

**Test Bank for Personal Finance Canadian 6th Edition  
Kapoor 1259453146 9781259453144**

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Chapter 2 Money Management Strategy: Financial Statements and Budgeting

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

1. Opportunity cost refers to:
  - A. current spending habits.
  - B. changing economic conditions that affect a person's cost of living.
  - C. storage facilities to make financial documents easily available.
  - D. trade-offs associated with financial decisions.
  - E. avoiding the use of consumer credit.
  
2. A home file should be used for:
  - A. storing all financial documents and records.
  - B. obsolete financial documents.
  - C. documents that require maximum security.
  - D. financial records for current needs.
  - E. records that are difficult to replace.
  
3. Which of the following financial documents would *most likely* be stored in a safety deposit box?
  - A. FT-4 slips
  - B. Personal financial statements
  - C. Warranties
  - D. Stock certificates
  - E. Checking account statements
  
4. An example of a personal and employment document is a:
  - A. Social Insurance card.
  - B. passbook.
  - C. budget
  - D. property tax bill.
  - E. lease.
  
5. A brokerage statement is an example of a(n) \_\_\_\_\_ record.
  - A. investment
  - B. insurance
  - C. estate planning

- D. tax
- E. consumer purchase

6. Warranties are commonly associated with \_\_\_\_\_ purchases.

- A. investment
- B. insurance
- C. consumer
- D. financial services
- E. credit

7. Which of the following are considered to be personal financial statements?

- A. Budget and credit card statements
- B. Balance sheet and cash flow statement
- C. Checkbook and budget
- D. Tax returns
- E. Bank statement and savings passbook

8. A personal balance sheet presents
  - A. items owned and amounts owed.
  - B. income and expenses for a period of time.
  - C. earnings on savings and investments.
  - D. amounts budgeted for spending
  - E. family financial goals.
9. The current financial position of an individual or family is *best* presented with the use of a(n)
  - A. budget.
  - B. cash flow statement.
  - C. balance sheet.
  - D. bank statement.
  - E. time value of money report.
10. A family with \$70,000 in assets and \$22,000 of liabilities would have a net worth of:
  - A. \$70,000.
  - B. \$22,000.
  - C. \$48,000
  - D. \$92,000.
  - E. \$41,000.
11. Items with a monetary worth are referred to as:
  - A. liabilities.
  - B. variable expenses.
  - C. net worth.
  - D. income.
  - E. assets.
12. Liquid assets refer to
  - A. amounts that must be paid soon.
  - B. amounts on which taxes must be paid
  - C. total income available to a family for spending.
  - D. the value of investments.
  - E. items that are easily converted to cash.
13. An individual retirement account is an example of a(n) \_\_\_\_\_ asset.
  - A. liquid
  - B. common
  - C. investment
  - D. household
  - E. budgeted
14. Liabilities are amounts representing
  - A. taxable income
  - B. items of value.
  - C. living expenses.
  - D. debts
  - E. current assets.
15. Current liabilities differ from long-term liabilities based on
  - A. the amount owed.
  - B. the financial situation of the creditor.
  - C. the interest rate charged.
  - D. when the debt is due.
  - E. current economic conditions.

16. Ben Chase needs to pay off some of his debts over the next few months. Which item on his balance sheet would help him decide what amounts are due in the near future?
- the budget variance
  - investment assets
  - long-term liabilities
  - current liabilities
  - current assets
17. Which of the following would be considered a long-term liability?
- A charge account payment
  - A mortgage
  - An installment loan
  - An amount due for taxes
  - The amount due on a credit card
18. A person's net worth is computed by
- subtracting total liabilities from total assets.
  - deducting current living expenses from total assets.
  - adding assets and liabilities
  - subtracting assets from current liabilities.
  - adding liabilities and budgeted expenses.
19. Which of the following situations is a person who could be insolvent?
- Assets \$56,000; annual expenses \$60,000
  - Assets \$68,000; net worth \$22,000
  - Liabilities \$45,000; net worth \$6,000
  - Assets \$60,000; liabilities \$61,000
  - Annual cash inflows \$48,000; liabilities \$50,000
20. A person's net worth would increase as a result of
- decreased value on investments
  - reduced earnings.
  - increased spending for current living expenses.
  - decreased value of personal possessions.
  - reduced amounts owed to others.
21. A cash flow statement reports a person's or a family's
- net worth.
  - current income and payments.
  - plan for spending.
  - value of investments.
  - balance of savings.
22. Which of the following presents a summary of income and outflows for a period of time?
- A cash flow statement
  - A bank statement
  - An investment summary
  - balance sheet
  - An asset report
23. Total earnings of a person less deductions for taxes and other items is called
- budgeted income.
  - gross pay.
  - net worth.
  - total revenue.
  - take-home pay.

24. A common deduction from a person's paycheck is for
- interest.
  - unemployment
  - rent.
  - taxes.
  - current liabilities.
25. This year Taylor's gross income is \$70,000. Her deductions for federal and provincial taxes, CPP contributions and employment insurance are \$13,500. She also had after-tax investment earnings of \$6,000. Taylor's take-home pay is:
- \$70,000
  - \$76,000
  - \$77,500
  - \$56,500
  - \$62,000
26. Payments that do not vary from month to month are \_\_\_\_\_ expenses.
- fixed
  - current
  - variable
  - luxury
  - budgeted
27. Ed Bostrom wants to reduce his fixed expenses. What action would be appropriate?
- Get a part-time job
  - Eat more meals at home than in restaurants
  - Find a place to live with a lower rent
  - Save more money for the future
  - Buy on credit for items that might cost more later
28. Which of the following payments would be considered a variable expense?
- Rent
  - An installment loan payment
  - A mortgage payment
  - A monthly parking fee
  - A telephone bill
29. A decrease in net worth would be the result of:
- income greater than expenses for a month.
  - expenses greater than income for a month.
  - assets greater than expenses.
  - increased earnings on the job.
  - income and expenses equal for a month.
30. During the last month, Mary Jane had expenses of \$5,000 and an increase in net worth of \$700. This means Mary Jane's income for the month was:
- \$700.
  - \$4,300.
  - \$5,000.
  - \$5,700.
  - \$5,200.
31. During the past month, Jennifer Sinnet had income of \$3,500 and a decrease in net worth of \$200. This means Jennifer's payments for the month were:
- \$3,700.
  - \$3,300.
  - \$2,800.
  - \$1,000.
  - \$200.

