

# 501 Business English Tests

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*Money accepted*

- Q1 I like to visit other countries but I find the ..... of travel is too high.  
(a) money (b) cost (c) expenses (d) currency
- Q2 She is very happy because she starts her new ..... today.  
(a) job (b) work (c) labour (d) post
- Q3 One day I hope I shall ..... the lottery.  
(a) gain (b) collect (c) reach (d) win
- Q4 He must have a lot of money because this summer he is going on a cruise ..... the world.  
(a) about (b) around (c) across (d) through
- Q5 Have you read that book ..... the life of Van Gogh?  
(a) about (b) of (c) over (d) in
- Q6 Do you want ..... sugar in your coffee?  
(a) some (b) much (c) any (d) little
- Q7 They do not ..... cheques in that restaurant.  
(a) accept (b) agree (c) allow (d) admit
- Q8 I cannot work today because I have very bad tooth.....  
(a) pain (b) hurt (c) damage (d) ache
- Q9 Children are not ..... in that public house.  
(a) aloud (b) allowed (c) accepted (d) agreed
- Q10 You can see the ..... about the sale in the local paper.  
(a) announcement (b) warning (c) notice (d) advertisement

*Computers*

- Q1 How are you getting on ..... your new computer?  
(a) at (b) with (c) by (d) for
- Q2 Not too bad but sometimes I just can't get the ..... of it.  
(a) drop (b) fall (c) hang (d) low
- Q3 Do you mean it drives you up the .....?  
(a) wall (b) ceiling (c) floor (d) roof
- Q4 Well, not that often but there are things that completely ..... me.  
(a) mysterious (b) mystery (c) mysteriously (d) mystify
- Q5 What sort of things do you have in .....?  
(a) thought (b) mind (c) idea (d) think
- Q6 Well, take the times when everything .....
- (a) frozen (b) freezing (c) freezes (d) frees
- Q7 Yes, I know what you mean that's when you'd like to smash it to .....
- (a) pieces (b) piece (c) peace (d) peaces
- Q8 Never mind, most of the time it behaves like a little .....
- (a) angle (b) angel (c) angelic (d) angles
- Q9 And just think of all the ..... you get from having one.  
(a) beneficiaries (b) benefit (c) benefits (d) benefited
- Q10 Personally I'm looking forward to my holidays when I'll be ..... of it for two weeks!  
(a) free (b) freer (c) freedom (d) freed

*Making an Appointment*

- Q1 Welcome back ..... in this session — we're going to take a look at some of the vocabulary we used in session 2.  
(a) somebody (b) everybody (c) anybody (d) nobody
- Q2 To start with, can you ..... what session 2 was all about?  
(a) retain (b) remain (c) remind (d) remember
- Q3 Yes, that's right. It was all about the job I do every day. I expect you recall that I work for a financial company ..... a financial advisor.  
(a) at (b) as (c) on (d) of
- Q4 In other words I help people with ..... their money.  
(a) inviting (b) inventing (c) investing (d) involving
- Q5 My clients contact our office via email or phone and then we ..... an appointment.  
(a) make (b) take (c) give (d) do
- Q6 You arrange an appointment with another person because you want to ..... or see them.  
(a) encounter (b) greet (c) meet (d) talk
- Q7 The two things that are important for an appointment are the time and the place. You say for example: Let's meet next Monday ..... 10 o'clock.  
(a) on (b) at (c) in (d) for
- Q8 Another word that is very similar in meaning to appointment is the word date. A date is usually a private meeting with ..... person.  
(a) different (b) second (c) other (d) another
- Q9 So, when you say: I've got a date with my boss, it means you ..... see your boss privately.  
(a) are going to (b) will not be (c) will be (d) would be
- Q10 Possibly you also know the expression 'blind date', which is a rendezvous with a person you have never seen before and you are meeting them ..... the first time.  
(a) at (b) in (c) for (d) from

*Late Again*

- Q1 Do you know ..... time it is?  
(a) which (b) when (c) what (d) how
- Q2 No, I have ..... idea.  
(a) any (b) no (c) not (d) some
- Q3 It's time you got .....
- (a) on (b) in (c) over (d) up
- Q4 I don't believe you. You can't be .....
- (a) right (b) accurate (c) precise (d) definite
- Q5 I'm telling that you must ..... up or ...  
(a) haste (b) hasten (c) hurry (d) quick
- Q6 Or what? ..... on, tell me.  
(a) Get (b) Come (c) Take (d) Put
- Q7 Simply that you're going to be ..... for work.  
(a) late (b) later (c) lately (d) latest
- Q8 I think there's something you've .....
- (a) forgiven (b) forbidden (c) forsaken (d) forgotten
- Q9 Now, it's your ..... to tell me.  
(a) bend (b) turn (c) corner (d) curve
- Q10 Remember that there's no work today ..... it's Sunday.  
(a) for (b) while (c) because (d) however

*Shopping*

- Q1 The trouble is I haven't made a .....  
(a) detail (b) note (c) sheet (d) list
- Q2 ..... you must know what we need?  
(a) Certainly (b) Surely (c) Definitely (d) Absolutely
- Q3 Well, yes I do have a ..... good idea?  
(a) pretty (b) fine (c) beautiful (d) nice
- Q4 Do we need any dairy .....?  
(a) producers (b) produced (c) products (d) producing
- Q5 Yes, we've almost run out ..... cheese, butter, milk.  
(a) through (b) of (c) by (d) with
- Q6 Right, we'd ..... get on with it.  
(a) better (b) sooner (c) quicker (d) faster
- Q7 Oh and we'll also need some washing .....  
(a) dust (b) flakes (c) powder (d) grains
- Q8 I assume there's nothing ..... I said it would be quick. Oh dear.  
(a) included (b) excluded (c) either (d) else
- Q9 What's the .....?  
(a) thing (b) matter (c) material (d) stuff
- Q10 Just look at the size of those huge ..... at the checkouts.  
(a) tails (b) lines (c) queues (d) rows

*On my Mobile*

- Q1 Hello — I'm just ..... out my new mobile.  
(a) testing (b) probing (c) finding (d) trying
- Q2 Oh yes. Are you ..... away?  
(a) distant (b) long (c) far (d) quite
- Q3 Not really. I'm quite .....  
(a) nearer (b) near (c) next (d) nearly
- Q4 You ..... very clear.  
(a) sound (b) ring (c) hear (d) noise
- Q5 Well, I did ..... a lot of money on it.  
(a) dispense (b) pass (c) spend (d) dispose
- Q6 Tell me, where are you at the .....?  
(a) time (b) second (c) hour (d) moment
- Q7 I've already told you I'm in the .....  
(a) place (b) area (c) spot (d) location
- Q8 Well, this is very interesting but I am very .....  
(a) busy (b) occupied (c) hurried (d) active
- Q9 Don't ..... — I'll see you very soon.  
(a) concern (b) care (c) worry (d) mind
- Q10 Oh there goes the front door bell — oh it's you! I might have .....  
(a) thought (b) believed (c) considered (d) guessed

*Basic Business English*

- Q1 The water in the refrigerator should be .....
- (a) warm                      (b) hot                      (c) cold                      (d) frozen
- Q2 ..... I will come home early.
- (a) Today at night              (b) This night              (c) Tonight                      (d) The night
- Q3 Do you ..... the bus to work?
- (a) take                      (b) drive                      (c) bring                      (d) walk
- Q4 Have you .....?
- (a) turned skinny              (b) lost weight              (c) no more fat              (d) weighted less
- Q5 She is a member ..... the gym.
- (a) for                      (b) from                      (c) by                      (d) of
- Q6 He ..... executive.
- (a) is                      (b) is an                      (c) is a                      (d) an
- Q7 My friend likes ..... work on extra projects.
- (a) to                      (b) of                      (c) from                      (d) the
- Q8 Please ..... a message on the answering machine.
- (a) make                      (b) do                      (c) leave                      (d) report
- Q9 Yesterday they ..... very well in their class.
- (a) do                      (b) does                      (c) will do                      (d) did
- Q10 At work we get a 30-minute lunch .....
- (a) rest                      (b) break                      (c) vacation                      (d) holiday

*Business dialogue on the phone*

- Q1 Bob: Do you ..... if I use your phone to call my wife?  
(a) value (b) worry (c) mind (d) allow
- Q2 Bill: Sure. Would you ..... use my cell phone or the one in my office?  
(a) rather (b) prefer (c) like (d) assume
- Q3 Bob: The one in your office is fine. Do I need to ..... anything special to get out of the building?  
(a) tighten (b) press (c) compress (d) dial
- Q4 Bill: Yes. You ..... dial 9 and then your number.  
(a) should (b) could (c) would (d) shall
- Q5 Bob: If another call comes in while I'm on the phone, should I put my wife on ..... and take it?  
(a) wait (b) hold (c) hope (d) the side
- Q6 Bill: No, that's alright. If you don't answer, it will just go through to my ..... and I can call them back later.  
(a) answering machine (b) voicemail (c) voice-recorder (d) e-mail
- Q7 Bob picked up the ..... and dialed 9 then his home number.  
(a) handle (b) cord (c) thingamajig (d) receiver
- Q8 Bill straightened up the office, pretending not to listen to Bob's ..... of the conversation with his wife.  
(a) end (b) part (c) words (d) half
- Q9 Finally Bob .....
- (a) hanged up (b) hang over (c) hung up (d) hung over
- Q10 Bill: I couldn't help but ..... you're having chicken for dinner tonight. Can I come over?  
(a) overhear (b) eavesdrop (c) listen (d) comprehend

*Chit Chat: At the garage*

- Q1 Customer: Have you had a chance to ..... at my car yet?  
(a) see (b) examine (c) view (d) look
- Q2 Mechanic: Yes, we've given it a ..... examination.  
(a) complete (b) utter (c) absolute (d) actual
- Q3 Customer: And what do you think is ..... with it?  
(a) incorrect (b) wrong (c) false (d) faulty
- Q4 Mechanic: That's a ..... of a difficult answer to give in a few words.  
(a) part (b) lot (c) bit (d) section
- Q5 Customer: Well, just give me the ..... picture.  
(a) casual (b) general (c) uncertain (d) simple
- Q6 Mechanic: To start ..... It's losing a lot of oil.  
(a) at (b) for (c) in (d) with
- Q7 Customer: I see. Anything .....?  
(a) else (b) ever (c) over (d) indeed
- Q8 Mechanic: Well, there's a lot more. I mean the petrol tank has a ..... in it.  
(a) gap (b) hole (c) space (d) opening
- Q9 Customer: Why don't you tell me the ..... What should I do?  
(a) picture (b) scene (c) truth (d) rightness
- Q10 Mechanic: Okay — I'll come straight to the ..... — buy a new car!  
(a) angle (b) conclusion (c) end (d) point

*Renting a place*

- Q1 In order for you to buy a house in the United States, it is important that you have a good ..... report.  
(a) school (b) medical (c) credit (d) dental
- Q2 If you have pets, it is often necessary to pay a pet ..... when you rent an apartment.  
(a) deposit (b) vaccination (c) leash (d) walker
- Q3 When you are interested in buying or renting a place, you have to fill out ....., which is a type of written request for an apartment or house.  
(a) a police report (b) an application (c) an IRS form (d) a parking ticket
- Q4 Sometimes when you rent a studio apartment, it comes already .....  
(a) with pets (b) with a pool (c) with a backyard (d) furnished
- Q5 The ..... is the person who is renting the apartment or house.  
(a) landlord (b) tenant (c) houseguest (d) host
- Q6 The ..... is the person who owns and runs an apartment building, a house or land.  
(a) tenant (b) ranger (c) landlord (d) seller
- Q7 If you wish to temporarily rent your apartment to someone else, you ..... your apartment to that person.  
(a) sublet (b) buy (c) employ (d) hire
- Q8 It is always good to provide ..... letter to the landlord to prove that you have a good character.  
(a) an accredited (b) a touching (c) an anonymous (d) a reference
- Q9 A ..... is a contract that indicates how long you can stay at the place you are renting and how much you have to pay.  
(a) document (b) lease (c) loan (d) license
- Q10 Application fees are usually ....., which means you don't get your money back.  
(a) restituted (b) reimbursed (c) non-refundable (d) inexpensive

*Applying for that Job*

- Q1 I would be very interested in ..... for that job.  
(a) entering (b) working (c) applying (d) writing
- Q2 Do you want to ..... as a candidate in the local elections?  
(a) stand (b) sit (c) go (d) try
- Q3 They are completely ..... up with all the noise in the centre of town.  
(a) tired (b) fed (c) sick (d) ill
- Q4 The reason there are no buses is because the drivers are on .....  
(a) hit (b) stop (c) strike (d) leave
- Q5 The government has changed its policy and had a complete change of .....  
(a) view (b) opinion (c) mind (d) heart
- Q6 This supermarket is trying to ..... young shoppers by offering fashionable clothes.  
(a) target (b) persuade (c) encourage (d) trap
- Q7 You should have ..... those shares when they were cheap.  
(a) taken out (b) sold off (c) bought up (d) taken over
- Q8 You must try and hurry up because my patience is ..... out.  
(a) running (b) racing (c) pacing (d) turning
- Q9 Have you ever tried your ..... at running a business?  
(a) arm (b) finger (c) hand (d) leg
- Q10 After all these years she has decided to take early .....  
(a) leave (b) finishing (c) departure (d) retirement

*Accounts*

- Q1 In order to check all the telephone calls made during the month I want the account to be .....
- (a) detailed (b) particular (c) specialized (d) itemized
- Q2 All the representatives are allowed to spend money for entertaining with their ..... account.
- (a) expensive (b) expending (c) expense (d) expenses
- Q3 To spread the cost of spending on articles you buy many big departments let you open a .....
- (a) credible (b) credit (c) credited (d) credulous
- Q4 Once you are earning money and you want to keep it safe, you can always ..... an account with a bank.
- (a) open (b) start (c) begin (d) commence
- Q5 At the end of thirty days the company will ask you to ..... the account.
- (a) arrange (b) finish (c) end (d) settle
- Q6 The finance director is responsible for ..... the accounts for the business.
- (a) holding (b) keeping (c) taking (d) finding
- Q7 At the end of the financial year it is the responsibility of the chief finance officer to ..... the accounts.
- (a) print (b) edit (c) publish (d) direct
- Q8 Before they got married, they decided to open a ..... account.
- (a) united (b) joint (c) unified (d) combined
- Q9 If you have saved some money, it is a good idea to put the money into a ..... account.
- (a) heap (b) pile (c) lump (d) deposit
- Q10 However hard I try, I find it impossible to account ..... this missing sum of money.
- (a) with (b) to (c) for (d) by

*Letter Writing*

- Q1 I think it would be a good idea to ..... in your letter that you have worked in that type of business previously.  
(a) describe (b) mention (c) show (d) demonstrate
- Q2 You need to improve the ..... of this letter because one or two things are in the wrong place.  
(a) description (b) indication (c) layout (d) picture
- Q3 Before you put the letter in the envelope, make sure you ..... it in the right way.  
(a) fold (b) double (c) treble (d) hold
- Q4 If you want this letter to reach the bank tomorrow, you have no choice but to send it by ..... mail.  
(a) speed (b) express (c) excess (d) fast
- Q5 When you are going to write an important letter like that, it is absolutely essential that you ..... all the facts first.  
(a) connect (b) join (c) deliver (d) assemble
- Q6 When you read something you've written on the computer screen, it often looks all right although you should always ..... read it first.  
(a) check (b) prove (c) proof (d) proven
- Q7 I advise you to check ..... with a letter or a phone call if you intend to pay them a visit in order to save a wasted journey.  
(a) previously (b) prior (c) ante (d) beforehand
- Q8 Since that package contains valuable items, you must send it by ..... post.  
(a) required (b) resigned (c) registered (d) repeated
- Q9 Quite honestly I cannot trust this particular letter to be sent by post and so I am using the services of a ..... to deliver it for me.  
(a) courier (b) runner (c) traveller (d) carrier
- Q10 I'm sure that computer program you use creates a very good letter design but it's far too ..... for me.  
(a) comprehensive (b) complicated (c) concentrated (d) composite

*Flying on a Plane*

- Q1 The worst thing about flying is when you take .....
- (a) up (b) in (c) off (d) over
- Q2 Landing is also a rather ..... experience, too.
- (a) frightening (b) frightened (c) frights (d) frightful
- Q3 Come to think of it the bit between leaving the ground and coming down again can also ..... on the nerves.
- (a) strike (b) play (c) hit (d) fall
- Q4 Of course during the flight the airline staff try to keep your mind .....
- (a) concentrated (b) dedicated (c) concerned (d) occupied
- Q5 They ask you if you want to buy things you don't in all ..... want.
- (a) truth (b) honesty (c) honestly (d) truly
- Q6 The captain, whose voice is so ..... you feel as if you're sitting at home watching television, starts chatting to you.
- (a) retired (b) relaxed (c) relapsed (d) replete
- Q7 He tries to give you the ..... that you're out in your car watching the countryside roll by.
- (a) opinion (b) thought (c) impression (d) interpretation
- Q8 Then you start to eat your meal and discover that the knives and forks are made of plastic and snap under .....
- (a) pushing (b) pulling (c) pressing (d) pressure
- Q9 As you've probably ....., I'm not really keen on flying.
- (a) collected (b) gathered (c) assembled (d) accumulated
- Q10 Mind you, once you've landed and you're saying goodbye to the smiling hostess, it's great to know you've .....
- (a) survived (b) surmounted (c) surveyed (d) surmised

