ the possible return on your investments.
 - a. less, less
 - b. less, greater
 - c. more, less

Use this chart for questions 19-23

52 week									
high	low	stock	div	P/E	Vol 100s	Hi	Low	Close	Change
43.00	18.50	Msft	.25	24	194500	21.64	20.60	21.30	2.10
66.50	46.40	Pep	--	38	355000	65.30	64.00	64.15	.25
102.20	78.60	Toyota	1.45	18	160000	94.70	90.10	90.90	3.65

19. How many shares of Pep stock were traded? _____
 - a. 355,000
 - b. 194,500
 - c. 35,500,000



20. Which stock closed nearest to its low of the year? _____
- a. Msft
 - b. Pep
 - c. Toyota
21. If you bought 100 shares of Pep at its low price for the year, and sold it at its closing price, what would be your capital gain or loss? _____
- a. \$17.75 loss
 - b. \$ 64.15 gain
 - c. \$1,775 gain
22. Which stock pays the highest dividend?
- a. Msft
 - b. Pep
 - c. Toyota
23. Which stock's closing price showed the least change in price from the previous day?
- a. Msft
 - b. Pep
 - c. Toyota
24. When researching stock data, you can find
- a. more information in the newspaper
 - b. more information on the Internet
 - c. the same information.
25. Dividends are paid to shareholders from
- a. the company's pension plan.
 - b. contributions from company employees.
 - c. part of the company's earnings.
26. For a company, profit is the remaining income after
- a. loan is paid off
 - b. all expenses are paid
 - c. CEO is paid
27. Preferred stock is stock owned by family members of a private corporation.
- a. True
 - b. False
28. A company, like the Procter and Gamble company, may have products called
- a. revenue
 - b. brands
 - c. shares
29. The three major US stock exchanges are
- a. New York Stock Exchange, Wall Street Stock Exchange, NASDAQ
 - b. New York Stock Exchange, American Stock Exchange, NASDAQ
 - c. United Exchange, American Stock Exchange, and Washington Stock Exchange



30. When a public company makes a profit, it is required to make dividend payments to shareholders.
- a. True
 - b. False
31. You can look in today's newspaper to see today's closing price of a stock.
- a. True
 - b. False
32. The symbol "pf" following a stock's name in the newspaper indicates the stock is
- a. preferred stock
 - b. private fund
 - c. most profitable

Before You Invest Post-Test (MS) Answer Key

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