32. Improvements in a person's financial position are the result of:
- A. increased liabilities.
  - B. reductions in earnings.
  - C. increased savings and investments.
  - D. increased purchases on credit.
  - E. lower amounts deposited in savings.
33. To determine a person's solvency, which financial document should be consulted?
- A. Cash flow statement
  - B. Budget
  - C. Debt consolidation statement
  - D. Personal balance sheet
  - E. Credit report
34. A major expenditure for *most* families is
- A. insurance.
  - B. contributions.
  - C. clothing.
  - D. utilities.
  - E. transportation.
35. The payment items that should be budgeted first are
- A. variable expenses.
  - B. investment funds.
  - C. fixed expenses.
  - D. unplanned living expenses.
  - E. entertainment expenses.
36. Changes in the cost of living are
- A. different in various geographic areas.
  - B. the same for different locations.
  - C. constant from month to month.
  - D. the same for all goods and services.
  - E. not a factor when preparing a budget.
37. The difference between the amount budgeted and the actual amount is called a
- A. financial plan.
  - B. current liability.
  - C. change in net worth.
  - D. budget variance.
  - E. variable living expense.
38. If a family planned to spend \$370 for food during March but only spent \$348, this difference would be referred to as a
- A. surplus.
  - B. deficit.
  - C. fixed living expense.
  - D. budget reduction.
  - E. contribution to net worth.
39. A budget deficit would result when a person's or family's
- A. actual expenses are less than planned expenses.
  - B. actual expenses are greater than planned expenses.
  - C. actual expenses equal planned expenses.
  - D. assets exceed liabilities.
  - E. net worth decreases.

40. The Crown family has a difficult time staying on a budget. In an effort to actually see what funds are available for various expenses, a \_\_\_\_\_ budget would be most appropriate.
- A. written
  - B. computerized
  - C. physical
  - D. deficit
  - E. mental
41. When it comes to savings, *most* Canadians
- A. have an adequate emergency fund.
  - B. use several different savings techniques.
  - C. find saving difficult.
  - D. keep substantial amounts in a regular savings account.
  - E. reduce the amount they save during their working life.
42. \_\_\_\_\_ is the recommended budgeting strategy for dual income households where the two partners have trust and shared values and goals?
- A. Pooled income
  - B. 50/50
  - C. Proportionate contributions
  - D. Sharing the bills
  - E. Sharing goals
43. Jennifer, a recent Concordia graduate, is struggling to pay off her \$15,000 student loan. She has found employment with an international firm. Jennifer manages to balance her cash flows, but has only \$500 in a chequing account to pay incoming bills. Her monthly after-tax cash inflows and expenses equal \$2,000. What should be Jennifer's number one financial goal?
- A. Pay off her student loan immediately.
  - B. Start an emergency fund.
  - C. Contribute to an RRSP.
  - D. Purchase life insurance coverage.
  - E. Accumulate funds for a down payment on a home
44. Janice spends a total of \$1,500 a month to cover all living expenses. Which of the following would represent the appropriate emergency fund?
- A. \$1,500 to \$4,500
  - B. \$3,000 to \$7,500
  - C. \$4,500 to \$9,000
  - D. \$5,000 to \$10,000
  - E. \$6,000 to \$12,000
45. A five-year non-redeemable GIC is classified as a(n) \_\_\_\_\_ asset on the personal balance sheet.
- A. liquid
  - B. investment
  - C. personal
  - D. business
  - E. marketable
46. Janice spends a total of \$1,500 a month to cover all living expenses. Which of the following would represent the minimum acceptable emergency fund?
- A. Zero
  - B. \$1,500
  - C. \$4,500
  - D. \$9,000
  - E. \$3,000

47. Given the following, what is the individual's net worth?

Bank account	\$2,500	Student loan	\$9,500
Monthly gross income	\$3,200	RRSP	\$10,250
Annual car payments	\$3,600	Unpaid vet bills	\$600
Jewellery	\$5,000	Car loan	\$1,900
CSV (whole life)	\$1,500	Car (resale value)	\$2,500
Annual medical expenses	\$500	GICs	\$2,060

- A. \$11,810  
B. \$11,410  
C. \$10,910  
D. \$6,810  
E. \$6,500
48. To calculate your net worth, you need to know your:
- A. annual income  
B. assets and liabilities  
C. monthly car loan cost  
D. income after tax  
E. pension contributions
49. The main purposes of personal financial statements are to:
- A. summarize the value of the items that you own and the amounts that you owe  
B. track your cash inflows by source and your outflows by type  
C. identify strengths and weaknesses in your current financial situation and provide data for use in filing . your income tax return or applying for credit  
D. measure progress toward your financial goals  
E. all of the above
50. Which of the following financial documents would *most likely* be stored in a safety deposit box?
- A. Tax records  
B. Personal financial statements  
C. Warranties  
D. Mortgage papers  
E. Checking account statements
51. Which of the following financial documents would *most likely* be stored in a safety deposit box?
- A. Company pension information  
B. Personal financial statements  
C. Warranties  
D. Birth, marriage and death certificates  
E. Checking account statements
52. Which of the following financial documents would *most likely* be stored in a home file?
- A. Serial numbers of expensive items  
B. Personal financial statements  
C. Mortgage papers, title deed  
D. Birth, marriage and death certificates  
E. Guaranteed investment securities
53. A family with \$80,000 in assets and \$22,000 of liabilities would have a net worth of:
- A. \$80,000.  
B. \$22,000.  
C. \$58,000  
D. \$102,000.  
E. \$36,000.