*Planning a Business*

- Q1 It is essential before starting a business to work on a plan to ..... problems later on.  
(a) escape (b) endure (c) avoid (d) enter
- Q2 The biggest ..... in business can be eliminated if you have sufficient capital to start with.  
(a) scene (b) risk (c) encounter (d) harm
- Q3 Even when the economic situation is ....., there is always present the need for planning in a new business.  
(a) mighty (b) huge (c) hefty (d) strong
- Q4 Whatever happens in the future there is absolutely no ..... for good market research before you launch a new product.  
(a) consideration (b) criterion (c) substitute (d) contemplation
- Q5 Your ..... concern is naturally the plan but don't forget your capital or your premises.  
(a) firstly (b) primary (c) primarily (d) initially
- Q6 When people are considering whether to loan your new business a substantial sum, they are going to ..... your potential.  
(a) encompass (b) evolve (c) evaluate (d) enquire
- Q7 It is worthwhile ..... as much market research information as possible before you work out your plan.  
(a) including (b) snatching (c) grabbing (d) gathering
- Q8 Her next task was to have a meeting with the bank manager to ..... that she had a secure enough plan to warrant a loan.  
(a) declare (b) demonstrate (c) state (d) announce
- Q9 There are certain weaknesses in your plan that need to be ..... urgently if you are to succeed.  
(a) affixed (b) acquired (c) addressed (d) attended
- Q10 Since the start of the business many new ideas have ..... out of the original plan.  
(a) developed (b) shown (c) gained (d) built

*Computers*

- Q1 My computer is not capable of saving material on a separate ..... because it has no floppy drive.  
(a) space (b) compact (c) disc (d) place
- Q2 I understand that I can make it possible for both my computers to share the same programs by means of .....  
(a) joining (b) connecting (c) linking (d) networking
- Q3 I had only had my computer for three weeks when I had to have the hard drive .....  
(a) replaced (b) restored (c) retaken (d) revived
- Q4 Laptop computers are becoming more and more ..... in the business world.  
(a) famous (b) popular (c) sought (d) wished
- Q5 You have to have a really ..... mind in order to get your head round some of today's computing technology.  
(a) acute (b) cut (c) razor (d) sharp
- Q6 The great advantage of having an external zip drive is that you can use it as an extra means of .....  
(a) hoarding (b) keeping (c) holding (d) storage
- Q7 They tried very hard to install the new components on the computer but the language in the manual was too ..... for them to understand.  
(a) technical (b) technique (c) technician (d) technically
- Q8 When you look at the modern office today you could compare the changes with those that took place in the industrial ..... in the 19th century.  
(a) revolt (b) revolution (c) revolting (d) revolving
- Q9 In order to ..... the method by which staff pay is calculated the company has bought a new software package.  
(a) facile (b) facility (c) factual (d) facilitate
- Q10 Obviously a computer can take all the hard work out of ..... a large mass of data.  
(a) proceeding (b) procedure (c) processing (d) processes

*Business Expressions (1)*

- Q1 I heard of a new company today with which we should co-operate and ..... business with.  
(a) make (b) create (c) have (d) do
- Q2 Shortly after he was dismissed from the firm he decided to ..... himself up in his own business.  
(a) put (b) set (c) place (d) hold
- Q3 They went ..... business shortly after their children had left home and got married.  
(a) out (b) in (c) into (d) on
- Q4 As soon as they heard what had happened, they ..... it their business to find out the truth.  
(a) made (b) tried (c) managed (d) called
- Q5 I would ask you kindly not to interfere with what I'm doing as in all honesty it's ..... of your business.  
(a) no (b) nothing (c) none (d) nor
- Q6 Despite all the alterations that are taking place in the department store, the management wanted to explain it was business as .....  
(a) common (b) practical (c) frequent (d) usual
- Q7 She knew that there was some kind of ..... business going on because strange things were happening.  
(a) weird (b) unusual (c) funny (d) stupid
- Q8 We really can't delay any more with our plans and must ..... down to business as soon as possible.  
(a) set (b) get (c) cut (d) find
- Q9 When the bomb went off, most of the injured were just ordinary people going ..... their business.  
(a) about (b) along (c) across (d) through
- Q10 Although they had high hopes that they would be successful, they ..... out of business within six months.  
(a) turned (b) came (c) went (d) fell

*Business Expressions (2)*

- Q1 I've warned you before that you shouldn't get involved in this matter and you have ..... business discussing it.  
(a) some (b) little (c) no (d) not
- Q2 That's really not my concern at all and I'm certainly not ..... the business of telling others what to do.  
(a) in (b) out (c) of (d) by
- Q3 She was very enthusiastic about her new job and was making rapid progress ..... nobody's business.  
(a) as (b) with (c) similar (d) like
- Q4 I really wouldn't joke about it because these people are deadly serious and ..... business.  
(a) signify (b) mean (c) require (d) need
- Q5 He didn't hesitate to tell me that I wasn't wanted and just told me to ..... my own business.  
(a) concern (b) look after (c) tend to (d) mind
- Q6 I'm afraid it won't be possible to talk to the boss today because he's away ..... business till Tuesday.  
(a) off (b) on (c) for (d) to
- Q7 He was very keen that we kept in touch and for that reason he handed me his business .....  
(a) ticket (b) paper (c) card (d) notice
- Q8 This is the really important part of the machine and that's why we call it the business .....  
(a) centre (b) end (c) area (d) point
- Q9 The whole site has nothing but offices and administration centres and that's why we call it a business .....  
(a) place (b) situation (c) field (d) park
- Q10 All the famous film stars, actors, directors and writers were at the festival representing the world of .....  
business.  
(a) play (b) drama (c) show (d) performance

*How to agree*

- Q1 You can be absolutely sure I'm on your .....
- (a) road (b) corner (c) route (d) side
- Q2 You can ..... on me for your support.
- (a) show (b) rely (c) try (d) test
- Q3 Our views clearly ..... at this point I'm pleased to say.
- (a) convert (b) concert (c) conduct (d) coincide
- Q4 Fortunately the leader and all her members were singing from the same ..... sheet.
- (a) hymn (b) prayer (c) lyric (d) sermon
- Q5 It's good that we both have the same way of ..... at things.
- (a) seeing (b) peeping (c) looking (d) viewing
- Q6 I'm pleased to say that we speak on this matter with one .....
- (a) sound (b) tone (c) harmony (d) voice
- Q7 I certainly won't ..... any objection when you make your proposal.
- (a) rise (b) raise (c) lift (d) arise
- Q8 I'm ..... you all the way as far as that's concerned.
- (a) with (b) by (c) at (d) across
- Q9 I'm happy to ..... those sentiments and wish you every success.
- (a) encompass (b) enthuse (c) endorse (d) endure
- Q10 When it comes to the vote I'm willing to put my ..... up and support you.
- (a) head (b) chin (c) arm (d) hand

*How to apologize*

- Q1 Please ..... me for interrupting you, I didn't realize you were busy with someone else.  
(a) forget (b) forfeit (c) forbid (d) forgive
- Q2 I'm very ..... that I'm late but there is a train strike on at the moment.  
(a) sore (b) sorry (c) sorrow (d) sorrowful
- Q3 Please send my ..... to the meeting as I shan't be able to attend.  
(a) apologies (b) apologize (c) apologized (d) apologizing
- Q4 There's really no ..... for my behaviour last night. I can only think that I'd had too much to drink.  
(a) exception (b) escape (c) excuse (d) exclusion
- Q5 I know I shouldn't have made those remarks about your work and I hope you now know how deeply I ..... what I said.  
(a) review (b) regret (c) respect (d) restore
- Q6 I must ..... your pardon, I mistook you for somebody else.  
(a) bid (b) bide (c) beggar (d) beg
- Q7 If it helps to put things right, please let me take ..... everything I said earlier.  
(a) again (b) back (c) in (d) across
- Q8 Please accept this small present as my way of making ..... for all the trouble I've caused.  
(a) attempts (b) attention (c) amends (d) arrears
- Q9 All I can do now is simply beg your ..... and hope that in time we can get back to where we used to be.  
(a) interest (b) interpretation (c) inclination (d) indulgence
- Q10 In their religion as long as they ....., they will be forgiven their sins.  
(a) repent (b) restore (c) repeat (d) request

*How to ask the way*

- Q1 Am I going in the right ..... for the post office?  
(a) route (b) way (c) sign (d) direction
- Q2 Can you tell me please how I ..... to the cinema from here?  
(a) come (b) get (c) take (d) fetch
- Q3 Could you please ..... me in the direction of the motorway?  
(a) show (b) indicate (c) point (d) deliver
- Q4 I'm making for the M25 motorway — is this road the most ..... route?  
(a) straight (b) clear (c) obvious (d) direct
- Q5 Could you tell me please how ..... I am from the town centre?  
(a) near (b) far (c) close (d) away
- Q6 Can you help please because I've lost my way and ..... to get to the shops before closing time?  
(a) need (b) require (c) request (d) must
- Q7 I'm ..... for the town hall — am I anywhere near?  
(a) seeking (b) making (c) seeing (d) trying
- Q8 I took the wrong ..... at the last road junction, can you tell me how I get back on the motorway?  
(a) turn (b) turner (c) turned (d) turning
- Q9 ..... to this map I should be near the church. Is it near?  
(a) Following (b) After (c) According (d) considering
- Q10 Is this ..... for the railway station?  
(a) correct (b) clear (c) fine (d) right

*How to complain*

- Q1 I'm really not satisfied with the way you have ..... the situation.  
(a) dealt (b) handled (c) done (d) fingered
- Q2 I've really had enough of all your excuses, what I want is some .....  
(a) action (b) acting (c) acted (d) active
- Q3 You've refused to help me now for six months and so I shall now have to take the matter .....  
(a) on (b) longer (c) far (d) further
- Q4 I must ..... you do something immediately as I've been patient long enough.  
(a) persist (b) desist (c) insist (d) consist
- Q5 I now want some kind of compensation for the total ..... of service I've experienced.  
(a) lack (b) fail (c) failing (d) missing
- Q6 I'm obviously not getting anywhere with my complaint, please let me talk to someone ..... to you.  
(a) older (b) above (c) over (d) senior
- Q7 I'm very unhappy with the way I've been ..... No one seems at all interested in my case.  
(a) considered (b) treated (c) placed (d) pushed
- Q8 I believe I have very good ..... for suing your company for negligence.  
(a) lands (b) terrains (c) grounds (d) areas
- Q9 If you don't do something today, I shall be ..... to take legal action.  
(a) held (b) ordered (c) commanded (d) forced
- Q10 You're the tenth person I've been put through to and I'm on the point of losing my .....  
(a) mood (b) temper (c) state (d) feeling

*How to criticize*

- Q1 Quite honestly I didn't think ..... of the standard of acting in the play.  
(a) lot (b) few (c) little (d) much
- Q2 If you want my ..... opinion, I thought the food tasted revolting.  
(a) honoured (b) honourable (c) honest (d) honour
- Q3 To come straight to the ..... I think the management team needs replacing.  
(a) summit (b) top (c) topic (d) point
- Q4 There are several matters on which I should like to take ..... concerning your report.  
(a) outcome (b) outlook (c) issue (d) outing
- Q5 There's really no virtue in me pussy..... around because I might as well tell you it's awful.  
(a) treading (b) footing (c) walking (d) tripping
- Q6 I have a long ..... of things I think are wrong, where shall I start?  
(a) story (b) description (c) file (d) list
- Q7 I'm afraid to tell you that your standard of work has fallen well below what we think is .....  
(a) considerable (b) believable (c) acceptable (d) available
- Q8 In all honesty if I said that everything was all right, I'd simply be .....  
(a) lying (b) laying (c) loading (d) letting
- Q9 If you can't improve your level of work, I'm afraid you'll have to look ..... for another job.  
(a) anywhere (b) elsewhere (c) nowhere (d) somewhere
- Q10 I'm sick and ..... of always having to put right your mistakes.  
(a) weary (b) exhausted (c) fatigued (d) tired

*How to disagree*

- Q1 I'm sorry but I can't ..... your opinion on that.  
(a) take (b) share (c) give (d) find
- Q2 I very much regret that we must ..... company on that issue.  
(a) divide (b) devise (c) part (d) leave
- Q3 Let's be honest about it we'll never agree on that because our views are diametrically .....  
(a) apposed (b) imposed (c) supposed (d) opposed
- Q4 We'll never agree, that's clear so let's ..... to differ.  
(a) ask (b) bid (c) beg (d) try
- Q5 You can argue with me till the cows come ..... but I can't accept that.  
(a) away (b) along (c) back (d) home
- Q6 I really see no point in continuing this argument because we have no ..... ground.  
(a) basic (b) own (c) common (d) similar
- Q7 There's absolutely no way I can ..... you on that matter.  
(a) meet (b) hold (c) take (d) find
- Q8 Nothing in the world will ever make me change my ..... on that subject.  
(a) thought (b) mind (c) idea (d) heart
- Q9 I would love to meet you half way but I'm afraid I can't because with me it's a matter of .....  
(a) principal (b) principles (c) principally (d) principle
- Q10 Let's ..... it, you and I will never see eye to eye on this.  
(a) look (b) take (c) face (d) see

*How to encourage*

- Q1 Well .....! This is a very good piece of work.  
(a) made (b) done (c) finished (d) taken
- Q2 I must congratulate you on your efforts. .... it up!  
(a) Continue (b) Take (c) Keep (d) Hold
- Q3 Don't give up whatever you do. I'm sure you'll ..... it in the end.  
(a) acquire (b) get (c) put (d) make
- Q4 I'll ..... by you no matter what happens.  
(a) stand (b) keep (c) lean (d) support
- Q5 I'm sure if you ....., you'll succeed.  
(a) pursue (b) proceed (c) propel (d) persevere
- Q6 You've clearly got ..... and it's obvious that you'll get to the top.  
(a) control (b) power (c) talent (d) strength
- Q7 I've watched a lot of young people try to make a success of it, but you're the only one I really ..... in.  
(a) think (b) trust (c) hold (d) believe
- Q8 I see no ..... why you shouldn't be accepted as an employee.  
(a) cause (b) sense (c) reason (d) doubt
- Q9 Never ..... up. That's a good philosophy.  
(a) give (b) do (c) take (d) try
- Q10 You mustn't ever be ..... off by a few setbacks.  
(a) taken (b) held (c) put (d) pushed

*Online Marketing Campaign*

- Q1 She was going to discuss the matter ..... with her colleagues or her family.  
(a) but (b) yet (c) neither (d) either
- Q2 Our project team tried hard to think ..... all the possible alternatives before making a decision.  
(a) of (b) at (c) by (d) as
- Q3 Timing can be ..... crucial when you're considering launching a new online marketing campaign.  
(a) strongly (b) greatly (c) extremely (d) already
- Q4 Are you able to ..... our conditions of delivery in line with our recent invoice?  
(a) except (b) expect (c) accept (d) access
- Q5 Fortunately for us we're finding our new internet division is showing an increased .....  
(a) prophet (b) profit (c) profitably (d) profits
- Q6 Following some recent research our engineers ..... that our index system has scope for fast improvement.  
(a) fined (b) finding (c) found (d) finds
- Q7 In our line of business it is vital to host our website on our own server ..... of getting someone else to do it.  
(a) except (b) but (c) besides (d) instead
- Q8 Before you employ new staff you should carry out a ..... examination of their personal qualities and professional experience.  
(a) careful (b) caring (c) carefulness (d) carefully
- Q9 Thanks to the high standards of service we offer our customers, we have been able to establish an excellent .....  
(a) repute (b) reputable (c) reputation (d) reputedly
- Q10 An interactive website can save your organisation ..... amounts of time and money that would otherwise be spent on correspondence.  
(a) signify (b) significant (c) significance (d) signification

*Adverbially Speaking*

- Q1 They had to drive ..... up the hill because the car was very old.  
(a) easily (b) intently (c) slowly (d) fairly
- Q2 Please listen ..... because this is important.  
(a) quietly (b) quickly (c) nicely (d) carefully
- Q3 Sorry we're late but we got here as ..... as we could.  
(a) recently (b) quickly (c) well (d) nearly
- Q4 He mumbled throughout his speech so I could ..... understand a single word.  
(a) really (b) fully (c) hardly (d) hard
- Q5 I trust his judgement — he ..... makes a mistake.  
(a) never (b) always (c) quite (d) simply
- Q6 You've ..... ruined my new carpet with your filthy shoes.  
(a) rarely (b) sometimes (c) usually (d) completely
- Q7 You haven't ..... written that letter, have you?  
(a) clearly (b) truly (c) actually (d) blankly
- Q8 I have ..... told her not to do that and yet she always does.  
(a) admittedly (b) repeatedly (c) wholeheartedly (d) frankly
- Q9 It was a very long day but we ..... arrived in time for tea.  
(a) eventfully (b) unusually (c) dully (d) eventually
- Q10 He didn't want me to enter and ..... disputed my reason for being there.  
(a) hotly (b) terribly (c) horribly (d) awfully

