**POSTTEST**

**Directions:** Identify the correct answer to each of the following questions. Use a separate sheet   
of paper to record your responses.

**Objective A**

1. Which of the following is an example of *personal* financial information:

a. Sales invoice c. Accounts payable record

b. Expense report d. Pay stub

2. Which of the following is an example of business-related financial information:

a. Accounts receivable record c. Pay stub

b. School-loan document d. Sales receipt from purchasing a new mattress

3. In its raw state, financial data aren’t very helpful. To be useful to businesses, financial data need to be

a. formatted in HTML.

b. inserted into a spreadsheet.

c. gathered and organized in some way.

d. listed in order of size from smallest to largest.

4. Useful financial information is understandable to

a. anyone who needs to use it. c. anyone with a background in finance.

b. accountants and managers. d. everyone.

5. “Jargon” is a term used to describe specialized language that is known only by a specific group of people. Based on this definition, financial information that contains jargon would

a. not be considered relevant.

b. be considered complete.

c. not be considered understandable.

d. be considered neutral.

6. For financial information to be relevant, it must also be

a. certified by an auditor. c. timely.

b. digital. d. perfect.

**POSTTEST** (cont’d)

7. A business wants to purchase new machinery for its production line. Which of the following pieces of financial information would be most relevant for their purchase decision:

a. The amount of money left in the budget for the fiscal year

b. How much money the company spent on machinery five years ago

c. The amount of money spent by a competing company on production line equipment

d. The current salaries of top company executives

8. For financial information to be reliable, it must also be

a. understandable. c. complete.

b. relevant. d. biased.

9. If a business wants to prepare reliable financial reports, it must be

a. neutral. c. certified.

b. partial. d. supervised.

10. Financial information that is \_\_\_\_\_\_\_\_\_\_\_ conforms to specific processing standards.

a. understandable c. reliable

b. relevant d. comparable

11. For financial information to be comparable, it must also be

a. current. c. private.

b. consistent. d. digital.

12. There may be more than one acceptable way to record and organize a piece of financial   
information, but it’s important to

a. keep all paper copies of receipts.

b. create your own set of accounting standards.

c. make sure competitors don’t find out about it.

d. do it the same way every time.

**OBJECTIVE B**

13 In business, the most important application of financial information is

a. getting to know the target market. c. trend identification.

b. determining salaries. d. business decision-making.

**POSTTEST** (cont’d)

14. A business looks at financial information and learns that the company could save money by switching to a different Internet provider. This is an example of using financial information to

a. reduce expenses. c. create a budget.

b. increase sales. d. plan business expansion.

15. A retail business looks at financial information to see if the company can afford to purchase a popular new item to add to its shelves. This is an example of using financial information to

a. manage debt. c. increase sales.

b. check on the competition. d. reduce expenses.

16. Businesses use financial information to create and adjust

a. accounting standards. c. budgets.

b. mission statements. d. trends.

17. A business decides to use some surplus cash to pay off a loan early. This is an example of using financial information to

a. manage debt. c. make purchases.

b. increase sales. d. create budgets.

18. A business signs a contract to provide services to another business. Before signing, the businesses go over financial information to ensure the payment terms are acceptable. This is an   
example of using financial information to

a. enter into legal agreements. c. boost profitability.

b. increase sales. d. make purchases.

19. A business expected to reduce expenses by 4% last quarter. The financial information, however, shows that expenses were actually reduced by 2%. This is an example of using financial information to

a. boost profits. c. acquire new businesses.

b. monitor ongoing business activities. d. manage debt.

20. Which of the following is a reason that businesses might look at financial information from another company:

a. To determine how to increase sales

b. To monitor their company’s ongoing business activities

c. To manage their company’s debt

d. To see how their company compares to the competition