54. A person with \$80,000 in assets and \$122,000 of liabilities would have a net worth of:
- A. \$80,000.
  - B. \$122,000.
  - C. \$202,000
  - D. \$42,000.
  - E. - \$42,000.
55. Which of the following would be considered a long-term liability?
- A. A charge account payment
  - B. A 36 month car loan
  - C. An installment loan
  - D. An amount due for taxes
  - E. The amount due on a credit card
56. Which of the following situations is a person who could be insolvent?
- A. Assets \$50,000; annual expenses \$60,000
  - B. Assets \$68,000; net worth \$22,000
  - C. Liabilities \$45,000; net worth \$6,000
  - D. Assets \$5,000; liabilities \$6,000
  - E. Annual cash inflows \$48,000; liabilities \$50,000
57. A person's net worth would increase as a result of
- A. increased value on investments
  - B. reduced earnings.
  - C. increased spending for current living expenses.
  - D. decreased value of personal possessions.
  - E. increased amounts owed to others.
58. This year Phil's gross income is \$80,000. His deductions for federal and provincial taxes, CPP contributions and employment insurance are \$16,000. He also had after-tax investment earnings of \$6,000. Taylor's take-home pay is:
- A. \$80,000
  - B. \$86,000
  - C. \$70,000
  - D. \$64,000
  - E. \$58,000
59. Payments that do not vary from month to month are \_\_\_\_\_ expenses.
- A. variable
  - B. current
  - C. fixed
  - D. discretionary
  - E. budgeted
60. During the last month, Astrid had expenses of \$6,000 and an increase in net worth of \$100. This means Astrid's income for the month was:
- A. \$6,000
  - B. \$5,900
  - C. \$6,100
  - D. \$5,700
  - E. \$5,200
61. The main purpose of a budget is to help you
- A. Live within your income and spend your money wisely
  - B. Prioritize and attain your financial goals
  - C. Prepare for financial emergencies
  - D. Develop wise financial management habits
  - E. All of the above

62. Anne spends a total of \$2,000 a month to cover all living expenses. Which of the following would represent the appropriate emergency fund?
- A. \$2,000 to \$4,000
  - B. \$3,000 to \$7,000
  - C. \$6,000 to \$12,000
  - D. \$1,000 to \$2,000
  - E. \$6,000
63. Common reasons for saving money include:
- A. To set aside money for irregular and unexpected expenses
  - B. To pay for the replacement of expensive items, such as appliances or an automobile, or to have money for a down payment on a house
  - C. To buy special items, such as home video or recreational equipment, or to pay for a vacation
  - D. To provide for long-term expenses, such as the education of children or retirement.
  - E. All of the above
64. Liabilities are cash and items of value that can be easily converted to cash.  
True False
65. When one money management decision is selected, something else must be given up. True False
66. Opportunity costs are not only associated with money management decisions involving long-term financial security.  
True False
67. Financial records that may need to be referred to on a regular basis should not be kept in a safety deposit box.  
True False
68. A budget is a record of how a person or family has spent their money. True False
69. Personal records current budget, cheque book(s) and bank statements. True False
70. Most income tax documents and records should be kept in a safety deposit box. True False
71. Insolvency is the inability to pay debts by the due date, because liabilities exceed the value of assets.  
True False
72. A person's net worth is the difference between the value of the items owned and the amounts owed to others.  
True False
73. Furniture, jewelry, and an automobile are examples of liquid assets. True False
74. Current liabilities are amounts that must be paid within a short period of time, usually less than a year.  
True False
75. Insolvency is a result of having an unequal balance of tangible and intangible goods.  
True False
76. A personal cash flow statement presents income and outflows of cash for a given time period, such as a month.  
True False

77. Take-home pay is a person's earnings after deductions for taxes and other items. True False
78. Medical expenses, clothing, and telephone are examples of fixed expenses. True False
79. If expenses for a month are greater than income, an increase in net worth will result. True False
80. A person's lifestyle is a reflection of his or her values, goals, career, and family situation. True False
81. A personal cash flow statement can serve as the basis for the budget categories used by an individual or family. True False
82. Definite financial obligations are referred to as variable expenses. True False
83. If budgeted spending is less than actual spending, this is referred to as a deficit. True False
84. Most Canadians have an adequate savings for emergencies. True False
85. Under a direct deposit system the bank will make an automatic debit from you bank account and have the funds transferred periodically to an investment account. True False
86. "Sharing the bills" is a budgeting strategy for two-income households where each partner contributes an equal amount into the pool. True False
87. Evidence exists that a person's choice of employment influences his or her lifestyle. True False
88. Leveraged investing in common shares is expected to increase your net worth. True False
89. Opportunity costs are only associated with money management decisions involving long-term financial security. True False
90. A cash flow statement is a record of how a person or family has earned and spent their money. True False
91. What types of financial records and documents should be kept in a safety deposit box?

92. What are the main components of a personal balance sheet and a cash flow statement? What is the main purpose of each of these personal financial statements?

93. Describe the four budgeting strategies suggested for dual income households.

94. List and briefly explain the 4 characteristics of a successful budget.

95. What are the 7 steps in creating and implementing a budget?

## 2 Key

1. Opportunity cost refers to:  
(p. 50)
- A. current spending habits.
  - B. changing economic conditions that affect a person's cost of living.
  - C. storage facilities to make financial documents easily available.
  - D. trade-offs associated with financial decisions.**
  - E. avoiding the use of consumer credit.