*Letter of Complaint (1)*

- Q1 I am writing this letter to you as a sort of last ..... since all my attempts to phone you  
(a) result (b) return (c) report (d) resort
- Q2 and to try and make an ..... to meet you and discuss my problem with you have been unsuccessful.  
(a) appoint (b) appointee (c) appointment (d) appointing
- Q3 I would like to tell you the story from the ..... beginning.  
(a) simple (b) same (c) extreme (d) very
- Q4 In January this year I bought a washing machine from you for which I paid .....  
(a) cash (b) money (c) cheque (d) pounds
- Q5 and made ..... for it to be delivered to my home in Southcote on the following Tuesday.  
(a) instigations (b) arrangements (c) alterations (d) confirmations
- Q6 I stayed in all day on ..... as you had informed me that you could not be sure at what time of day the washing machine would arrive.  
(a) intention (b) regard (c) purpose (d) plan
- Q7 In the end nobody came that day. When I phoned, I was told it ..... come the following Tuesday.  
(a) will (b) shall (c) ought (d) would
- Q8 Again I stayed in all day in ..... and there was no delivery.  
(a) vain (b) fault (c) vanity (d) error
- Q9 After six more phone calls I ..... succeeded in settling on a date  
(a) eventfully (b) event (c) eventually (d) events
- Q10 and the machine came on Tuesday February 20th — almost 5 weeks after the ..... delivery date.  
(a) promising (b) promised (c) promises (d) promise

*Letter of Complaint (2)*

- Q1 I had the washing machine fitted by a ..... plumber but he was unable to make the thing work.  
(a) renowned (b) remarkable (c) reputable (d) respectable
- Q2 ..... one of the components was faulty and he recommended that I get back to you so that a replacement could be fitted.  
(a) Appearing (b) Appearance (c) Apparition (d) Apparently
- Q3 When I telephoned your store and explained the ..... to your receptionist,  
(a) criterion (b) situation (c) place (d) happening
- Q4 I was ..... with the comment, 'Oh not you again'  
(a) told (b) remarked (c) said (d) greeted
- Q5 which I found most ..... especially since throughout the protracted period of waiting for the machine  
(a) offended (b) offending (c) offensive (d) offends
- Q6 I remained calm although I believe I have every reason for ..... up a fuss.  
(a) hitting (b) kicking (c) knocking (d) striking
- Q7 I eventually got put ..... to the technical department  
(a) through (b) over (c) in (d) across
- Q8 who were most ..... hand  
(a) to (b) in (c) by (d) off
- Q9 and told me there was ..... that could be done immediately  
(a) less (b) little (c) least (d) few
- Q10 since there were a number of people ..... sick.  
(a) through (b) for (c) off (d) under

*Letter of Complaint (3)*

- Q1 We now move on to late March when I imagine that the sick employees were fully .....
- (a) restored (b) returned (c) retired (d) recovered
- Q2 and one of your technical staff came out to see me with the intention of replacing the ..... part.
- (a) defective (b) deficient (c) defining (d) defeating
- Q3 Unfortunately he had ..... the wrong part with him
- (a) delivered (b) fetched (c) brought (d) picked
- Q4 and was very ..... as to when he would be able to find the right part and get it back to me.
- (a) unable (b) unsure (c) unskilled (d) untrained
- Q5 Another visit took ..... in late April but the engineer, although he had got the right part with him, was unable to make the washing machine work.
- (a) position (b) spot (c) time (d) place
- Q6 It was at this stage that I was seriously considering getting ..... of the machine
- (a) rid (b) riddance (c) hold (d) loose
- Q7 and asking for a .....
- (a) repeat (b) refund (c) replace (d) return
- Q8 When I ..... this matter with one of your staff
- (a) rose (b) risen (c) arose (d) raised
- Q9 I was informed that this was out of the .....
- (a) problem (b) concern (c) question (d) hand
- Q10 and they would send someone in the '..... future'.
- (a) near (b) next (c) soon (d) coming

*Letter of Complaint (4)*

- Q1 At the beginning of May I decided that the only course of action was to ..... a visit to your store  
(a) charge (b) settle (c) pay (d) owe
- Q2 and meet you face to face so that the matter could be settled once and for .....  
(a) everything (b) now (c) then (d) all
- Q3 ..... I should have checked first since when I reached the shop I was led to believe that you were out for the day.  
(a) Admittedly (b) Admitting (c) Confessing (d) Allowing
- Q4 Throughout this time of course I have been without the ..... of a washing machine  
(a) faculty (b) facility (c) ability (d) control
- Q5 and have had to use the local .....  
(a) launder (b) laundering (c) launderette (d) launderer
- Q6 From the end of May until August I have been away on business and was surprised that ..... that period  
(a) while (b) attending (c) from (d) during
- Q7 no effort has been made to write to me and keep me ..... to date.  
(a) on (b) up (c) in (d) over
- Q8 Since returning in September I have made at least a dozen phone calls and quite frankly I have reached the end of my .....  
(a) tether (b) line (c) string (d) cord
- Q9 and must ..... that you do something immediately to put the matter right.  
(a) persist (b) resist (c) insist (d) desist
- Q10 If I do not hear from you by the end of this week I shall be forced to ..... legal advice.  
(a) search (b) find (c) look (d) seek

*Retirement Plans*

- Q1 When Dad turned 50 we gave him a(n) .....-the-hill party.  
(a) after (b) top-of (c) under (d) over
- Q2 Young workers should begin ..... now in preparation for retirement.  
(a) investing (b) anticipating (c) funding (d) spending
- Q3 ....., we have more than enough volunteers for the job.  
(a) Serious (b) Thankful (c) Fortunately (d) Scrumptiously
- Q4 He threw away the yogurt because it was ..... of date.  
(a) past (b) terrible (c) more (d) out
- Q5 Talk to your insurance agency about the ..... your plan provides.  
(a) coverage (b) information (c) premium (d) equity
- Q6 Consumers are constantly ..... with pleas to buy products that they 'can't live without'.  
(a) bombed (b) bombarded (c) bombarding (d) bombards
- Q7 She is very ..... in everything she does.  
(a) cultivate (b) engagement (c) inspire (d) meticulous
- Q8 Gas prices are at an all-time .....
- (a) interest (b) high (c) expensive (d) rise
- Q9 Analysts said the acquisition would ..... earnings.  
(a) boost (b) gain (c) range (d) rise
- Q10 Fire code regulations ..... that fire extinguishers be placed strategically throughout the building.  
(a) renounce (b) refrain (c) recall (d) require

*Daily Business Activities*

- Q1 My ..... went very well. I think I will get the job.  
(a) interview (b) interstate (c) invitation (d) inspection
- Q2 She likes your ..... of writing.  
(a) jester (b) paper (c) test (d) style
- Q3 There is a water ..... in the hallway next to the bathroom.  
(a) tube (b) spout (c) hole (d) fountain
- Q4 This report is ..... next week.  
(a) give (b) due (c) expect (d) date
- Q5 I cannot print the flyers because the ..... is out of paper.  
(a) printer (b) impression (c) vending (d) impersonator
- Q6 We normally serve five hundred ..... every day.  
(a) customs (b) customers (c) consumers (d) commuters
- Q7 At the annual picnic we will be ..... hotdogs and chicken.  
(a) serving (b) picketing (c) holding (d) rendering
- Q8 From time ..... time the inspector comes to make sure that everything meets health standards.  
(a) in (b) and (c) to (d) for
- Q9 The bigger they are the harder they .....  
(a) cry (b) hit (c) drop (d) fall
- Q10 Do you keep your files in your desk .....?  
(a) envelope (b) drawer (c) pocket (d) leg

**Faxes**

- Q1 Our fax machine is .....; could you please mail us a copy instead?  
(a) under (b) over (c) down (d) downward
- Q2 Did you receive the fax I ..... you this morning?  
(a) mailed (b) sent (c) e-mailed (d) gave
- Q3 I did not receive your fax. Are you sure you ..... the right number?  
(a) typed (b) pushed (c) touched (d) dialed
- Q4 The ..... should note who the fax is to, who it is from, the fax number, the number of pages and what the fax is regarding.  
(a) cover sheet (b) item page (c) message page (d) blank sheet
- Q5 Load all documents to be faxed ..... up in the fax tray.  
(a) face (b) top (c) head (d) foot
- Q6 Always write a short ..... to explain what the fax is for and who it should go to.  
(a) memory (b) memo (c) observation (d) announcement
- Q7 I prefer e-mail ..... fax machines because it is so much less complicated.  
(a) instead (b) than (c) to (d) of
- Q8 I would rather just send e-mails ..... because it is easier.  
(a) from now after (b) from now and forward  
(c) from now and later (d) from now on
- Q9 If you want to submit a document that contains a ....., a fax might be better than an e-mail.  
(a) sign (b) signature (c) handwriting (d) signet
- Q10 Push the start button to send the fax, then watch to make sure the paper ..... through right and does not get crumpled up.  
(a) slides (b) moves (c) feeds (d) passes

*Placing an order via phone*

- Q1 Receptionist 1: Thank you for calling ABC Inc., this is Mary. How may I ..... your call?  
(a) send (b) drive (c) pass (d) direct
- Q2 Phil: Could you ..... to accounting, please?  
(a) put me through (b) put me on (c) put me out (d) put me in
- Q3 Receptionist 1: One ....., please.  
(a) instant (b) jiffy (c) flash (d) moment
- Q4 Receptionist 2: Thank you for calling Friendly Neighbors! ..... can I help you today?  
(a) Who (b) Why (c) What (d) How
- Q5 Fred: May I ..... with the supervisor of international affairs please?  
(a) talk (b) speak (c) chat (d) holler
- Q6 Receptionist 2: I'm sorry, sir, he's unavailable right now. Would you like me to ..... you to his voicemail?  
(a) shift (b) relocate (c) transfer (d) pass
- Q7 Fred: No thank you. I'll ..... again later.  
(a) be (b) try (c) come (d) attempt
- Q8 To-go specialist: Thank you for calling Motzeralla's 'To-go'. ..... Amy. How can I help you?  
(a) I am (b) Here is (c) My name is (d) This is
- Q9 Nick: I'd like to ..... a to-go order.  
(a) make (b) do (c) place (d) deliver
- Q10 To-go specialist: What can I ..... for you today, sir?  
(a) get (b) buy (c) make (d) order

*'Will' and 'Living Will'*

- Q1 A ..... will is a legal document that informs the doctor of what care you would like to receive in specific situations.  
(a) legal (b) dying (c) living (d) final
- Q2 A(n) ..... is a legal declaration that states how people want their belongings to be disposed of after their death.  
(a) will (b) living will (c) estate insurance (d) contract
- Q3 Because there is always ..... between "will" and "living will", many states have adopted the names "health care directive" or "advanced health care directive" for "living will".  
(a) mistakes (b) confusion (c) tidiness (d) lucidity
- Q4 ..... planning is the general planning of an individual's wealth, along with the arrangements for his will and taxes after his death.  
(a) Life (b) Will (c) State (d) Estate
- Q5 Neither will or living will can be replaced by the other. A(n) ..... estate plan will contain both of these documents.  
(a) incomplete (b) thorough (c) deficient (d) inadequate
- Q6 When people want secure health protection, they get ..... insurance. This will assure them proper medical care when they need treatment for an illness or preservation of their mental or physical well-being.  
(a) mortgage (b) obituary (c) health (d) retirement
- Q7 If you don't have a will and you die, your estate will be ..... according to a strict legal formula that may cause a troublesome dispute over your belongings.  
(a) disposed (b) accumulated (c) displaced (d) disarranged
- Q8 Although some do, it is not advisable for couples to write ..... wills for two reasons: it is only effective after both spouses die, and it cannot be changed when one of them is dead.  
(a) joint (b) separate (c) single (d) widowed
- Q9 It is necessary for two witnesses who are not ..... of the will to be present when an individual signs his will.  
(a) relatives (b) donors (c) predecessors (d) beneficiaries
- Q10 For a will to be properly ..... it must be signed.  
(a) unfulfilled (b) executed (c) sketchy (d) read

*Ways of commenting*

- Q1 If you want my honest opinion, I thought the play was .....
- (a) litter (b) dust (c) waste (d) rubbish
- Q2 It was quite a good film but I thought the characters were a bit like .....
- (a) paper (b) cardboard (c) plastic (d) material
- Q3 It's quite a nice car but there was not very much ..... in the back.
- (a) area (b) limit (c) room (d) fullness
- Q4 She's pleasant enough but not very pretty. In fact I'd say she was rather .....
- (a) plain (b) straight (c) simple (d) casual
- Q5 The first time you see the view you can't believe it. It almost takes your breath .....
- (a) out (b) over (c) under (d) away
- Q6 I sat through the concert feeling really bored and sleepy and had to stop myself from ..... several times.
- (a) gaping (b) yawning (c) stretching (d) crying
- Q7 It was one of the most embarrassing moments of my life and I just wanted the ground to ..... up and swallow me.
- (a) ease (b) throe (c) open (d) crack
- Q8 In my opinion no one in their right mind would ever go and pay to see a play ..... that.
- (a) as (b) same (c) more (d) like
- Q9 The room was good, the bed was comfortable and the service was excellent but the hotel food left a lot to be .....
- (a) required (b) desired (c) demanded (d) included
- Q10 To be perfectly honest with you I think that this is the best test I've ever taken in my entire .....
- (a) life (b) days (c) duration (d) stay

*Ways of disapproving*

- Q1 There is no way that I can agree to you ..... early today.  
(a) submitting (b) renouncing (c) leaving (d) departing
- Q2 I must object and make it clear that I am totally ..... any measures that suggest changes to the original scheme.  
(a) up (b) without (c) against (d) off
- Q3 He has the ..... of always rejecting any idea that will change the current arrangements.  
(a) habit (b) custom (c) task (d) job
- Q4 I cannot condone that sort of ..... in my establishment and would ask you to remember that in future.  
(a) routine (b) manners (c) going (d) behaviour
- Q5 I have no choice really but to turn ..... your recent proposal because it is completely unworkable.  
(a) off (b) over (c) down (d) across
- Q6 They can't possibly go ..... with your suggestions because it will involve too much expenditure.  
(a) over (b) along (c) in (d) above
- Q7 Quite honestly I'd have to be out of my ..... to sanction what is a crazy proposition.  
(a) sense (b) balance (c) thought (d) mind
- Q8 When her father discovered that his daughter wanted to marry a pop singer, he decided to put every ..... in their way to prevent the marriage.  
(a) obstacle (b) burden (c) impediment (d) problem
- Q9 He told me there was definitely no ..... that I would pass my examination until I did some work.  
(a) occasion (b) chance (c) opportunity (d) time
- Q10 You could tell by the ..... he refused to smile that he didn't like the story.  
(a) method (b) plan (c) way (d) path

*Ways of greeting*

- Q1 Great to see you again. I haven't seen you ..... ages.  
(a) by (b) from (c) of (d) for
- Q2 Welcome to our house. Come in and make yourself .....  
(a) comfortable (b) easy (c) relaxing (d) comforting
- Q3 How do you do? I don't think we've met .....  
(a) after (b) since (c) then (d) before
- Q4 Hi Mary. Where have you been ..... yourself all this time?  
(a) discovering (b) hiding (c) finding (d) looking
- Q5 Good morning, sir. I hope you will have an enjoyable ..... in our hotel.  
(a) stay (b) halt (c) stop (d) sojourn
- Q6 Good evening to you all. Let me find you a(n) ..... near the window.  
(a) corner (b) angle (c) table (d) part
- Q7 How are you, David? I must ..... you're looking very well.  
(a) declare (b) recite (c) state (d) admit
- Q8 Hello there. I just don't believe it. You haven't changed a ..... since we last met.  
(a) bit (b) piece (c) little (d) section
- Q9 Ah, you must be Mary's husband. Do come in and ..... everyone.  
(a) see (b) look (c) find (d) meet
- Q10 Here you are at last! I hope your ..... here wasn't too horrible.  
(a) travel (b) journey (c) trip (d) voyage

*Ways of saying goodbye*

- Q1 I'm afraid it's ..... we left.  
(a) occasion (b) time (c) opportunity (d) hour
- Q2 If you don't ....., I think we'll be cutting along.  
(a) care (b) think (c) believe (d) mind
- Q3 I'll be seeing you then in due .....
- (a) path (b) direction (c) course (d) route
- Q4 Well, as they say all good things come to an .....
- (a) end (b) conclusion (c) finale (d) finality
- Q5 Thank you so much for ..... us you must come to us next time.  
(a) taking (b) getting (c) making (d) having
- Q6 Good bye then and ..... me to all your family.  
(a) remind (b) remember (c) recall (d) repeat
- Q7 If we don't leave now I'm afraid we'll ..... the last train.  
(a) forget (b) fail (c) miss (d) turn
- Q8 It's been great meeting up again and we mustn't ..... it so long next time.  
(a) leave (b) take (c) wait (d) lose
- Q9 Looks ..... we ought to be going really as it's got so late.  
(a) as (b) like (c) when (d) for
- Q10 Well, there's ..... for it but simply to wish you well and say goodbye.  
(a) something (b) everything (c) anything (d) nothing