*Difficulty: Easy*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #1*  
*Learning Objective: 1*

2. A home file should be used for:  
(p. 51)
- A. storing all financial documents and records.
  - B. obsolete financial documents.
  - C. documents that require maximum security.
  - D. financial records for current needs.**
  - E. records that are difficult to replace.

*Difficulty: Easy*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #2*  
*Learning Objective: 2*

3. Which of the following financial documents would *most likely* be stored in a safety deposit box?  
(p. 52)
- A. FT-4 slips
  - B. Personal financial statements
  - C. Warranties
  - D. Stock certificates**
  - E. Checking account statements

*Difficulty: Easy*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #3*  
*Learning Objective: 2*

4. An example of a personal and employment document is a:  
(p. 52)
- A. Social Insurance card.**
  - B. passbook.
  - C. budget
  - D. property tax bill.
  - E. lease.

*Difficulty: Easy*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #4*  
*Learning Objective: 2*

5. A brokerage statement is an example of a(n) \_\_\_\_\_ record.  
(p. 52)
- A. investment**
  - B. insurance
  - C. estate planning
  - D. tax
  - E. consumer purchase

*Difficulty: Medium*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #5*  
*Learning Objective: 2*

6. Warranties are commonly associated with \_\_\_\_\_  
(p. 52) purchases. A. investment  
B. insurance  
C. consumer  
D. financial services  
E. credit

*Difficulty: Easy*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #6*  
*Learning Objective: 2*

7. Which of the following are considered to be personal financial statements?  
(p. 52) A. Budget and credit card statements  
**B.** Balance sheet and cash flow statement  
C. Checkbook and budget  
D. Tax returns  
E. Bank statement and savings passbook

*Difficulty: Medium*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #7*  
*Learning Objective: 2*

8. A personal balance sheet presents  
(p. 53) **A.** items owned and amounts owed.  
B. income and expenses for a period of time.  
C. earnings on savings and investments.  
D. amounts budgeted for spending  
E. family financial goals.

*Difficulty: Medium*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #8*  
*Learning Objective: 3*

9. The current financial position of an individual or family is *best* presented with the use of a(n)  
(p. 53) A. budget.  
B. cash flow statement.  
**C.** balance sheet.  
D. bank statement.  
E. time value of money report.

*Difficulty: Medium*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #9*  
*Learning Objective: 3*

10. A family with \$70,000 in assets and \$22,000 of liabilities would have a net worth of:  
(p. 55) A. \$70,000.  
B. \$22,000.  
**C.** \$48,000  
D. \$92,000.  
E. \$41,000.

*Difficulty: Medium*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #10*  
*Learning Objective: 3*

11. Items with a monetary worth are referred to as:  
(p. 53) A. liabilities.  
B. variable expenses.  
C. net worth.  
D. income.  
**E.** assets.

*Difficulty: Easy*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #11*  
*Learning Objective: 3*

12. Liquid assets refer to  
(p. 53)
- A. amounts that must be paid soon.
  - B. amounts on which taxes must be paid
  - C. total income available to a family for spending.
  - D. the value of investments.
  - E.** items that are easily converted to cash.

*Difficulty: Medium*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #12*  
*Learning Objective: 3*

13. An individual retirement account is an example of a(n) \_\_\_\_\_  
asset. (p. 54)
- A. liquid
  - B. common
  - C.** investment
  - D. household
  - E. budgeted

*Difficulty: Medium*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #13*  
*Learning Objective: 3*

14. Liabilities are amounts  
representing (p. 54)
- A. taxable income
  - B. items of value.
  - C. living expenses.
  - D.** debts
  - E. current assets.

*Difficulty: Medium*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #14*  
*Learning Objective: 3*

15. Current liabilities differ from long-term liabilities based on  
(p. 54)
- A. the amount owed.
  - B. the financial situation of the creditor.
  - C. the interest rate charged.
  - D.** when the debt is due.
  - E. current economic conditions.

*Difficulty: Medium*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #15*  
*Learning Objective: 3*

16. Ben Chase needs to pay off some of his debts over the next few months. Which item on his balance  
(p. 54) sheet would help him decide what amounts are due in the near future?
- A. the budget variance
  - B. investment assets
  - C. long-term liabilities
  - D.** current liabilities
  - E. current assets

*Difficulty: Easy*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #16*  
*Learning Objective: 3*

17. Which of the following would be considered a long-term liability?  
(p. 55)
- A. A charge account payment
  - B.** A mortgage
  - C. An installment loan
  - D. An amount due for taxes
  - E. The amount due on a credit card

*Difficulty: Easy*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #17*  
*Learning Objective: 3*

18. A person's net worth is computed by  
(p. 55) **A.** subtracting total liabilities from total assets.  
B. deducting current living expenses from total assets.  
C. adding assets and liabilities  
D. subtracting assets from current liabilities.  
E. adding liabilities and budgeted expenses.

*Difficulty: Medium*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #18*  
*Learning Objective: 3*

19. Which of the following situations is a person who could be insolvent?  
(p. 55) **A.** Assets \$56,000; annual expenses \$60,000  
B. Assets \$68,000; net worth \$22,000  
C. Liabilities \$45,000; net worth \$6,000  
**D.** Assets \$60,000; liabilities \$61,000  
E. Annual cash inflows \$48,000; liabilities \$50,000

*Difficulty: Hard*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #19*  
*Learning Objective: 3*

20. A person's net worth would increase as a result of  
(p. 55)  
A. decreased value on investments  
B. reduced earnings.  
C. increased spending for current living expenses.  
**D.** decreased value of personal possessions.  
E. reduced amounts owed to others.

*Difficulty: Medium*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #20*  
*Learning Objective: 3*

21. A cash flow statement reports a person's or a family's  
(p. 55) **A.** net worth.  
**B.** current income and payments.  
C. plan for spending.  
D. value of investments.  
E. balance of savings.