*Ways of approving*

- Q1 I'm quite happy to support you in your ..... for a loan.  
(a) subscription (b) indication (c) application (d) abdication
- Q2 I must admit I think your idea is well ..... considering.  
(a) valuable (b) worthy (c) value (d) worth
- Q3 I shall certainly recommend your ..... for improving safety in the work place.  
(a) proposal (b) preference (c) preferment (d) proponent
- Q4 You can ..... on me for support when the next election comes up.  
(a) number (b) count (c) account (d) detail
- Q5 I would ..... like to endorse your scheme for saving water.  
(a) full heartedly (b) open heartedly (c) wholeheartedly (d) complete heartedly
- Q6 The local council has approved the plans for ..... their house.  
(a) developing (b) lengthening (c) widening (d) extending
- Q7 You can ..... on me to support you when the matter is discussed at the next meeting.  
(a) rely (b) trust (c) believe (d) follow
- Q8 His choice of a new wife ..... with his parents' approval.  
(a) struck (b) met (c) hit (d) fell
- Q9 They all promised they would stand ..... him when he put forward the idea of a strike.  
(a) on (b) to (c) by (d) through
- Q10 The meeting unanimously supported the chairman when he suggested that they ..... the meeting.  
(a) shut (b) finalise (c) stop (d) close

*Ways of showing pleasure*

- Q1 Now that's what I call absolutely .....
- (a) perfect                      (b) finished                      (c) completed                      (d) ended
- Q2 You couldn't have made that drink better if you'd .....
- (a) tested                      (b) trailed                      (c) required                      (d) tried
- Q3 What a delightful ..... those flowers give off when you touch them.
- (a) bloom                      (b) colour                      (c) scent                      (d) smell
- Q4 Words just ..... me when I try to say how happy I am.
- (a) fail                      (b) miss                      (c) pass                      (d) fool
- Q5 I can ..... say that I don't think I've ever enjoyed myself so much before.
- (a) surely                      (b) safely                      (c) clearly                      (d) notably
- Q6 There's really nothing like it, is there, when you find you've ..... all the answers to the test right?
- (a) found                      (b) seen                      (c) acquired                      (d) got
- Q7 The only problem with your cooking is that the more I eat, the more I want ..... more.
- (a) any                      (b) all                      (c) some                      (d) no
- Q8 I must be ..... because it's all too good to be true.
- (a) thinking                      (b) dreaming                      (c) sleeping                      (d) dozing
- Q9 Just let me try one more of your delicious chocolates and then I'll ..... not to take any more.
- (a) promise                      (b) assure                      (c) confirm                      (d) affirm
- Q10 It's absolute ..... here. I think I'll stay at this hotel one more week.
- (a) clarity                      (b) certainty                      (c) bliss                      (d) fortune

*Ways of showing anger*

- Q1 I've had just as much as I can ..... from you.  
(a) find (b) lean (c) stomach (d) point
- Q2 You do that again and I'll ..... your head off.  
(a) consume (b) devour (c) munch (d) bite
- Q3 I'm sorry but I can't take any more. I'm afraid I've reached ..... point.  
(a) screaming (b) crying (c) howling (d) shouting
- Q4 You just ..... touch that piece of paper and I'll kill you.  
(a) attempt (b) dare (c) try (d) endeavour
- Q5 How many more times do I have to ..... it to you, stupid?  
(a) restrain (b) render (c) repeat (d) resign
- Q6 I know you find this highly amusing but to me it's no ..... matter.  
(a) chortling (b) chuckling (c) grinning (d) laughing
- Q7 I'm warning you. I can take just that much and ..... more.  
(a) any (b) no (c) some (d) enough
- Q8 Everybody just get ..... of my way and leave me alone.  
(a) out (b) off (c) with (d) over
- Q9 Not another word from either of you. That's .....  
(a) conclusive (b) final (c) ending (d) concluded
- Q10 Right. I'm leaving. You can do whatever you like. I couldn't care .....  
(a) more (b) lesser (c) least (d) less

*Ways of thanking*

- Q1 Words can't possibly ..... how grateful I am for what you have done.  
(a) detail (b) delineate (c) underline (d) express
- Q2 Thank you so much for helping me. I really ..... it.  
(a) accept (b) agree (c) appreciate (d) deserve
- Q3 A thousand thanks for all your hard work. I shall never ..... it.  
(a) forego (b) forget (c) foretell (d) forbid
- Q4 They showed their great gratitude by sending us a large ..... of money.  
(a) sum (b) packet (c) box (d) bundle
- Q5 Thank you for all you've done from the ..... of my heart.  
(a) base (b) foundation (c) end (d) bottom
- Q6 I'm sending this bunch of flowers as a small ..... of my thanks and appreciation.  
(a) piece (b) token (c) counter (d) emblem
- Q7 How can I ..... thank you enough for all you've done?  
(a) entirely (b) probably (c) possibly (d) exactly
- Q8 On the watch they gave him were the words: ..... gratitude for 40 years loyal service.  
(a) at (b) of (c) by (d) in
- Q9 It's very difficult for children to ..... their gratitude for what their parents have done for them.  
(a) show (b) initiate (c) enclose (d) refer
- Q10 Look upon this as a ..... of thank you present for all your endeavours on our behalf.  
(a) type (b) sort (c) sign (d) species

*Ways of threatening*

- Q1 If I've ..... you once, I've done it a hundred times. Don't do it!  
(a) spoken (b) said (c) told (d) mentioned
- Q2 I'll give you just one more ..... and after that, you'll be in real trouble.  
(a) go (b) occasion (c) time (d) chance
- Q3 I'm telling you loud and ..... that you really must get it right this time.  
(a) bright (b) clear (c) simple (d) obvious
- Q4 She told him that if his manners didn't ....., he would be sent home.  
(a) approve (b) disprove (c) disapprove (d) improve
- Q5 He agreed because he said it was like having a gun held to his .....  
(a) nose (b) eye (c) head (d) foot
- Q6 I'll lend you money for the very last time because after that you're on your .....  
(a) own (b) self (c) side (d) back
- Q7 I can't tell you how lucky you've been this time but just ..... till next time.  
(a) attend (b) wait (c) expect (d) delay
- Q8 I'm prepared to ..... your mistake on this occasion but I can't ever do it again.  
(a) oversee (b) overtake (c) overhear (d) overlook
- Q9 If you leave me now, you don't ..... to come back.  
(a) need (b) require (c) demand (d) order
- Q10 Let me put it simply one more incident like that and you're out on your .....!  
(a) eye (b) nose (c) ear (d) head

*How to make exclamations*

- Q1 What a wonderful day to see the mountains .....!  
(a) off (b) by (c) on (d) in
- Q2 How stupid can I get! I ..... my keys in the door overnight.  
(a) forgot (b) deserted (c) traced (d) left
- Q3 For goodness sake stop ..... about the weather! It'll stop raining soon.  
(a) criticizing (b) telling (c) complaining (d) calling
- Q4 What on earth are you talking about? I can't make head or ..... of it.  
(a) tail (b) end (c) finish (d) part
- Q5 How nice of you to come all this ..... just to wish me a happy birthday.  
(a) path (b) journey (c) route (d) way
- Q6 What a disaster! I don't believe anything else could go ..... now.  
(a) off (b) wrong (c) incorrect (d) false
- Q7 Wow! You've certainly made a good ..... of decorating this room.  
(a) job (b) work (c) task (d) duty
- Q8 Well blow me down! I just can't believe I've actually ..... my exam.  
(a) succeeded (b) passed (c) caught (d) tackled
- Q9 You could have knocked me down with a feather! You mean to say he's ..... cleaned my car.  
(a) certainly (b) surely (c) naturally (d) actually
- Q10 I'll go to the foot of my stairs! It must be at ..... 20 years since we last met.  
(a) last (b) length (c) least (d) end

*Ways of agreeing*

- Q1 I'm certainly ..... you on that.  
(a) on (b) with (c) by (d) to
- Q2 I'm of a ..... mind on that, too.  
(a) same (b) identical (c) parallel (d) like
- Q3 Yes, we definitely see eye ..... eye on that one.  
(a) for (b) over (c) to (d) of
- Q4 In that respect we are of ..... mind on that.  
(a) one (b) single (c) target (d) absolute
- Q5 I can't ..... with that.  
(a) question (b) talk (c) speak (d) argue
- Q6 Let's ..... on that.  
(a) control (b) shake (c) handle (d) wave
- Q7 There's only one word I can use now to show my agreement and that's — .....  
(a) follow (b) execute (c) deal (d) hold
- Q8 I'll ..... that in writing to show my acceptance.  
(a) confirm (b) establish (c) ground (d) found
- Q9 There's absolutely no doubt ..... that you're right.  
(a) howsoever (b) whatsoever (c) whosoever (d) whichever
- Q10 The ..... seem eminently suitable to me.  
(a) tendencies (b) actualities (c) events (d) terms

*Ways of disagreeing*

- Q1 I'll have to ..... company with you there, I'm afraid.  
(a) separate (b) divide (c) part (d) leave
- Q2 There's no way I can ..... that.  
(a) incline (b) consume (c) indicate (d) accept
- Q3 We'll have to agree to ..... over that.  
(a) differ (b) differentiate (c) deny (d) decide
- Q4 Don't even think about it! I can't possibly take that on .....
- (a) deck (b) place (c) board (d) position
- Q5 No matter how ..... you are, I won't change my mind.  
(a) perceptive (b) perverse (c) pernicious (d) persuasive
- Q6 You can't talk until the ..... come home. I won't accept that scheme.  
(a) dogs (b) cows (c) cats (d) hens
- Q7 Sorry the subject is now .....
- (a) closed (b) locked (c) done (d) completed
- Q8 I regret I have no choice but to reject the plan out of .....
- (a) power (b) court (c) hand (d) grip
- Q9 No matter how much you object, I am ..... I am right and you're wrong.  
(a) convicted (b) convinced (c) conducted (d) concerned
- Q10 You might as well admit it! You haven't a ..... to stand on.  
(a) foot (b) arm (c) hand (d) leg

*Expressions and phrases about money*

- Q1 My grandfather keeps all his money in a ..... under his bed.  
(a) cash dispenser            (b) cash machine            (c) cash box            (d) cashier
- Q2 What's the ..... of India?  
(a) coin            (b) cash            (c) currency            (d) money
- Q3 The president stated in the press conference that the ..... situation was very serious.  
(a) economical            (b) economy            (c) economic            (d) economist
- Q4 I like horse racing, but I never ..... any money. I think gambling is stupid.  
(a) bet            (b) win            (c) lose            (d) earn
- Q5 There's a ..... at the bank if you need some money.  
(a) credit card            (b) cheque            (c) cash machine            (d) currency
- Q6 Alan's parents must be ..... They've just bought him a new car.  
(a) penniless            (b) wealthy            (c) millionaire            (d) bankrupt
- Q7 As my uncle's a(n) ....., he helps me manage my finances.  
(a) actuary            (b) underwriter            (c) accountant            (d) millionaire
- Q8 When my grandfather died, I discovered that he had left me some money in his .....  
(a) savings            (b) credit card            (c) will            (d) cash machine
- Q9 At the end of each month, my employer pays my ..... into the bank.  
(a) savings            (b) funds            (c) salary            (d) finances
- Q10 I'm ..... at the moment. Can you lend me ten pounds until the weekend?  
(a) bankrupt            (b) broke            (c) ruined            (d) insolvent

*Poverty in the US: living standards expressions*

- Q1 Poverty is a relative measure that depends on prices, the standard of living, and the ..... that others earn.  
(a) amounts (b) incomes (c) monies (d) pays
- Q2 Poverty is a major problem in America, and one that is extremely difficult to .....  
(a) decide (b) resolve (c) determine (d) restore
- Q3 Families and individuals are defined as living in ..... if their incomes fall below certain levels.  
(a) poor (b) poverty (c) scarcity (d) dearth
- Q4 Poverty in the United States is more ..... than most people realize.  
(a) wide (b) ample (c) broad (d) extensive
- Q5 One reason for the continued high poverty numbers is the growing gap in the ..... of income.  
(a) distribution (b) exchange (c) transmission (d) movement
- Q6 Weekly ..... tend to be lower for people employed in service industries.  
(a) pay cuts (b) paychecks (c) payoffs (d) paycards
- Q7 During the 1990s, salaries for highly skilled employees ....., while wages for those who are less skilled remained about the same.  
(a) soared (b) flew (c) skimmed (d) took to the air
- Q8 The decline of unions means that lower skilled workers have to work ..... for less pay.  
(a) somewhere (b) everywhere (c) elsewhere (d) nowhere
- Q9 The shift from two-parent families to single-parent families and other non-family arrangements tends to ..... average family income.  
(a) slighter (b) smaller (c) lesser (d) lower
- Q10 According to recent ....., nearly 35 million Americans live in poverty.  
(a) quantities (b) statistics (c) numerals (d) amounts

*Dressing expressions*

- Q1 We choose to wear different outfits for different occasions, putting on jumpers and scarves when it is cold and ..... smartly for formal events.  
(a) dressing down                      (b) dressing gown                      (c) dressing up                      (d) dressing room
- Q2 To French people, the American idea of ..... looks like a homeless person who just finished his annual trip to the laundromat.  
(a) dressing down                      (b) dressing up                      (c) dressing gown                      (d) dressing room
- Q3 The New York Islanders' ..... sustained severe damage when a sewage pipe burst at Nassau Coliseum.  
(a) dressing gown                      (b) dressing up                      (c) dressing table                      (d) dressing room
- Q4 My mother put on her ..... and made herself some coffee.  
(a) dressing up                      (b) dressing down                      (c) dressing gown                      (d) dressing room
- Q5 I've witnessed an employee screaming at her manager in a store, another worker stomping out of a restaurant, and a boss ..... an employee in a public place.  
(a) dressing up                      (b) dressing down                      (c) dressing gown                      (d) dressing room
- Q6 The ..... is approximately 4 feet wide by 6 feet deep, and has a full length mirror attached to the inside of the door.  
(a) dressing gown                      (b) dressing table                      (c) dressing room                      (d) dressing down
- Q7 The door opened a few inches to reveal a beautiful woman wearing a red .....  
(a) dressing room                      (b) dressing down                      (c) dressing gown                      (d) dressing up
- Q8 ..... for work doesn't make you more productive on the job — but it does make you look and act more professional, and it upgrades your image in the eyes of others.  
(a) Dressing down                      (b) Dressing gown                      (c) Dressing up                      (d) Dressing room
- Q9 The Intelligent Dressing ..... can scan your measurements and display on a projection screen how a particular item of clothing will look on you.  
(a) Room                      (b) Table                      (c) Gown                      (d) Down
- Q10 The Presidential suite features a combined sleeping/living area with two king-sized beds, a wardrobe and ..... , a bathroom with separate shower, and floor-to-ceiling doors that open onto a private balcony.  
(a) dressing gown                      (b) dressing table                      (c) dressing up                      (d) dressing down

*Retail Sales Phrases*

- Q1 Which of the following persons does not work at a shop? .....
- (a) A cashier                      (b) A shop-assistant                      (c) A window shopper                      (d) A sales clerk
- Q2 Which of the following phrases is not a good way to greet a customer? .....
- (a) Hi, what's going on today?                      (b) Good afternoon, sir. May I help you?  
(c) Good morning. What would you like, ma'am?                      (d) Good morning. What can I do for you, ma'am?
- Q3 Customer: "Excuse me. Could you tell me where the coffee is?" Sales clerk: "Certainly, it's in the next aisle opposite ..... the bread."
- (a) at                      (b) to                      (c) from                      (d) (none)
- Q4 Customer: "Good morning. I need some tissues." Sales clerk: "Of course, how ..... packets would you like?"
- (a) many                      (b) lots of                      (c) much                      (d) plenty of
- Q5 If you think this is too big, we have a ..... size too.
- (a) lesser                      (b) bigger                      (c) smaller                      (d) larger
- Q6 You will find meat and sausages ..... next door.
- (a) by the butcher's                      (b) at the butcher's                      (c) for the butcher's                      (d) in the baker's
- Q7 Which of the following phrases should NOT be used to say that a product is not available at the moment? .....
- (a) I'm afraid it's currently out of stock.                      (b) We don't have this.  
(c) We can re-order it for you.                      (d) I'm sorry. It's not available right now.
- Q8 Customer: "Excuse me. When do you close today?" Sales clerk: "We close ..... 10 o'clock."
- (a) for                      (b) to                      (c) at                      (d) on
- Q9 Would you like to pay cash or ..... credit card?
- (a) by                      (b) on                      (c) to                      (d) for
- Q10 Thank you, here is your change and your .....
- (a) recipe                      (b) receipt                      (c) recheck                      (d) recline