*Difficulty: Medium*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #21*  
*Learning Objective: 3*

22. Which of the following presents a summary of income and outflows for a period of time?  
(p. 55) **A.** A cash flow statement  
B. A bank statement  
C. An investment summary  
D. balance sheet  
E. An asset report

*Difficulty: Easy*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #22*  
*Learning Objective: 3*

23. Total earnings of a person less deductions for taxes and other items is called  
(p. 57)  
A. budgeted income.  
B. gross pay.  
C. net worth.  
D. total revenue.  
**E.** take-home pay.

*Difficulty: Easy*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #23*  
*Learning Objective: 3*

24. A common deduction from a person's paycheck is for  
(p. 57)
- A. interest.
  - B. unemployment
  - C. rent.
  - D. taxes.**
  - E. current liabilities.

*Difficulty: Easy*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #24*  
*Learning Objective: 3*

25. This year Taylor's gross income is \$70,000. Her deductions for federal and provincial taxes, CPP  
(p. 57) contributions and employment insurance are \$13,500. She also had after-tax investment earnings of \$6,000. Taylor's take-home pay is:
- A. \$70,000
  - B. \$76,000
  - C. \$77,500
  - D. \$56,500**
  - E. \$62,000

*Difficulty: Hard*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #25*  
*Learning Objective: 3*

26. Payments that do not vary from month to month are \_\_\_\_\_ expenses.  
(p. 57)
- A. fixed**
  - B. current
  - C. variable
  - D. luxury
  - E. budgeted

*Difficulty: Easy*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #26*  
*Learning Objective: 3*

27. Ed Bostrom wants to reduce his fixed expenses. What action would be  
appropriate? (p. 57)
- A. Get a part-time job
  - B. Eat more meals at home than in restaurants
  - C. Find a place to live with a lower rent**
  - D. Save more money for the future
  - E. Buy on credit for items that might cost more later

*Difficulty: Medium*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #27*  
*Learning Objective: 3*

28. Which of the following payments would be considered a variable expense?
- B. An installment loan payment
  - C. A mortgage payment
  - D. A monthly parking fee
  - E. A telephone bill**

*Difficulty: Medium*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #28*  
*Learning Objective: 3*

29. A decrease in net worth would be the result of:

(p. 55)

- A. income greater than expenses for a month.
- B. expenses greater than income for a month.**
- C. assets greater than expenses.
- D. increased earnings on the job.
- E. income and expenses equal for a month.

*Difficulty: Hard*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #29*  
*Learning Objective: 3*

30. During the last month, Mary Jane had expenses of \$5,000 and an increase in net worth of \$700. This

(p. 55)

means Mary Jane's income for the month was:

- A. \$700.
- B. \$4,300.
- C. \$5,000.
- D. \$5,700.**
- E. \$5,200.

*Difficulty: Hard*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #30*  
*Learning Objective: 3*

31. During the past month, Jennifer Sinnet had income of \$3,500 and a decrease in net worth of \$200.

(p. 55)

This means Jennifer's payments for the month were:

- A. \$3,700.**
- B. \$3,300.
- C. \$2,800.
- D. \$1,000.
- E. \$200.

*Difficulty: Hard*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #31*  
*Learning Objective: 3*

32. Improvements in a person's financial position are the result of:

(p. 55)

- A. increased liabilities.
- B. reductions in earnings.
- C. increased savings and investments.**
- D. increased purchases on credit.
- E. lower amounts deposited in savings.

*Difficulty: Medium*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #32*  
*Learning Objective: 3*

33. To determine a person's solvency, which financial document should be consulted?

(p. 53)

- A. Cash flow statement
- B. Budget
- C. Debt consolidation statement
- D. Personal balance sheet**
- E. Credit report

*Difficulty: Medium*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #33*  
*Learning Objective: 3*

34. A major expenditure for *most* families is  
(p. 64)
- A. insurance.
  - B. contributions.
  - C. clothing.
  - D. utilities.
  - E.** transportation.

*Difficulty: Easy*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #34*  
*Learning Objective: 4*

35. The payment items that should be budgeted first are  
(p. 63)
- A. variable expenses.
  - B. investment funds.
  - C.** fixed expenses.
  - D. unplanned living expenses.
  - E. entertainment expenses.

*Difficulty: Medium*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #35*  
*Learning Objective: 4*

36. Changes in the cost of living are  
(p. 63)
- A.** different in various geographic areas.
  - B. the same for different locations.
  - C. constant from month to month.
  - D. the same for all goods and services.
  - E. not a factor when preparing a budget.

*Difficulty: Hard*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #36*  
*Learning Objective: 4*

37. The difference between the amount budgeted and the actual amount is called a  
(p. 63)
- A. financial plan.
  - B. current liability.
  - C. change in net worth.
  - D.** budget variance.
  - E. variable living expense.

*Difficulty: Medium*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #37*  
*Learning Objective: 4*

38. If a family planned to spend \$370 for food during March but only spent \$348, this difference would be  
(p. 64) referred to as a
- A.** surplus.
  - B. deficit.
  - C. fixed living expense.
  - D. budget reduction.
  - E. contribution to net worth.

*Difficulty: Medium*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #38*  
*Learning Objective: 4*

39. A budget deficit would result when a person's or family's  
(p. 64)
- A. actual expenses are less than planned expenses.
  - B.** actual expenses are greater than planned expenses.
  - C. actual expenses equal planned expenses.
  - D. assets exceed liabilities.
  - E. net worth decreases.

*Difficulty: Medium*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #39*  
*Learning Objective: 4*

40. The Crown family has a difficult time staying on a budget. In an effort to actually see what funds are available for various expenses, a \_\_\_\_\_ budget would be most appropriate.
- (p. 66)
- A. written
  - B. computerized
  - C. physical**
  - D. deficit
  - E. mental

*Difficulty: Medium*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #40*  
*Learning Objective: 4*

41. When it comes to savings, *most* Canadians
- (p. 67)
- A. have an adequate emergency fund.
  - B. use several different savings techniques.
  - C. find saving difficult.**
  - D. keep substantial amounts in a regular savings account.
  - E. reduce the amount they save during their working life.

*Difficulty: Easy*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #41*  
*Learning Objective: 5*

42. \_\_\_\_\_ is the recommended budgeting strategy for dual income households where the two partners have trust and shared values and goals?
- (p. 68)
- A. Pooled income**
  - B. 50/50
  - C. Proportionate contributions
  - D. Sharing the bills
  - E. Sharing goals

*Difficulty: Medium*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #42*  
*Learning Objective: 5*

43. Jennifer, a recent Concordia graduate, is struggling to pay off her \$15,000 student loan. She has found employment with an international firm. Jennifer manages to balance her cash flows, but has only \$500 in a chequing account to pay incoming bills. Her monthly after-tax cash inflows and expenses equal \$2,000. What should be Jennifer's number one financial goal?
- (p. 61)
- A. Pay off her student loan immediately.
  - B. Start an emergency fund.**
  - C. Contribute to an RRSP.
  - D. Purchase life insurance coverage.
  - E. Accumulate funds for a down payment on a home

*Difficulty: Medium*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #43*  
*Learning Objective: 4*

44. Janice spends a total of \$1,500 a month to cover all living expenses. Which of the following would represent the appropriate emergency fund?
- (p. 61)
- A. \$1,500 to \$4,500
  - B. \$3,000 to \$7,500
  - C. \$4,500 to \$9,000**
  - D. \$5,000 to \$10,000
  - E. \$6,000 to \$12,000

*Difficulty: Easy*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #44*  
*Learning Objective: 4*

45. A five-year non-redeemable GIC is classified as a(n) \_\_\_\_\_ asset on the personal balance  
(p. 54) sheet.
- A. liquid
  - B. investment**
  - C. personal
  - D. business
  - E. marketable

*Difficulty: Easy*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #45*  
*Learning Objective: 3*

46. Janice spends a total of \$1,500 a month to cover all living expenses. Which of the following would  
(p. 61) represent the minimum acceptable emergency fund?
- A. Zero
  - B. \$1,500
  - C. \$4,500**
  - D. \$9,000
  - E. \$3,000

*Difficulty: Easy*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #46*  
*Learning Objective: 4*

47. **Giv**

Bank account	\$2,500	Student loan	\$9,500
Monthly gross income	\$3,200	RRSP	\$10,250
Annual car payments	\$3,600	Unpaid vet bills	\$600
Jewellery	\$5,000	Car loan	\$1,900
CSV (whole life)	\$1,500	Car (resale value)	\$2,500
Annual medical expenses	\$500	GICs	\$2,060

(p. 55)

- A. \$11,810**
- B. \$11,410
- C. \$10,910
- D. \$6,810
- E. \$6,500

*Difficulty: Hard*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #47*  
*Learning Objective: 4*

48. To calculate your net worth, you need to know your:  
(p. 55)
- A. annual income
  - B. assets and liabilities**
  - C. monthly car loan cost
  - D. income after tax
  - E. pension contributions

*Difficulty: Easy*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #48*  
*Learning Objective: 3*

49. The main purposes of personal financial statements are to:  
(p. 53)
- A. summarize the value of the items that you own and the amounts that you owe
  - B. track your cash inflows by source and your outflows by type
  - C. identify strengths and weaknesses in your current financial situation and provide data for use in filing your income tax return or applying for credit
  - D. measure progress toward your financial goals
  - E. all of the above**

*Difficulty: Medium*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #49*  
*Learning Objective: 3*

50. Which of the following financial documents would *most likely* be stored in a safety deposit box?  
(p. 52)
- A. Tax records
  - B. Personal financial statements
  - C. Warranties
  - D. Mortgage papers**
  - E. Checking account statements

*Difficulty: Easy*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #50*  
*Learning Objective: 2*

51. Which of the following financial documents would *most likely* be stored in a safety deposit box?  
(p. 52)
- A. Company pension information
  - B. Personal financial statements
  - C. Warranties
  - D. Birth, marriage and death certificates**
  - E. Checking account statements

*Difficulty: Medium*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #51*  
*Learning Objective: 2*

52. Which of the following financial documents would *most likely* be stored in a home file?  
(p. 52)
- A. Serial numbers of expensive items
  - B. Personal financial statements**
  - C. Mortgage papers, title deed
  - D. Birth, marriage and death certificates
  - E. Guaranteed investment securities

*Difficulty: Medium*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #52*  
*Learning Objective: 2*

53. A family with \$80,000 in assets and \$22,000 of liabilities would have a net worth of:
- B. \$22,000.
  - C. \$58,000**
  - D. \$102,000.
  - E. \$36,000.

*Difficulty: Medium*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #53*  
*Learning Objective: 2*

54. A person with \$80,000 in assets and \$122,000 of liabilities would have a net worth of:
- B. \$122,000.
  - C. \$202,000
  - D. \$42,000.
  - E. - \$42,000.**

*Difficulty: Medium*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #54*  
*Learning Objective: 3*

55. Which of the following would be considered a long-term liability?  
(p. 55)
- A. A charge account payment
  - B. A 36 month car loan**
  - C. An installment loan
  - D. An amount due for taxes
  - E. The amount due on a credit card

*Difficulty: Easy*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #55*  
*Learning Objective: 3*

56. Which of the following situations is a person who could be insolvent?

(p. 55)

- A. Assets \$50,000; annual expenses \$60,000
- B. Assets \$68,000; net worth \$22,000
- C. Liabilities \$45,000; net worth \$6,000
- D. Assets \$5,000; liabilities \$6,000**
- E. Annual cash inflows \$48,000; liabilities \$50,000

*Difficulty: Hard*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #56*  
*Learning Objective: 3*

57. A person's net worth would increase as a result of

(p. 55)

- A. increased value on investments**
- B. reduced earnings.
- C. increased spending for current living expenses.
- D. decreased value of personal possessions.
- E. increased amounts owed to others.