*Code of Practice*

- Q1 The company had its own code of ..... in these matters.  
(a) behaviour (b) practice (c) dealing (d) attitude
- Q2 This is a ..... example of what not to do.  
(a) critical (b) pure (c) simple (d) prime
- Q3 Plans have already been drawn ..... to deal with such situations.  
(a) over (b) through (c) up (d) into
- Q4 Thousands of ..... are already signing up for this new telephone service.  
(a) individuals (b) subscribers (c) applicants (d) interviewees
- Q5 Job losses are mainly in the ..... sectors of the industry.  
(a) blue-collar (b) red-collar (c) stiff-collar (d) high-collar
- Q6 The circular will contain ..... financial information to help investors.  
(a) key (b) obvious (c) intelligent (d) noted
- Q7 The report is ..... to show better than expected results.  
(a) necessary (b) possibly (c) clearly (d) likely
- Q8 So many of these animals have been shot over the years that they are now classed as ..... species.  
(a) dangerous (b) endangered (c) unwanted (d) limited
- Q9 Some people are ..... to learn a foreign language.  
(a) unaccustomed (b) shy (c) reluctant (d) inhibited
- Q10 It was a big ..... for her to give up her acting career to look after her family.  
(a) trial (b) sacrifice (c) endeavour (d) test

*Spin Doctors*

- Q1 Most of the money ..... was donated to charity.  
(a) raised (b) gathered (c) risen (d) found
- Q2 They are showing a ..... of a 1930's musical at the Theatre Royal.  
(a) resurrection (b) revival (c) retake (d) repeat
- Q3 When they had both retired, they ..... in a small village by the sea.  
(a) stop (b) trial (c) stopped (d) settled
- Q4 The students at this university are ..... in blocks of flats on the campus.  
(a) housed (b) domiciled (c) resident (d) placed
- Q5 I have no wish to have any ..... with a firm like that.  
(a) openings (b) handling (c) dealings (d) contacts
- Q6 Voters find it difficult to believe politicians because the latter use so many ..... doctors.  
(a) twist (b) spin (c) turn (d) spinning
- Q7 We are told there will be little economic ..... this year.  
(a) progress (b) forwards (c) movements (d) progression
- Q8 Unfortunately she has been given an ..... task.  
(a) insurmountable (b) undeveloped (c) inoperable (d) unsolved
- Q9 It is essential to have air ..... in your car when you drive in a hot climate.  
(a) control (b) blowing (c) conditioning (d) cooling
- Q10 Manufacturers are bringing ..... a new range of computers this year.  
(a) up (b) out (c) through (d) across

*Credit Card Holders*

- Q1 The stock market has hit new ..... this year.  
(a) lows (b) bottoms (c) depths (d) ends
- Q2 The government has decided to hold an ..... into the latest financial scandal.  
(a) examination (b) enquiry (c) evaluation (d) interpretation
- Q3 The animal rights organisation has ..... a new campaign to make people aware of cruelty to animals.  
(a) launched (b) pursued (c) offered (d) ejected
- Q4 I was totally ..... of the increased taxes.  
(a) unknowing (b) unclear (c) incredulous (d) unaware
- Q5 The price of petrol has ..... again.  
(a) raised (b) risen (c) escalated (d) ascended
- Q6 The ordinary person is again being asked to ..... to pay for dental treatment.  
(a) stump up (b) throw up (c) cheer up (d) bring up
- Q7 This car is intended for the ..... market only.  
(a) internal (b) external (c) export (d) outside
- Q8 Credit card holders struggle very hard to ..... the amount they owe.  
(a) reduce (b) deduct (c) curtail (d) shorten
- Q9 This charity was set up to ..... money for the poor.  
(a) collect (b) gather (c) assemble (d) convene
- Q10 Everything ..... all right in the end.  
(a) happened (b) occurred (c) turned up (d) turned out

*Job Interview*

- Q1 Tell us something about your ..... in the engineering industry?  
(a) foreground (b) background (c) knowledge (d) history
- Q2 I see from your ..... form that you have had three different jobs in the last 5 years.  
(a) apply (b) applying (c) applied (d) application
- Q3 What sort of ..... of time would you stay with us if we offered you the job?  
(a) span (b) duration (c) period (d) long
- Q4 Describe how you would describe ..... in five years' time.  
(a) you (b) your (c) yours (d) yourself
- Q5 Give us some idea of what you believe are your ..... and weaknesses.  
(a) strength (b) strengths (c) force (d) forces
- Q6 As this is a managerial post, we must ask you how you deal with bad ..... keeping or unpunctuality in an employee.  
(a) house (b) space (c) time (d) record
- Q7 Imagine one of your staff loses her temper and shouts at you in front of others, how would you ..... with this?  
(a) take (b) do (c) handle (d) deal
- Q8 What would you say to a member of your staff who always ..... his work in late?  
(a) delivered (b) handed (c) produced (d) completed
- Q9 I should explain that we would naturally ..... any previous holiday arrangements you have made.  
(a) believe (b) show (c) decide (d) honour
- Q10 Finally now that we've asked you several questions, do you want to ..... any to us?  
(a) place (b) put (c) offer (d) consider

*Business*

- Q1 I was pleased to receive your response to my proposal but there are one or two points that need .....
- (a) notification                      (b) certification                      (c) clarification                      (d) signification
- Q2 A report has just been ..... that gives details of the causes of this trend towards informality in the business sector.
- (a) published                      (b) directed                      (c) opened                      (d) held
- Q3 According to the ..... in the report it is clear that employees under the age of 35 prefer to dress casually at work.
- (a) seeking                      (b) searching                      (c) findings                      (d) probing
- Q4 Thirty years ago this kind of informality would not have been .....
- (a) withheld                      (b) endured                      (c) suffered                      (d) tolerated
- Q5 All employees are kindly requested to ..... from smoking in the presence of customers.
- (a) stop                      (b) restrain                      (c) refrain                      (d) restrict
- Q6 The meeting went on for three hours and as a result there was no time left to discuss all the topics on the .....
- (a) list                      (b) index                      (c) contents                      (d) agenda
- Q7 There's really no point in hoping to add important topics right at the end of the meeting under the heading of any other .....
- (a) business                      (b) work                      (c) activity                      (d) tasks
- Q8 The chairman was obliged to bring the meeting to a ..... because a fire broke out in the adjoining room.
- (a) cessation                      (b) standstill                      (c) stopping                      (d) halt
- Q9 It is absolutely essential that the clerk takes care to ..... any decisions that have been reached during the meeting.
- (a) time                      (b) minute                      (c) detail                      (d) measure
- Q10 As so few members had turned up at the meeting, it was decided to ..... it until further notice.
- (a) delay                      (b) wait                      (c) postpone                      (d) hold

*Finance (1)*

- Q1 The one big fear of all world economies is that of .....
- (a) regression                      (b) repression                      (c) recession                      (d) receding
- Q2 You are never too young to start ..... some money in a savings account.
- (a) inputting                      (b) interesting                      (c) infusing                      (d) investing
- Q3 If ever you find you have an unexpected expense, you can always ..... some money from your savings.
- (a) extract                      (b) exit                      (c) withhold                      (d) withdraw
- Q4 At certain times of the year your shares will ..... a good profit but you must also be prepared for them to go down in value.
- (a) yield                      (b) take up                      (c) increase                      (d) throw up
- Q5 You can ..... the cost of insuring your car if you keep it in a garage.
- (a) refine                      (b) drop                      (c) cut                      (d) slice
- Q6 We got a very good ..... when we bought that three piece suite for half its usual price.
- (a) deal                      (b) dealing                      (c) dealer                      (d) dealt
- Q7 Now that the summer has started, big department stores are hoping that sales of holiday items will .....
- (a) take on                      (b) take up                      (c) take off                      (d) take to
- Q8 The two companies have decided to ..... because they believe that their combined resources will produce greater profits.
- (a) merge                      (b) double                      (c) mix                      (d) blend
- Q9 When someone dies and their ..... reach a certain figure, their family has to pay an additional tax.
- (a) profits                      (b) wealth                      (c) assets                      (d) products
- Q10 The loan you have taken out is for a ..... term, which in your case is 5 years.
- (a) steady                      (b) fixed                      (c) long                      (d) exact

*Finance (2)*

- Q1 When you go to an auction and you want to buy a particular item, you can simply make a ..... for it.  
(a) try (b) test (c) go (d) bid
- Q2 The larger company did not really want to join with the smaller one because it was more interested in a .....  
(a) turn over (b) turn up (c) overtaker (d) takeover
- Q3 ..... on the stockmarket just before Christmas is usually very slow.  
(a) Working (b) Trading (c) Pricing (d) Adding
- Q4 This sport centre has largely been ..... by money that has come from the national lottery.  
(a) founded (b) found (c) fined (d) funded
- Q5 The reason for the ..... in the economy is because there is a great deal of uncertainty at the moment.  
(a) slowness (b) slowly (c) slowdown (d) slow
- Q6 The ..... in the market was seen as a positive sign that the recession was over.  
(a) upturn (b) upstart (c) uptake (d) upward
- Q7 The ..... books for manufacturers of small cars are now full following the rise in petrol.  
(a) exercise (b) order (c) place (d) trade
- Q8 The future of his job was at ..... when he made the decision to invest in new machinery.  
(a) steak (b) state (c) stake (d) stress
- Q9 After their house had been ....., they decided to sell it and buy a bigger one.  
(a) valued (b) priced (c) cost (d) prized
- Q10 Fifty people were made ..... when the company suffered a severe financial shock.  
(a) useless (b) unwanted (c) unneeded (d) redundant

*Finance (3)*

- Q1 If you cannot get a job and remain ..... for a long period, you can claim some money from the state.  
(a) unengaged (b) unattached (c) unemployed (d) unused
- Q2 The great thing about this guarantee is that there is never any doubt and there is no ..... about getting your money back.  
(a) squabble (b) argument (c) quibble (d) quarrel
- Q3 There is a substantial ..... between the money you have available and the amount you need to spend.  
(a) shortdrop (b) shortfall (c) shutdown (d) shortslide
- Q4 When you retire, you should get a pension and a ..... sum from your employers.  
(a) lump (b) block (c) pile (d) heap
- Q5 ..... are people who put money into a business in the hope of making a profit.  
(a) Spenders (b) Borrowers (c) Lenders (d) Investors
- Q6 When you take out a large loan over many years, you don't start paying off the ..... for some time.  
(a) main (b) chief (c) capital (d) bulk
- Q7 We will make no ..... for the catalogue, which you can take with our compliments.  
(a) cost (b) debt (c) charge (d) payment
- Q8 It may seem a long way into the future but in the end you will get some ..... from your investment.  
(a) produce (b) benefit (c) products (d) price
- Q9 There is still an outstanding ..... on that account, which must be paid in 30 days.  
(a) balance (b) scale (c) difference (d) cost
- Q10 Interest ..... are at their lowest level since the 1950's.  
(a) figures (b) rates (c) numbers (d) standards

*Money*

- Q1 It's useful when you go to an auction if you're ready with cash in .....
- (a) pocket (b) purse (c) case (d) hand
- Q2 I prefer to deal in ..... cash rather than cheques.
- (a) solid (b) hard (c) real (d) actual
- Q3 Every office has a certain amount of ..... cash to pay for things like tea, coffee or stamps.
- (a) small (b) little (c) tiny (d) petty
- Q4 At the moment we are experiencing some cash ..... problems because little money is coming in.
- (a) fly (b) stream (c) flow (d) run
- Q5 At the casino you can cash ..... your chips at the desk.
- (a) off (b) out (c) up (d) in
- Q6 Whatever she does, she just can't help ..... money.
- (a) doing (b) making (c) massing (d) creating
- Q7 There doesn't seem to be anyone working really hard for the business and yet they all seem to earn ..... money.
- (a) facile (b) simple (c) easy (d) quick
- Q8 If you don't want to use a cheque or postal order, you can always use a money .....
- (a) order (b) command (c) instruction (d) directive
- Q9 That new invention has been very successful and has proved to be a money ..... for its creator.
- (a) driver (b) worker (c) spinner (d) turner
- Q10 This machine is obviously useless and if I were you I'd get your money .....
- (a) back (b) again (c) return (d) up

*Advertising*

- Q1 In order to make a sensible ..... among the different vacuum cleaners available, it is important to do some research.  
(a) comparing (b) comparison (c) compares (d) comparative
- Q2 The local department store has to make a sustained effort at this time of the year to ..... customer demand for summer clothing.  
(a) satisfy (b) satisfaction (c) satisfies (d) satisfying
- Q3 A good team leader must be able to ..... his colleagues to face the challenge of a downturn in business.  
(a) inspiring (b) inspiration (c) inspires (d) inspire
- Q4 The ..... trend in children's desire to wear designer label clothes should be exploited.  
(a) currant (b) current (c) occuring (d) occured
- Q5 You have to ..... the public that it is in their own interest to read the instructions on all our medicines.  
(a) convict (b) conviction (c) convince (d) convincing
- Q6 In order to survive in this business you must adopt a ..... stance.  
(a) competition (b) competing (c) competitor (d) competitive
- Q7 The ..... of alcohol is not allowed in any of the company's premises in order to present a clean image.  
(a) consumer (b) consumption (c) consuming (d) consumes
- Q8 When you are setting out to ..... new customers in an advertisement, choose the right words.  
(a) attraction (b) attractive (c) attract (d) attracts
- Q9 The really effective television commercial is the one that ..... you of its authenticity.  
(a) persuades (b) persuasion (c) persuasive (d) persuading
- Q10 I can strongly recommend this ..... as the best available on the market today.  
(a) producer (b) product (c) production (d) produce

*At the Shops*

- Q1 We got there early so that we could get the best ..... in the sale before anyone else.  
(a) objects (b) products (c) bargains (d) offerings
- Q2 If you ..... with me, I'll go and see whether we have that in your size.  
(a) hold (b) stay (c) bear (d) wait
- Q3 The trouble with these huge superstores is that they don't have enough ..... to deal with customers at busy times.  
(a) barriers (b) sales points (c) exits (d) checkouts
- Q4 It started off as a small street corner shop over 30 years ago but it has now ..... into a massive department store.  
(a) expanded (b) extended (c) explored (d) enlarged
- Q5 Take a good look at the receipt when you leave so that you can see that all the ..... have been listed.  
(a) proceeds (b) items (c) products (d) produce
- Q6 Whenever I go to the old part of a city, I like to ..... all the shops selling antiques.  
(a) examine (b) search (c) check (d) explore
- Q7 Are you aware of the latest ..... in children's clothing?  
(a) tendency (b) trend (c) custom (d) habit
- Q8 They're quite ..... in their policy of not giving refunds without a receipt in this store.  
(a) severe (b) strong (c) strict (d) hard
- Q9 They have a ..... restriction in the shop with regard to the number of items of clothing that you can try on at one time.  
(a) legal (b) reasonable (c) required (d) mandatory
- Q10 The extent of the ..... available in this one store is more than you can possibly imagine.  
(a) merchandise (b) objects (c) produce (d) articles

*At the Computer*

- Q1 Without the right software I'm afraid you can't ..... that particular program.  
(a) reach (b) access (c) obtain (d) find
- Q2 The aim of the office manager is to ..... enough room on the building plans so that each employee can have space for a personal computer.  
(a) arrange (b) accord (c) allocate (d) organize
- Q3 Remember that before you leave your workstation, always ..... your computer.  
(a) shut out (b) shut up (c) shut in (d) shut down
- Q4 It's quite easy if you want to find folders and files on the computer, all you do is click here and it immediately starts .....  
(a) seeking (b) searching (c) looking (d) checking
- Q5 I have tried and tried again and again and no matter what I do it still shows "error" — I just can't ..... what's wrong.  
(a) look out (b) check out (c) figure out (d) bring out
- Q6 I spent hours writing that report and checking all the information was correct and then without thinking I pressed the ..... button.  
(a) 'destroy' (b) 'delete' (c) 'deface' (d) 'deny'
- Q7 It's a really clever piece of software because it enables you to ..... on your screen all the information in columns.  
(a) illustrate (b) depict (c) display (d) delineate
- Q8 Unfortunately this program is not ..... with the operating system on my computer.  
(a) amicable (b) compatible (c) adaptable (d) amenable
- Q9 When you see that particular symbol on the screen, you have to take that as a ..... that something is wrong.  
(a) indicating (b) checking (c) briefing (d) warning
- Q10 With this program you can always check your spelling and grammar and if you don't want to accept what it shows, you simply press .....  
(a) 'ignore' (b) 'quit' (c) 'leave' (d) 'forget'

*Money Matters (1)*

- Q1 Even after their recent heavy expenses, they still found there was a healthy ..... in their bank account.  
(a) rest (b) remainder (c) balance (d) basis
- Q2 As the builder wanted cash for the work he had done, she had to go to the bank personally to ..... the money herself.  
(a) take off (b) take out (c) take over (d) take in
- Q3 It was considered a very good time to apply for a ..... to buy the house because interest rates were very low.  
(a) pledge (b) promise (c) mortgage (d) borrowing
- Q4 Before they could borrow a large sum of money to buy the house, they had to make sure they had enough money to be able to make a ..... payment.  
(a) down (b) through (c) low (d) base
- Q5 All the ..... you make on your internet account are recorded so that you can check the details at any time.  
(a) movements (b) deals (c) activities (d) transactions
- Q6 I'm afraid this cheque will be of no value until you have put your ..... on it.  
(a) signature (b) signs (c) signing (d) signed
- Q7 The bank refused to ..... the money order because the customer had no proof of identity.  
(a) receive (b) take (c) accept (d) enter
- Q8 Under the rules laid down by the bank there is a ..... on the amount of money you can get out from a cash machine in any one day.  
(a) limiting (b) restriction (c) restricting (d) limitation
- Q9 The bank clerk at the counter did not know the customer and in view of the large amount of money involved was naturally ..... about paying out the sum on the cheque.  
(a) concerned (b) careful (c) conscious (d) cautious
- Q10 The bank will simply not let you ..... any money unless you can prove that you have been in regular employment for at least three years.  
(a) lend (b) loan (c) borrow (d) remove

*Money Matters (2)*

- Q1 Good ..... procedures are very important if you want to run a business profitably and successfully.  
(a) accounted (b) accounting (c) accounts (d) accountants
- Q2 The company fell heavily into ..... when it took on too many customers and offered them all cheap warranties.  
(a) debt (b) debts (c) owing (d) owes
- Q3 Once you have built up your company, you must remember to keep in touch with your original .....  
(a) people (b) contributors (c) clients (d) members
- Q4 Each department within the organisation is given a ..... within which it has to remain for the whole year.  
(a) sum (b) money (c) dividend (d) budget
- Q5 When the time came to close the business down, its entire ..... had to be calculated so that the creditors could be paid off.  
(a) earnings (b) assets (c) accumulation (d) asset
- Q6 The manager called in her chief clerk because she could not ..... the figures on the monthly spreadsheet.  
(a) acquaint (b) resolve (c) reconcile (d) recognize
- Q7 Every year the college finance officer did not look forward to the visit from the government official who came to ..... the accounts.  
(a) order (b) regulate (c) control (d) audit
- Q8 It was a great relief to Charlie when he realized that he had come to the end of his agreement with the bank and there was only one ..... payment left.  
(a) extraordinary (b) upstanding (c) outstanding (d) standing
- Q9 The building society sent a letter to all its savers and ..... that there would be a reduction in the interest rate.  
(a) lenders (b) borrowers (c) loans (d) takers
- Q10 Shortly after the couple had bought their first house, they saw the number of bills ..... rapidly.  
(a) accentuate (b) aggravate (c) accumulate (d) access

*Money Matters (3)*

- Q1 The representative of the financial consultants assured her that the policy of the firm was that of complete .....
- (a) destiny (b) devotion (c) commitment (d) attention
- Q2 There is no need to worry about the money side of the project because ..... are available from the charity sponsoring us.
- (a) foundations (b) funds (c) findings (d) finds
- Q3 The present finance minister has adopted a very ..... approach towards change and always follows a very cautious policy.
- (a) concerned (b) considering (c) concerning (d) conservative
- Q4 As all advisers always do, she stressed that investing in this particular market had to be considered as a ..... commitment over at least 10 years.
- (a) elongated (b) lengthy (c) long-term (d) longing
- Q5 The best way to develop an income for the future is to invest in a series of companies and in that way to build up a .....
- (a) suitcase (b) portfolio (c) folder (d) briefcase
- Q6 I strongly recommend investing in these shares because you will get a very good ..... after only a few years.
- (a) reward (b) reprise (c) return (d) response
- Q7 The question is whether it is ..... to sell up all your shares at this stage rather than wait to see how the market is next year.
- (a) wisdom (b) wise (c) wisely (d) wisest
- Q8 There is no question that the most important ..... in that company is its youthful enthusiasm.
- (a) resort (b) resorted (c) resource (d) resorting
- Q9 If you want to make a good job of selling shares to the public, you must have an element of ..... in your approach.
- (a) attacking (b) aggression (c) fighting (d) invasion
- Q10 It's a personal matter whether you choose stock from this company or from that because in the end it's an ..... of mind.
- (a) advance (b) approach (c) attitude (d) angle

*Money Matters (4)*

- Q1 There is one date you mustn't forget and that's the ..... for sending in details of your earnings to the tax office.  
(a) headline (b) deadline (c) mainline (d) offline
- Q2 If you are self-employed, you must make sure that you ..... the form indicating how much you have earned.  
(a) fill up (b) fill through (c) fill out (d) fill on
- Q3 If the department agrees that you have paid too much tax in the year, you will receive a ..... in due course.  
(a) return (b) reply (c) response (d) refund
- Q4 Each month when you receive your pay, the employer ..... a certain amount to pay towards your pension.  
(a) withholds (b) withstands (c) withdraws (d) without
- Q5 When you take out a loan, you have to pay interest on the amount you .....
- (a) own (b) lend (c) owe (d) take
- Q6 In the tax office there will be a ..... that holds all the documents and papers connected with you.  
(a) file (b) box (c) book (d) container
- Q7 There is quite a heavy financial ..... attached to any action that involves late payment of taxes.  
(a) punishment (b) pain (c) restriction (d) penalty
- Q8 Under the new regulations you can agree yourself to ..... the tax you have to pay on the income over the previous year.  
(a) figure (b) calculate (c) add (d) amount
- Q9 As the couple had a ..... account, the money to pay the mortgage was taken from there.  
(a) joint (b) united (c) unified (d) joined
- Q10 You can decide, if you so wish, to ..... your right to take your pension at an earlier date.  
(a) give in (b) give up (c) give out (d) give off

*Quality Control*

- Q1 The reason why I always buy my clothes at this store is because all the ..... they sell are of very high quality.  
(a) types (b) species (c) brands (d) standards
- Q2 Before these articles leave the factory to be forwarded to the retailer, each one is thoroughly .....  
(a) seen (b) looked at (c) appraised (d) inspected
- Q3 The advantages of working for this company is that all employees ..... themselves as a member of the team.  
(a) believe (b) think (c) perceive (d) hold
- Q4 If for any reason customers do not like the item they have bought, they always ..... and get a refund.  
(a) hold it back (b) take it back (c) keep it back (d) give it back
- Q5 The great thing about this particular material is that however much you screw it up, it never .....  
(a) wrinkles (b) twists (c) turns (d) folds
- Q6 The company insists that all their products are ..... in respect of their quality, specification and look.  
(a) actual (b) identity (c) typical (d) uniform
- Q7 This is the department for children's clothes and each ..... is marked with the recommended age range.  
(a) cloth (b) garment (c) clothing (d) clothe
- Q8 The sole purpose of this jacket is to ..... water and if you wear it in the rain and still get wet, it's useless.  
(a) reject (b) repulse (c) repel (d) return
- Q9 The whole look of the shop front is ..... by the introduction of bright colours.  
(a) engrossed (b) enlarged (c) enveloped (d) enhanced
- Q10 These pots are being sold as seconds because each one has a slight ..... in the glaze.  
(a) defect (b) mistake (c) error (d) faulting

*Product Improvement*

- Q1 Before the product is put on the market, the company must ..... whether it complies with safety standards.  
(a) ask (b) calculate (c) ascertain (d) argue
- Q2 It is absolutely essential to do some thorough ..... before you even think of putting a new product on the market.  
(a) revision (b) research (c) repeat (d) return
- Q3 You have a ..... to the public to ensure your toy products are suitable for children to play with.  
(a) responsibility (b) concern (c) attitude (d) behaviour
- Q4 The company is busy trying to ..... the problems arising from the sudden drop in sales of their cosmetic products.  
(a) answer (b) solve (c) discover (d) dissolve
- Q5 The job of the ..... of this particular section is to train the members to deal politely with any complaints from the public.  
(a) controller (b) organizer (c) supervisor (d) governor
- Q6 Inspiration has its place in any form of product development but at the same time you also need to adopt some kind of ..... approach.  
(a) systematic (b) thematic (c) automatic (d) emblematic
- Q7 A ..... approach to new ideas is to be welcomed but you do need a strong element of imagination as well.  
(a) physical (b) fundamental (c) judgmental (d) logical
- Q8 Since 1993 or if you like within the last ....., there have been many products that have failed because of poor marketing.  
(a) period (b) decade (c) scale (d) time
- Q9 We would definitely like to ..... the proposal you have presented to us with a view to including it in our current range of products.  
(a) discover (b) uncover (c) examine (d) reflect
- Q10 As we have enough money in our present budget, we are happy to launch this new product in the nature of an .....  
(a) enterprise (b) experiment (c) undertaking (d) exception

*Employment and Training*

- Q1 We're paying for a stand at the new industrial exhibition with a view to ..... interest among potential employees in our company.  
(a) generalizing (b) generating (c) germinating (d) gesticulating
- Q2 For the first three months of your employment with the firm you will be under the care of a .....  
(a) minor (b) monitor (c) mender (d) mentor
- Q3 Although she was very tempted to accept the job she was offered, she had to ..... the offer because the salary would have been insufficient.  
(a) return (b) reject (c) refuse (d) repeat
- Q4 A university education is of course important but it is essential that all employees undergo a period of intensive .....  
(a) preparation (b) concentration (c) training (d) learning
- Q5 A newsletter is sent out every ten days to all the staff so that they receive a regular ..... on recent appointments.  
(a) update (b) dating (c) dates (d) dated
- Q6 Part of the ongoing training is to ensure that a regular time and place are ..... for department heads to meet their staff.  
(a) placed by (b) put on (c) set up (d) set off
- Q7 The head of department acknowledged that the ..... of the section was largely due to high quality support staff.  
(a) success (b) progress (c) business (d) future
- Q8 The pace of change in that industry is so fast that staff find it hard to ..... the latest developments.  
(a) hold on to (b) keep on to (c) hold up with (d) keep up with
- Q9 It is the policy of the company to ..... all interviews for new recruits with a member of the trade union present.  
(a) control (b) conduct (c) convene (d) confirm
- Q10 In view of the excessive workload you have at the moment I won't expect you to keep ..... during the next few days.  
(a) on line (b) on road (c) on track (d) on path

*Agreements*

- Q1 The contract was signed by the three partners who thus agreed to ..... by terms and conditions contained in it.  
(a) follow (b) adhere (c) abide (d) stick
- Q2 There was nothing in the contract that ..... who would be responsible in the event that one of the partners became seriously ill.  
(a) pointed (b) specified (c) printed (d) developed
- Q3 An independent adviser was called in after the collapse of the company to ..... some of the issues that were not clear.  
(a) result (b) retake (c) restrain (d) resolve
- Q4 One of the ..... mentioned in the original agreement has decided that she does not want to continue with the profit-sharing scheme.  
(a) partakers (b) participants (c) particles (d) parties
- Q5 In view of the serious problems associated with the takeover the newspaper company has decided to ..... its offer of financial help.  
(a) throw (b) reject (c) cancel (d) deter
- Q6 The main problem was that the newly formed organisation was not attracting enough work and so they decided to ..... the services of a public relations expert.  
(a) call (b) engage (c) enter (d) register
- Q7 That company has been in business for over 100 years and in fact was ..... in 1899.  
(a) grounded (b) established (c) found (d) invented
- Q8 After the complaint had been received from the customer about poor service, she was given a written ..... that the matter would be put right.  
(a) paper (b) insurance (c) assurance (d) conviction
- Q9 They were very careful to make sure in the original agreement that ..... would be made to pay for staff redundancies.  
(a) foresight (b) forecast (c) providing (d) provision
- Q10 We decided to employ a solicitor who would be able to ..... the extent of our liability in this matter.  
(a) decipher (b) decide (c) defer (d) determine

*Super Supermarkets*

- Q1 If you ask someone for their ..... on supermarkets as opposed to the small corner shop, you will get varying replies.  
(a) standing (b) stand (c) stance (d) status
- Q2 The first question you have to ask is who are the customers that they are each trying to .....  
(a) target (b) hit (c) aim (d) deliver
- Q3 When you tell the inhabitants of a small village that the little local store is going to close, many will express .....  
(a) dispute (b) disdain (c) dislike (d) dismay
- Q4 There will naturally be ..... in the various sections of the community as to the benefits or disadvantages of losing the little store.  
(a) cuts (b) splits (c) slices (d) pieces
- Q5 Of course we all get ..... with endless leaflets through the door telling us of bargains at the local supermarket.  
(a) plagued (b) attacked (c) stormed (d) bothered
- Q6 Big discussions take place in the area as to whether a supermarket will come to the area and waiting for the outcome can be quite ..... for the small shop owner.  
(a) nerve killing (b) nerve hurting (c) nerve racking (d) nerve splitting
- Q7 Inquiries are held which seem to go on forever and you only wish that the procedure could be .....  
(a) speeded through (b) speeded along (c) speeded up (d) speeded in
- Q8 Protest meetings are held but invariably they end in a ..... because they are not organized properly.  
(a) disgrace (b) shambles (c) chaos (d) fall
- Q9 Then the final result is announced that there is to be a ..... between EASISHOP and GOSHOP, which will then become a super supermarket.  
(a) joiner (b) combine (c) link (d) merger
- Q10 The confused customer is now in a terrible ..... because in the old days there was just one brand of butter to buy and now there is a choice of 24.  
(a) distress (b) disturb (c) dilemma (d) disturbance

*Are You in Debt?*

- Q1 Going on a spending ..... with your credit card and no concern about how you pay back the money you borrow, is a growing habit these days.  
(a) burst (b) spree (c) flight (d) day
- Q2 There is a popular demand for the system that allows credit companies to offer unlimited credit to young people to be .....  
(a) overhauled (b) overseen (c) overlooked (d) overtaken
- Q3 It has been ..... by a government agency that the percentage of under 25 year olds owing large sums to companies is on the increase.  
(a) distinguished (b) deciphered (c) dissolved (d) disclosed
- Q4 One director of a major credit company has already been forced to ..... because of the bad publicity his company has attracted.  
(a) step over (b) step through (c) step down (d) step out
- Q5 One solution that has been suggested to control credit is to ..... the regulations to make it more difficult to get credit in the first place.  
(a) step under (b) step up (c) step by (d) step across
- Q6 The main problem is that a debt ..... has developed recently believing that it is cool to owe large sums of money.  
(a) cultivation (b) cult (c) cultivate (d) culture
- Q7 Recent reports have ..... that being in debt is not now looked upon as a disgrace but rather as an attractive way of life.  
(a) revealed (b) restored (c) replied (d) responded
- Q8 In reality it's a very long ..... to get from owing to paying off all your debts.  
(a) hail (b) halt (c) haul (d) help
- Q9 There are frequently ..... in the family home between parents and children about whether you should enter into credit agreements.  
(a) collisions (b) clashes (c) claims (d) crashes
- Q10 What concerns people most are the mounting ..... among governments that it will take at least a generation for us to be rid of excessive debt.  
(a) frights (b) fearful (c) fears (d) afraid

*Guarantees and Warranties*

- Q1 If you go to an unauthorized garage to have your car serviced, the ..... is that your warranty will be invalid.  
(a) consequence (b) conduct (c) convenience (d) consideration
- Q2 The guarantee, as I understood it, ..... that everything was covered.  
(a) inferred (b) implied (c) imputed (d) involved
- Q3 I regret to inform you that as your guarantee ..... last week, we can't help you.  
(a) died (b) deceased (c) expired (d) extinguished
- Q4 A warranty is to be looked on as a sort of ..... between the manufacturer and you.  
(a) privilege (b) practice (c) printout (d) promise
- Q5 Sometimes people don't bother about guarantees because the ..... of the manufacturer is enough for them.  
(a) repute (b) reputed (c) reputedly (d) reputation
- Q6 Certain warranties ..... the purchaser to have the item serviced at regular intervals.  
(a) remand (b) repeat (c) require (d) retain
- Q7 You will find that such warranties are not worth buying because the cover provided is ..... not worth the extra expense.  
(a) famously (b) frequently (c) fervently (d) freely
- Q8 This kind of legislation is in existence to ..... the customer from worthless warranties.  
(a) provide (b) protect (c) please (d) pacify
- Q9 You sometimes have to ..... very seriously whether to buy a second hand car which has no guarantee.  
(a) consider (b) contend (c) contain (d) convince
- Q10 Sometimes you get a one year warranty, a two year one or even a six month one — they all .....  
(a) various (b) variable (c) variety (d) vary

*At the Office (1)*

- Q1 Concern was expressed by the office manager that the company would buy an ..... financial package.  
(a) agreeable (b) affordable (c) absolute (d) actual
- Q2 The main ..... of stationery for the office suddenly announced there would be an overall increase in their prices.  
(a) provision (b) producer (c) provisional (d) provider
- Q3 The chief administrative officer disliked lack of attention to detail and insisted that such mistakes should never .....  
(a) recur (b) repeat (c) retake (d) refer
- Q4 Once again the company has had to make a ..... in the number of office staff to try and recoup their losses.  
(a) reducing (b) reduction (c) reduce (d) reduces
- Q5 The ..... of zip discs in the office is running dangerously low.  
(a) share (b) state (c) stock (d) selection
- Q6 If the managers want to stay employed, they will have to learn how to stay on ..... of their jobs.  
(a) summit (b) top (c) head (d) line
- Q7 It's not worth paying for an annual service when you can simply call the supplier on an as-..... basis.  
(a) needed (b) noted (c) called (d) told
- Q8 The new office manager will be in ..... of all the IT requirements that the company uses.  
(a) use (b) mind (c) case (d) charge
- Q9 Currently there is a shortage of clerical staff but it is hoped that by the end of the year they will be up to full .....  
(a) capability (b) capacity (c) control (d) capable
- Q10 Staff are always encouraged to work by themselves and whenever they meet a problem, they should use their own .....  
(a) initiative (b) interest (c) involvement (d) initial