*Difficulty: Medium*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #57*  
*Learning Objective: 3*

58. This year Phil's gross income is \$80,000. His deductions for federal and provincial taxes, CPP

(p. 57)

contributions and employment insurance are \$16,000. He also had after-tax investment earnings of \$6,000. Taylor's take-home pay is:

- A. \$80,000
- B. \$86,000
- C. \$70,000
- D. \$64,000**
- E. \$58,000

*Difficulty: Hard*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #58*  
*Learning Objective: 3*

59. Payments that do not vary from month to month are \_\_\_\_\_ expenses.

(p. 57)

A. variable

- B. current**
- C. fixed
- D. discretionary
- E. budgeted

*Difficulty: Easy*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #59*  
*Learning Objective: 3*

60. During the last month, Astrid had expenses of \$6,000 and an increase in net worth of \$100. This

(p. 55)

means Astrid's income for the month was:

- A. \$6,000
- B. \$5,900
- C. \$6,100**
- D. \$5,700
- E. \$5,200

*Difficulty: Hard*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #60*  
*Learning Objective: 3*

61. The main purpose of a budget is to help you  
(p. 60)
- A. Live within your income and spend your money wisely
  - B. Prioritize and attain your financial goals
  - C. Prepare for financial emergencies
  - D. Develop wise financial management habits
  - E.** All of the above

*Difficulty: Easy*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #61*  
*Learning Objective: 4*

62. Anne spends a total of \$2,000 a month to cover all living expenses. Which of the following would  
(p. 61) represent the appropriate emergency fund?
- A. \$2,000 to \$4,000
  - B. \$3,000 to \$7,000
  - C.** \$6,000 to \$12,000
  - D. \$1,000 to \$2,000
  - E. \$6,000

*Difficulty: Easy*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #62*  
*Learning Objective: 4*

63. Common reasons for saving money include:

- (p. 67)
- A. To set aside money for irregular and unexpected expenses
  - B. To pay for the replacement of expensive items, such as appliances or an automobile, or to have money for a down payment on a house
  - C. To buy special items, such as home video or recreational equipment, or to pay for a vacation
  - D. To provide for long-term expenses, such as the education of children or retirement.
  - E.** All of the above

*Difficulty: Easy*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #63*  
*Learning Objective: 5*

64. Liabilities are cash and items of value that can be easily converted to cash.

(p. 54) **FALSE**

*Difficulty: Easy*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #64*  
*Learning Objective: 3*

65. When one money management decision is selected, something else must be given up.

(p. 50) **TRUE**

*Difficulty: Easy*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #65*  
*Learning Objective: 1*

66. Opportunity costs are not only associated with money management decisions involving long-term  
(p. 50) financial security.

**TRUE**

*Difficulty: Medium*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #66*  
*Learning Objective: 1*

67. Financial records that may need to be referred to on a regular basis should not be kept in a safety  
(p. 51) deposit box.

**TRUE**

*Difficulty: Easy*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #67*  
*Learning Objective: 2*

68. A budget is a record of how a person or family has spent their money.

(p. 60) **FALSE**

*Difficulty: Medium  
Gradable: automatic  
Kapoor - Chapter 02 #68  
Learning Objective: 4*

69. Personal records current budget, cheque book(s) and bank statements.

(p. 52) **FALSE**

*Difficulty: Easy  
Gradable: automatic  
Kapoor - Chapter 02 #69  
Learning Objective: 2*

70. Most income tax documents and records should be kept in a safety deposit box.

(p. 52) **FALSE**

*Difficulty: Medium  
Gradable: automatic  
Kapoor - Chapter 02 #70  
Learning Objective: 2*

71. Insolvency is the inability to pay debts by the due date, because liabilities exceed the value of assets.

(p. 55)

**TRUE**

*Difficulty: Medium  
Gradable: automatic  
Kapoor - Chapter 02 #71  
Learning Objective: 3*

72. A person's net worth is the difference between the value of the items owned and the amounts owed to others.

(p. 55)

**TRUE**

*Difficulty: Medium  
Gradable: automatic  
Kapoor - Chapter 02 #72  
Learning Objective: 3*

73. Furniture, jewelry, and an automobile are examples of liquid assets.

(p. 53) **FALSE**

*Difficulty: Medium  
Gradable: automatic  
Kapoor - Chapter 02 #73  
Learning Objective: 3*

74. Current liabilities are amounts that must be paid within a short period of time, usually less than a year.

(p. 54)

**TRUE**

*Difficulty: Easy  
Gradable: automatic  
Kapoor - Chapter 02 #74  
Learning Objective: 3*

75. Insolvency is a result of having an unequal balance of tangible and intangible goods.

(p. 55) **FALSE**

*Difficulty: Medium  
Gradable: automatic  
Kapoor - Chapter 02 #75  
Learning Objective: 3*

76. A personal cash flow statement presents income and outflows of cash for a given time period, such as a month.

(p. 55)

**TRUE**

*Difficulty: Medium  
Gradable: automatic  
Kapoor - Chapter 02 #76  
Learning Objective: 3*

77. Take-home pay is a person's earnings after deductions for taxes and other items.

(p. 57) **TRUE**

*Difficulty: Easy  
Gradable: automatic  
Kapoor - Chapter 02 #77  
Learning Objective: 3*

78. Medical expenses, clothing, and telephone are examples of fixed expenses.

(p. 57) **FALSE**

*Difficulty: Easy  
Gradable: automatic  
Kapoor - Chapter 02 #78  
Learning Objective: 3*

79. If expenses for a month are greater than income, an increase in net worth will result.

(p. 57) **FALSE**

*Difficulty: Medium  
Gradable: automatic  
Kapoor - Chapter 02 #79  
Learning Objective: 3*

80. A person's lifestyle is a reflection of his or her values, goals, career, and family situation. **TRUE**

(p. 60  
& 61)

*Difficulty: Easy  
Gradable: automatic  
Kapoor - Chapter 02 #80  
Learning Objective: 4*

81. A personal cash flow statement can serve as the basis for the budget categories used by an individual (p. 55) or family.