*At the Office (2)*

- Q1 On her retirement she was given a substantial cheque in ..... of all the work she had done over the last 20 years.  
(a) respect (b) thought (c) appreciation (d) belief
- Q2 Having attended the office procedures course all employees were expected to ..... what they had learned and introduce it into their daily routine.  
(a) reinforce (b) respond (c) react (d) resource
- Q3 Visiting clients had commented on the casual dress ..... of most of the clerical staff.  
(a) manner (b) method (c) feature (d) code
- Q4 The ..... of staff doing physical exercises before the start of the day is well established in Japanese companies.  
(a) practical (b) practicality (c) practice (d) practically
- Q5 There is a lengthy procedure used in this office for staff who have produced shoddy work and it begins with a ..... warning.  
(a) wordy (b) verbal (c) worded (d) verbose
- Q6 There was no fixed agenda for that particular day as it was to be regarded simply as a ..... meeting.  
(a) possible (b) probable (c) unplanned (d) casual
- Q7 At the interview all the candidates were shown round the building but could only really catch a ..... of the sort of work being carried out.  
(a) look (b) view (c) glimpse (d) picture
- Q8 They really need to keep a check on the stationery supplies as they've run ..... A4 paper once again.  
(a) in to (b) up for (c) out of (d) up to
- Q9 Managers prefer to select people who have been ..... to many different types of office environments.  
(a) devoted (b) exposed (c) opened (d) experienced
- Q10 A troubleshooter was brought into the office from another firm to get rid of some very ..... procedures.  
(a) outdated (b) completed (c) finished (d) ended

*Legal Expressions*

- Q1 If you drive faster than the stated speed limit, you are simply ..... the law.  
(a) turning (b) snapping (c) holding (d) breaking
- Q2 However angry you may get at what someone has done to you, the police always advise you not to take the law into your own .....  
(a) fingers (b) hands (c) mind (d) control
- Q3 In London in any underground station it is ..... the law to smoke.  
(a) by (b) for (c) through (d) against
- Q4 Even if you think you may have got away with a crime, in most cases the long ..... of the law will catch you.  
(a) arm (b) feel (c) stretch (d) reach
- Q5 In that particular industry everyone has to look after themselves because the law of the ..... rules.  
(a) animals (b) zoo (c) jungle (d) forest
- Q6 They have no respect for modern conventions and do exactly what they want — they are a law ..... themselves.  
(a) unto (b) into (c) outside (d) across
- Q7 Her parents are very strict and frequently ..... down the law about the way she behaves.  
(a) lie (b) lies (c) lay (d) lays
- Q8 Although technically his judgement was not according to the ..... of the law, most people thought the judge was right to let the man go free.  
(a) print (b) number (c) point (d) letter
- Q9 I get the impression sometimes that she thinks she can never do anything wrong almost as if she is ..... the law.  
(a) above (b) over (c) superior (d) higher
- Q10 All governments want people to live in peace and comfort and so they try to promote a sense of law and .....  
(a) ease (b) order (c) correct (d) structure

*Invoices*

- Q1 There is an additional ..... added to the price of the product if you want to have it delivered to your house.  
(a) figure (b) charge (c) number (d) charging
- Q2 You should have read the ..... of payment as soon as you received the invoice for the goods.  
(a) reasons (b) types (c) lists (d) terms
- Q3 In order to cut down the expenses of compiling and sending out the invoices, you need to employ an ..... administrator.  
(a) officious (b) effecting (c) efficient (d) affected
- Q4 It's always a good idea to get an ..... of what the cost of the work will be before the invoice lands on your doormat.  
(a) interest (b) estimate (c) esteem (d) actual
- Q5 I do like to get a ..... reply to my letters especially when they are referring to the amount of money I'm supposed to be paying.  
(a) prompt (b) private (c) promoted (d) prominent
- Q6 Just as we were about to leave the restaurant, the waiter came running up to apologize there had been a ..... in the bill.  
(a) error (b) trip (c) mistake (d) damage
- Q7 The company were very quick to point out it was their fault we had been sent the wrong invoice and they ..... it immediately.  
(a) correct (b) rectified (c) stamped (d) righted
- Q8 In view of our previous orders over the last year we were offered a 10% ..... on any future dealings.  
(a) discord (b) dispute (c) dislike (d) discount
- Q9 He appreciated the additional welcome and help he received from the department store staff as he had after all been a longstanding .....  
(a) customer (b) courier (c) courtier (d) custom
- Q10 She got quite angry about the size of the invoice until it was pointed out that it was the government who ..... the value added tax.  
(a) insisted (b) imposed (c) inserted (d) indented

**Taxes**

- Q1 If you are self-employed, it is your responsibility to ..... how much tax you should legally pay.  
(a) consider (b) complete (c) correct (d) calculate
- Q2 I had a letter from the office of the Collector of Taxes telling me that I had to pay back all the money I ..... over the last 3 years.  
(a) due (b) indebted (c) owed (d) owned
- Q3 The arrangement they have is that all the money that has to be paid in tax out of their earnings comes from their ..... account.  
(a) joined (b) conjoined (c) joined up (d) joint
- Q4 Under the current legislation if you are late in paying your taxes, then you have to face a financial .....  
(a) penalty (b) punishment (c) pain (d) penalize
- Q5 He is in a terrible rush to complete his tax returns by Tuesday otherwise he won't be able to reach the .....  
(a) dead end (b) deadline (c) dead date (d) dead stop
- Q6 It doesn't happen very often but I actually got some money from the tax office and with the ..... I'm going to treat myself.  
(a) remake (b) repeat (c) refund (d) respite
- Q7 Before you can claim any money back on overpayment of tax, you have to ..... an application form.  
(a) fill for (b) fill out (c) fill through (d) fill with
- Q8 You can elect, if you want, to transfer your tax free allowance to your .....  
(a) spouse (b) sponsor (c) spook (d) spokesperson
- Q9 Until it's clearly established which tax group you are in, your employer will be asked to ..... a certain amount of your pay.  
(a) withstand (b) without (c) withhold (d) withal
- Q10 There have been so many queries about his tax situation that there is now a huge ..... containing the details in the office.  
(a) full (b) filled (c) filling (d) file

*Finance*

- Q1 It's a gamble at the moment whether the company will make profit in its second year but that nevertheless is the ..... aim.  
(a) wanted (b) wished (c) desired (d) needed
- Q2 Each year the Chancellor of the Exchequer stands up in the House of Commons and gives a ..... of what is seen as the economic outlook for the country.  
(a) forecast (b) foretell (c) foresee (d) forego
- Q3 I think that your financial optimism is not really justified and you should adopt a more ..... attitude.  
(a) really (b) realize (c) reality (d) realistic
- Q4 If you want to increase sales of a particular product, you must be sure that you are ..... the right customers.  
(a) aiming (b) directing (c) targeting (d) guiding
- Q5 The idea caught on very quickly and people were queuing up to buy the goods so that year the company's investment ..... substantial profits.  
(a) confirmed (b) yielded (c) harvested (d) maintained
- Q6 ..... it has not been a bad year as our costs are well down on last year's.  
(a) Overall (b) Largely (c) Mainly (d) Quite
- Q7 Managers complained bitterly at the Annual General Meeting that ..... of production had dropped to an all time low.  
(a) signs (b) indications (c) types (d) levels
- Q8 You have to accept that this kind of expenditure is quite ..... in an enterprise of this kind.  
(a) general (b) typical (c) formal (d) correct
- Q9 The figures that have just been published by the company's accountants will give management some kind of ..... on how sales are going.  
(a) prospective (b) perception (c) perusal (d) perspective
- Q10 Whenever a member of staff makes a claim for travel expenses, they have to provide a ..... account of their journeys.  
(a) detailed (b) dedicated (c) descriptive (d) described

*Interviews and Jobs*

- Q1 One of the most important qualities which the panel is looking for in a candidate is the ..... to work with others.  
(a) ease (b) case (c) power (d) ability
- Q2 Once the applications have been looked at the usual procedure for the panel is to follow ..... the references of those candidates who have been shortlisted.  
(a) across (b) in (c) up (d) along
- Q3 They were so impressed with the way she reacted to their questions that they didn't ..... to offer her the job.  
(a) delay (b) hesitate (c) waiver (d) dither
- Q4 As this job was of a very specialist nature an ..... was invited to join the interview panel.  
(a) expert (b) exponent (c) exhibitor (d) expedient
- Q5 After the interview one of the candidates ..... phoned the office to see whether he had been successful.  
(a) always (b) ever (c) constantly (d) competently
- Q6 She was in such a state of extreme nervousness when she was ..... for the interview that she burst into tears.  
(a) called on (b) called in (c) called over (d) called off
- Q7 From the point of view of relevant ..... she was the ideal candidate at least on paper.  
(a) reference (b) history (c) family (d) background
- Q8 It is absolutely essential in an interview to give the impression at least that you are full of .....  
(a) concern (b) continuity (c) confidence (d) confirmation
- Q9 One of the most popular questions asked of interviewees is to explain their strengths and .....  
(a) weaknesses (b) varieties (c) virtues (d) variables
- Q10 Each candidate was asked to ..... a short account of how they saw the future of the company.  
(a) display (b) present (c) show (d) demonstrate

*Working Well*

- Q1 The boss was appointed in the hope that she would be able to ..... results.  
(a) find (b) seek (c) achieve (d) manage
- Q2 In the very beginning she had a meeting with all the staff, which turned out to be extremely .....  
(a) productive (b) producing (c) produced (d) production
- Q3 Although many people wanted to remain ..... to her predecessor, they soon started to respect her style of management.  
(a) trusting (b) believing (c) attached (d) loyal
- Q4 At the first series of interviews the question was whether to appoint a newcomer or ..... a current employee.  
(a) project (b) promote (c) proffer (d) protect
- Q5 The decision was finally taken that appointments should be based purely and simply on .....  
(a) marvel (b) mandate (c) merit (d) mastery
- Q6 There was a new spirit in the company and for the first time in ages staff at last felt they were being .....  
(a) valued (b) valuable (c) valuing (d) valid
- Q7 Employees were beginning to receive ..... for the hard work that they had been doing.  
(a) respect (b) referral (c) recognized (d) recognition
- Q8 It soon became apparent that under the new management people were also starting to ..... some of their free time to the company.  
(a) donate (b) deliver (c) contribute (d) convert
- Q9 Some of the longest serving staff actually looked ..... to coming into work.  
(a) on (b) about (c) through (d) forward
- Q10 At the end of her first year it was ..... to everyone that as the new boss she had been totally accepted.  
(a) obvious (b) granted (c) taken (d) thought

*Pay and Allowances*

- Q1 On the ..... of her ten years' service she immediately qualified for the extended annual leave of six weeks.  
(a) base (b) basis (c) ground (d) foundation
- Q2 Although he knew it was a sensitive subject, his boss had to ask him the ..... question about his drink problem.  
(a) sincere (b) fragile (c) breakable (d) delicate
- Q3 At the interview each applicant was able to ..... the level of remuneration they would be expecting to receive.  
(a) negotiate (b) demonstrate (c) apply (d) dispute
- Q4 Under the new ..... arrangements coming into force soon all employees can decide what time to start and when to finish.  
(a) malleable (b) shaped (c) flexible (d) bending
- Q5 According to the contract you are not ..... for the new allowance until you have been with the company one year.  
(a) allowed (b) illegible (c) selectable (d) eligible
- Q6 The only way you can hope to ..... the level of your pay is to take on greater responsibility.  
(a) rise (b) raise (c) arise (d) raze
- Q7 She is trying to get some form of ..... to make up for the poor working conditions she had to put up with for all those years.  
(a) cooperation (b) confirmation (c) compensation (d) consideration
- Q8 Of course there is a little extra added to your salary because you will ..... from the inner city allowance.  
(a) increase (b) benefit (c) grow (d) develop
- Q9 The hourly ..... for all part time clerical assistants has gone up by 40% since 2000.  
(a) wage (b) validity (c) recompense (d) value
- Q10 Remember when you stop work and ....., you will be able to receive the company pension.  
(a) return (b) retreat (c) respite (d) retire

*Internet Business (1)*

- Q1 One of the great advantages of using the Internet is that people can ..... more quickly.  
(a) interfere (b) interrupt (c) intervene (d) interact
- Q2 It's no good spending a small fortune on new IT equipment as it's more cost ..... to hire it.  
(a) affective (b) addictive (c) effective (d) reductive
- Q3 One of the fashionable ways of saying you've been sacked is to say that your company is .....sizing but you've still lost your job.  
(a) down (b) cut (c) out (d) through
- Q4 The important thing to realise is that your service is not a little island on its own because all the services in this company are .....connected.  
(a) in (b) inter (c) out (d) across
- Q5 Whereas ten years ago we only dealt with customers in this country nowadays we are truly ..... with branches all over the world.  
(a) worldly (b) mondial (c) globular (d) global
- Q6 One of the most successful tools in your organisation is that of good ..... because everybody knows what's going on.  
(a) communication (b) concentration (c) contemplation (d) consideration
- Q7 Let me just ..... what we have agreed in the agenda so far if nobody minds me going over it all again.  
(a) restore (b) retake (c) recap (d) redo
- Q8 You have to realise that not all your clients can reach you online because they don't have ..... to a computer.  
(a) address (b) access (c) acceptance (d) approach
- Q9 There are times when you have to force yourself to improve your performance and that's simply called self-.....  
(a) movement (b) mastery (c) manifestation (d) motivation
- Q10 You must think big in this business and not just think short ..... but what you hope to do in ten years' time.  
(a) term (b) period (c) length (d) time

*Internet Business (2)*

- Q1 It's all very well having a dream or an idea but you must know where you're going and what your ..... is.  
(a) terminus (b) terminal (c) goal (d) tendency
- Q2 Her job in the company was to sort out the relevant information thereby ..... it so that only appropriate material was sent to her directors.  
(a) draining (b) filtering (c) cleaning (d) dredging
- Q3 She told him to stop wasting time by coming up with tried and tested ideas and in this way simply re-inventing the .....  
(a) circle (b) round (c) curve (d) wheel
- Q4 The product had been on the market for some years and was selling well but somehow the image was in need of a face lift or .....  
(a) enhancement (b) enthusiasm (c) endeavour (d) enticement
- Q5 In the hope of finding fresh ideas he used the internet to help him by using as many search ..... as he could discover.  
(a) gangways (b) portals (c) doorways (d) passages
- Q6 You must increase the sale of this commodity by trying to interest a different age range and by ..... into their society.  
(a) dripping (b) floating (c) tapping (d) sailing
- Q7 You'll never make any more money or ..... new income if you keep using that unimaginative marketing logo.  
(a) generate (b) generalize (c) germinate (d) engender
- Q8 Now that you've explained the scope and ..... of the market, we are very keen to inject some money into your project.  
(a) measurement (b) distance (c) width (d) dimension
- Q9 There is always a risk in any business ..... when your scheme is based on an entirely new concept.  
(a) venture (b) journey (c) adventure (d) voyage
- Q10 Get in there first and don't hesitate to act as the boss and take the .....  
(a) place (b) lead (c) leading (d) leader

*Verbal Communication Skills*

- Q1 Remember that this happened first and was ..... to the episode that happened afterwards.  
(a) before (b) since (c) prior (d) previous
- Q2 As the police saw the accident themselves, the driver avoided the ..... of having to give a detailed report.  
(a) need (b) requirement (c) indictment (d) necessity
- Q3 It's a complete waste of time ..... over who was to blame, the main thing we have to do is decide what to do next.  
(a) arguing (b) discussing (c) repeating (d) considering
- Q4 It was easy to realise why the machine had stopped working since it was a direct ..... of his failure to maintain it.  
(a) complement (b) concern (c) consequence (d) conviction
- Q5 I am completely confused as to why she did it and so it's not ..... to imagine why other people are mystified, too.  
(a) definite (b) difficult (c) debatable (d) decided
- Q6 If you want to try and influence that political party it's best to become a member yourself and then you can argue from the .....  
(a) entrance (b) beginning (c) side (d) inside
- Q7 I have great ..... for them at this time because I have had a similar experience.  
(a) sincerity (b) sympathy (c) sorrow (d) sadness
- Q8 Feel free to visit anything of interest to you in the exhibition and also you can ..... of any of the refreshments available.  
(a) retake (b) undertake (c) partake (d) intake
- Q9 Many of the people in the crowd were visibly crying because they all ..... with those who had lost relatives in the disaster.  
(a) resented (b) regretted (c) rejoined (d) sympathized
- Q10 I assure you that you will have no problem with the task because it's as easy ..... can be.  
(a) as (b) than (c) and (d) it

*Corporate Policy (1)*

- Q1 Since last year my workload has increased .....
- (a) considerable (b) considerably (c) considered (d) consider
- Q2 The ability to present your thoughts in an organized ..... is critical.
- (a) box (b) time (c) manner (d) concentration
- Q3 The company has ..... several new policies recently.
- (a) implemented (b) driven (c) overtaken (d) understood
- Q4 She provided the judge with ..... evidence in support of the case.
- (a) concrete (b) wooden (c) athletic (d) doomed
- Q5 He is paid a ..... rather than by the hour.
- (a) degree (b) percent (c) wage (d) salary
- Q6 The job ..... seems to be improving.
- (a) fence (b) allowance (c) market (d) cruise
- Q7 Your resume needs ..... work.
- (a) many (b) lot (c) a (d) some
- Q8 The operation is currently ..... some vast changes.
- (a) undergoing (b) under coming (c) over going (d) overcome
- Q9 Working as a team will better enable the company to ..... its goals.
- (a) stretch (b) remove (c) reach (d) take
- Q10 Who is in charge ..... negotiations?
- (a) from (b) of (c) to (d) with