**TRUE**

*Difficulty: Medium  
Gradable: automatic  
Kapoor - Chapter 02 #81  
Learning Objective: 3*

82. Definite financial obligations are referred to as variable expenses.

(p. 57) **FALSE**

*Difficulty: Medium  
Gradable: automatic  
Kapoor - Chapter 02 #82  
Learning Objective: 3*

83. If budgeted spending is less than actual spending, this is referred to as a deficit.

(p. 64) **TRUE**

*Difficulty: Medium  
Gradable: automatic  
Kapoor - Chapter 02 #83  
Learning Objective: 4*

84. Most Canadians have an adequate savings for emergencies.

(p. 67) **FALSE**

*Difficulty: Medium  
Gradable: automatic  
Kapoor - Chapter 02 #84  
Learning Objective: 5*

85. Under a direct deposit system the bank will make an automatic debit from you bank account and have (p. 67) the funds transferred periodically to an investment account.

**FALSE**

*Difficulty: Medium  
Gradable: automatic  
Kapoor - Chapter 02 #85  
Learning Objective: 5*

86. "Sharing the bills" is a budgeting strategy for two-income households where each partner contributes (p. 68) an equal amount into the pool.

**FALSE**

*Difficulty: Medium*  
*Gradable: automatic*  
*Kapoor - Chapter 02 #86*  
*Learning Objective: 5*

87. Evidence exists that a person's choice of employment influences his or her lifestyle.

(p. 61) **TRUE**

*Difficulty: Easy  
Gradable: automatic  
Kapoor - Chapter 02 #87  
Learning Objective: 4*

88. Leveraged investing in common shares is expected to increase your net worth.

(p. 54) **TRUE**

*Difficulty: Medium  
Gradable: automatic  
Kapoor - Chapter 02 #88  
Learning Objective: 3*

89. Opportunity costs are only associated with money management decisions involving long-term financial security.

(p. 50)

**FALSE**

*Difficulty: Medium  
Gradable: automatic  
Kapoor - Chapter 02 #89  
Learning Objective: 1*

90. A cash flow statement is a record of how a person or family has earned and spent their money.

(p. 55) **TRUE**

*Difficulty: Medium  
Gradable: automatic  
Kapoor - Chapter 02 #90  
Learning Objective: 3*

91. What types of financial records and documents should be kept in a safety deposit box?

(p. 52)

Examples of items stored in a safe-deposit box include stock certificates, contracts, insurance policies, a record of personal belongings, mortgage papers, rare coins, collectibles, and other rare and valuable items.

*Difficulty: Medium  
Gradable: manual  
Kapoor - Chapter 02 #91  
Learning Objective: 2*

92. What are the main components of a personal balance sheet and a cash flow statement? What is the main purpose of each of these personal financial statements?

(p. 53-55)

A personal balance sheet is a net worth statement; it reports what you own (assets) and what you owe (liabilities). A cash flow statement is designed to report the actual inflow and outflow of cash during a given time period for a person; it includes current income, and cash flow payments.

*Difficulty: Medium  
Gradable: manual  
Kapoor - Chapter 02 #92  
Learning Objective: 3*

93. Describe the four budgeting strategies suggested for dual income households.

(p. 68)

Pooled Income: both incomes are combined, and bills are paid from the pool. This method requires trust and shared goals and values. Sharing the bills: each person is responsible for paying predetermined bills. 50/50: each person contributes an equal amount into the pool to cover shared expenses. Proportionate Contributions: where each partner contributes a percentage of his/her income. This method is unfavorable when one partner earns a higher income than the other.

*Difficulty: Hard  
Gradable: manual  
Kapoor - Chapter 02 #93  
Learning Objective: 5*

94. List and briefly explain the 4 characteristics of a successful budget.  
(p. 66)

Money management experts advise that a successful budget should be

- *Well planned.* A good budget takes time and effort to prepare. Planning a budget should involve everyone affected by it. Children can learn important money management lessons by helping to develop and use the family budget.
- *Realistic.* If you have a moderate income, don't immediately expect to save enough money for an expensive car or a lavish vacation. A budget is designed not to prevent you from enjoying life but to help you achieve what you want most.
- *Flexible.* Unexpected expenses and changes in your cost of living will require a budget that you can easily revise. Also, special situations, such as two-income families or the arrival of a baby, may require an increase in certain types of expenses.
- *Clearly communicated.* Unless you and others involved are aware of the spending plan, it will not work. The budget should be written and available to all household members. Many variations of written budgets are possible, including a notebook or a computerized system

*Difficulty: Hard*  
*Gradable: manual*  
*Kapoor - Chapter 02 #94*  
*Learning Objective: 4*

95. What are the 7 steps in creating and implementing a budget?  
(p. 61)

- [1] Setting financial goals.
- [2] Estimating income.
- [3] Budgeting emergency fund and savings.
- [4] Budgeting fixed expenses.
- [5] Budgeting variable expenses.
- [6] Recording spending amounts.
- [7] Reviewing spending and saving patterns.

*Difficulty: Hard*  
*Gradable: manual*  
*Kapoor - Chapter 02 #95*  
*Learning Objective: 4*

## 02 Summary

<i>Category</i>	<i># of Questions</i>
Difficulty: Easy	33
Difficulty: Hard	13
Difficulty: Medium	49
Gradable: automatic	90
Gradable: manual	5
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