*Corporate Policy (2)*

- Q1 She is ..... with having to do 2 people's jobs.  
(a) tired (b) tiring (c) feel down (d) fed up
- Q2 Being a mother ..... 3 and working full-time was too much.  
(a) with (b) at (c) of (d) for
- Q3 He works 6 days ..... week.  
(a) a (b) to (c) of (d) from
- Q4 It's the ..... of a lifetime.  
(a) opportunity (b) compensation (c) immersion (d) details
- Q5 The left-overs each night are donated to a ..... organization that feeds the homeless.  
(a) no money (b) unprofitable (c) profitless (d) nonprofit
- Q6 It is very important that the review is turned ..... by the deadline.  
(a) over (b) up (c) in (d) through
- Q7 Beginning in October we will ..... each employee's past performance.  
(a) evaluate (b) elevate (c) educate (d) integrate
- Q8 People tend to gravitate ..... others who are the most like themselves.  
(a) over (b) with (c) toward (d) like
- Q9 The owners are discussing how they can cut costs without lowering salaries or ..... off employees.  
(a) cutting (b) laying (c) dumping (d) firing
- Q10 You are the ..... helpful person I have met.  
(a) greater (b) better (c) biggest (d) most

*Corporate Policy (3)*

- Q1 A suck-up is someone who is ..... their superior in an attempt to gain favor.  
(a) willing to cheat      (b) overly nice to      (c) mean to      (d) always avoiding
- Q2 Another name similar to a suck-up is a .....-noser.  
(a) stiff      (b) big      (c) brown      (d) green
- Q3 Our ..... income is at least six-digits.  
(a) annual      (b) allocated      (c) proverbial      (d) year
- Q4 You should solicit and utilize feedback on all of your .....  
(a) encasements      (b) emulsion      (c) elation      (d) endeavors
- Q5 He must master an ..... of technical skills.  
(a) array      (b) arrow      (c) accord      (d) aridity
- Q6 It is crucial that we do not ..... the momentum of the up-and-coming generation of workforce.  
(a) strive      (b) stifle      (c) stockade      (d) suture
- Q7 Let your creative juices .....  
(a) run      (b) collaborate      (c) solidify      (d) flow
- Q8 You may need to ..... some of your phrasing because some of these sentences are redundant.  
(a) altar      (b) alter      (c) alternate      (d) allocate
- Q9 She implied her notable ..... for her opponent by wrinkling her nose upon his arrival.  
(a) un-tastiness      (b) tastelessness      (c) distaste      (d) distress
- Q10 The new supervisor has ..... the company with some exceptionally enlightening new ways of thinking.  
(a) furnished      (b) attained      (c) undergone      (d) retired

*Behaviour Guideline*

- Q1 Your reputation ..... you.  
(a) processes (b) precedes (c) protrudes (d) predicates
- Q2 Their vast efforts were ..... in the end.  
(a) predilections (b) penchant (c) biased (d) thwarted
- Q3 The corporate disorganization was really only a ..... of the director's indecisiveness.  
(a) by-product (b) anti-progression (c) sensation (d) co-operative
- Q4 She strode ..... through the crowd.  
(a) chaotic (b) hastily (c) confusion (d) bewilderment
- Q5 The condescending manner in which he addresses his employees is incredibly .....  
(a) demonstrative (b) disclaiming (c) degrading (d) demoting
- Q6 If an employee's performance is not up to par and the same is either unable or unwilling to change, a ..... change may be necessary.  
(a) personnel (b) personal (c) personified (d) person's
- Q7 No one can ..... liking her because she is so warm and pleasant.  
(a) stand (b) anticipate (c) aid (d) help
- Q8 Engaging in gossip is a highly ..... act.  
(a) distasteful (b) untasty (c) tasteless (d) bland
- Q9 All loitering is strictly prohibited on the .....  
(a) possessions (b) pertinence (c) promises (d) premises
- Q10 We must start from 'ground .....'.  
(a) 3 (b) 0 (c) 100 (d) 1

*How to assess employees*

- Q1 His ..... was entirely ambiguous.  
(a) dilapidation (b) denoting (c) depiction (d) defamation
- Q2 Giving extravagantly to causes in which you believe is remarkably .....  
(a) commending (b) commendable (c) convenient (d) conventional
- Q3 Diversity is ..... as important as continuity.  
(a) just (b) equal (c) like (d) similar
- Q4 Our office is a bustling ..... of activity.  
(a) hull (b) hood (c) hag (d) hub
- Q5 He gave us little to no indication ..... his whereabouts.  
(a) as of (b) so as to (c) as to (d) as from
- Q6 The athletic abilities of the circus performers was nothing short of .....  
(a) emphatic (b) phenomenal (c) exegetical (d) documental
- Q7 Virtually every assignment will require an ..... of creativity.  
(a) ailment (b) element (c) alignment (d) eliminate
- Q8 He was contemplating ..... a new technique.  
(a) devising (b) deviding (c) despising (d) deviating
- Q9 The industry is on the ..... of a colossal expansion.  
(a) verse (b) vermin (c) volition (d) verge
- Q10 While certain tasks may be somewhat ....., nevertheless the genuine exchange of information can occur.  
(a) concocted (b) conceived (c) contrived (d) conceded

*Money Slang Expressions*

- Q1 Mary: Did you know there are ..... of slang words for money, like bread for example?  
(a) many (b) piles (c) loads (d) buckets
- Q2 John: I suppose there are when you ..... to think about it — like dough, which is similar to your word bread.  
(a) go (b) follow (c) take (d) come
- Q3 Mary: One of my ..... is dosh. I like the sound of it.  
(a) favourites (b) collections (c) favourable (d) specials
- Q4 John: Well if you're ..... to sound. What about spondulicks?  
(a) attending (b) referring (c) resorting (d) trying
- Q5 Mary: Yes, that's excellent. Another short sound that ..... to me is brass.  
(a) attracts (b) adheres (c) appeals (d) attains
- Q6 John: Another one that ..... with jolly is the word lolly.  
(a) sounds (b) strikes (c) hits (d) rhymes
- Q7 Mary: An expression which sounds very ..... of course is filthy lucre.  
(a) decadent (b) down (c) deep (d) divisive
- Q8 John: That's true and then there's that word that also has the same ..... as something that's been stolen — loot.  
(a) intention (b) signification (c) meaning (d) sense
- Q9 Mary: The one that sounds very grand because it in a way ..... the fact that it means money and that's the wherewithal.  
(a) protects (b) hides (c) places (d) holds
- Q10 John: Actually, I'm a little ..... about this but I haven't any money to pay for the bus home. Do you think you could lend me some readies?  
(a) awkward (b) backward (c) unused (d) embarrassed

*Accounting terms*

- Q1 The customary manner in which a business analyzes and records its ..... is by first entering them into a journal.  
(a) transactions (b) communications (c) dealings (d) ventures
- Q2 Journal entries are entered in ..... order, meaning by date, with the earliest date first.  
(a) sequential (b) numerical (c) chronological (d) successional
- Q3 Once the transactions have been entered into the journal they are ..... or transferred into their individual General Ledger accounts.  
(a) noted (b) lifted (c) allocated (d) posted
- Q4 All ..... increase with a debit entry and decrease with a credit entry.  
(a) advantages (b) associates (c) assets (d) assurances
- Q5 Liabilities either have a credit or no ..... at all.  
(a) scale (b) balance (c) debit (d) debut
- Q6 Capital accounts represent the owner's ..... worth in the business.  
(a) equity (b) value (c) hammock (d) net
- Q7 ..... accounts are accounts for your sources of business-generated income.  
(a) liability (b) revenue (c) balance (d) drawing
- Q8 The ..... is the difference between what a business pays for an item wholesale and what the business sells it for retail.  
(a) markup (b) makeup (c) makeshift (d) moreover
- Q9 An accounts payable ..... shows how much you owe each of your vendors.  
(a) lecture (b) leeway (c) ledger (d) manual
- Q10 Accounts ..... shows how much money your customers owe you.  
(a) incoming (b) receivable (c) obtainable (d) collectable

*Payroll policy in the USA*

- Q1 ..... pay is what an employee earns before deductions.  
(a) Net (b) Full (c) Gross (d) Complete
- Q2 ..... pay is what an employee actually receives after deductions.  
(a) Net (b) Reduced (c) Final (d) Gross
- Q3 An employee who is paid on ..... receives the same pay each pay period no matter how many hours they work.  
(a) commission (b) salary (c) overtime (d) wage
- Q4 In the USA working over 40 hours per week is considered overtime. For each hour of overtime in the USA you receive your hourly ..... multiplied time 1 1/2.  
(a) money (b) dollars (c) wage (d) salary
- Q5 The rates for overtime in the USA are generally known as .....  
(a) pay-plus-one-half (b) an hour and a half (c) hour plus half (d) time-and-a-half
- Q6 Federal taxes and Social Security are both examples of standard ..... from your paycheck.  
(a) reduction (b) deductions (c) withdrawals (d) removals
- Q7 In order to cash a check you must ..... it, or in other words sign the back.  
(a) endorse (b) stamp (c) write (d) balance
- Q8 You record how much each of your employees should be paid in the ..... account.  
(a) employee pay (b) standard deductions (c) net pay (d) payroll
- Q9 An ..... check is one that you have written and deducted from your checkbook balance but has not yet cleared the bank.  
(a) intermediate (b) overdue (c) outstanding (d) overdrawn
- Q10 Books are all closed at the end of an accounting period. A more common term for an accounting period is a ..... period.  
(a) physical (b) fiscal (c) focal (d) foreclosed

*Job Interview Advice*

- Q1 When you go to a job interview, it is really important to dress .....
- (a) unequally (b) appropriately (c) sparingly (d) meagerly
- Q2 When filling out an application, make sure you write your answers .....
- (a) mumbled (b) tongue-tied (c) intelligibly (d) hazily
- Q3 Make sure you list your skills and experience that you believe will meet the ..... of the employer.
- (a) expectations (b) attention (c) carelessness (d) abstraction
- Q4 In your job interview, don't complain about previous jobs or former .....
- (a) mayors (b) visitors (c) activists (d) employers
- Q5 When answering questions to the employer, be confident and ..... your words really well.
- (a) stutter (b) articulate (c) dribble (d) mix up
- Q6 Avoid ..... clothing such as jeans, flip flops, sneakers, t-shirts, caps, etc.
- (a) casual (b) dressy (c) formal (d) stylish
- Q7 Bring as much information about yourself as you might need. On your ..... make sure you include hobbies, volunteer work or anything that you've done that may pertain to that job.
- (a) school transcript (b) college degree (c) resume (d) journal
- Q8 It is usually really handy to have letters of ..... from previous employers.
- (a) demotion (b) recommendation (c) dismissal (d) declination
- Q9 Hint: Fill out the job application first with a pencil then with a pen, so you don't have to use .....
- (a) white out (b) eraser (c) ruler (d) marker
- Q10 If you don't remember some particular information about jobs you had in the past, feel free to ask the employer if you can take the application home so you can do some .....
- (a) synthesis (b) estimation (c) interpretation (d) research

*Dental Care Expressions*

- Q1 Most dentists are ..... practitioners, which means they own their own business and work alone or with a small staff.  
(a) lone (b) employed (c) solo (d) unemployed
- Q2 Dentists sometimes perform corrective ..... on gums and supporting bones to treat gum diseases.  
(a) brushing (b) surgery (c) replacement (d) flossing
- Q3 Dentists wear masks, gloves, and safety glasses to protect themselves and their patients from .....  
(a) infectious diseases (b) bad breath (c) bites (d) cavities
- Q4 Orthodontists use braces or retainers to apply pressure to teeth in order ..... them.  
(a) to pluck (b) to misplace (c) to fill (d) to straighten
- Q5 After finishing dental school, some people work together with established dentists as ..... for a couple of years to build up experience and save money to equip an office of their own.  
(a) receptionists (b) nurses (c) associates (d) members
- Q6 As dental technology improves, dentists will be able to offer more ..... treatment to their patients.  
(a) destructive (b) effective (c) eruptive (d) affective
- Q7 When dentists extract all of your teeth, they replace the missing teeth with .....  
(a) fillings (b) cavities (c) braces (d) dentures
- Q8 Dentists use an assortment of ..... like mouth mirrors, probes, forceps, brushes, and scalpels in their work.  
(a) instruments (b) jumbles (c) retainers (d) performances
- Q9 When decay or injuries ..... the blood or nerve supply of your tooth, you need a Root Canal.  
(a) brake (b) infect (c) sterilize (d) purify
- Q10 Wisdom teeth are always the last to ..... They commonly appear around the ages 17 to 25.  
(a) be born (b) increase (c) develop (d) conglomerate

*Insurance Policy Vocabulary*

- Q1 I took out a life insurance ..... with State Ranch Insurance Company last week.  
(a) contract (b) policy (c) agreement (d) deal
- Q2 My insurance ..... are only \$70 per month.  
(a) receipts (b) fees (c) premiums (d) payings
- Q3 In the event of my death, the ..... will be my widow.  
(a) recipient (b) widow (c) donor (d) beneficiary
- Q4 My insurance does not ..... me if I commit suicide.  
(a) collect (b) cover (c) console (d) contribute
- Q5 The amount of money that my wife will get has already been calculated by State Ranch's .....  
(a) manager (b) archivist (c) actuary (d) agent
- Q6 If I decide that I no longer need my insurance, I can cash it in for the amount of its ..... value.  
(a) rebate (b) surrender (c) discount (d) return
- Q7 Before I got the insurance, I had to receive a complete physical .....  
(a) investigation (b) injection (c) therapy (d) examination
- Q8 I am feeling great, because the doctor told me that I have a life ..... of 82 years!  
(a) length (b) line (c) expectancy (d) experience
- Q9 Even if I am late in paying, the insurance remains in effect for a ..... period of 30 days.  
(a) grace (b) satisfaction (c) long (d) latent
- Q10 The insurance is pretty expensive though: I am a policeman, so there are a lot of occupational .....  
(a) troubles (b) involvements (c) hazards (d) duties

*Contracts and agreements*

- Q1 A contract is a ..... agreement that is reached between two individuals or parties.  
(a) bound (b) bounded (c) binding (d) boundary
- Q2 A contract between an individual and his or her employer is for the services s/he will provide in exchange for getting .....  
(a) paid (b) serviced (c) employed (d) accrued
- Q3 ..... a rental agreement to live in an apartment for one year is a kind of contract.  
(a) Writing (b) Sketching (c) Signing (d) Stamping
- Q4 The tenant promises to pay a ..... amount of rent, and in return, the realty agent promises to supply the accommodation.  
(a) large (b) certain (c) sum (d) leased
- Q5 A customer ..... into a contract each time s/he makes a purchase.  
(a) goes (b) joins (c) becomes (d) enters
- Q6 A contract is initiated when a person makes an offer to buy something and the seller ..... his or her offer.  
(a) agrees (b) includes (c) accepts (d) signs
- Q7 In order for a contract to be completed, something of ..... needs to be exchanged.  
(a) worth (b) value (c) goods (d) interest
- Q8 A contract has been created when both the buyer and the seller have agreed that there will be some kind of .....  
(a) consideration (b) service (c) application (d) business
- Q9 Any contract that is made to buy or sell something that is ..... is not enforceable under law.  
(a) illogical (b) illegible (c) illegal (d) illegitimate
- Q10 A contract is required to be made by those who are legally capable, a condition called .....  
(a) capaciousness (b) capacity (c) credence (d) credibility

*The Business Plan*

- Q1 The initial responsibility of a business plan is to help to develop a ..... business strategy.  
(a) strict (b) hidden (c) regional (d) solid
- Q2 First, you should describe your products and services and discuss the market that you are .....  
(a) goaling (b) aiming (c) targeting (d) goading
- Q3 If you wish to interest investors, you need to emphasize the company's profit .....  
(a) potential (b) chance (c) taking (d) deal
- Q4 You should be particularly careful to adequately ..... the risks in the business.  
(a) launch (b) bare (c) disclose (d) unleash
- Q5 You should examine customer ..... and the benefits of your products and services.  
(a) pockets (b) files (c) needs (d) returns
- Q6 ..... the strong and weak points of any firms in competition with yours and look for marketplace opportunities.  
(a) Equate (b) Evaluate (c) Erase (d) Eliminate
- Q7 If you can find a particular market ..... to focus on, you should investigate this further.  
(a) location (b) corner (c) industry (d) niche
- Q8 It may also be possible for you to ..... your products differently in the marketplace to attract new customers.  
(a) position (b) set (c) spread (d) situate
- Q9 It is not a good idea to exaggerate sales projections, and it is just as poor an idea to ..... operating costs.  
(a) overtake (b) undertake (c) overestimate (d) underestimate
- Q10 If you forecast conservatively, you will be more likely to maintain an extra ..... of cash.  
(a) pillow (b) comforter (c) pillar (d) cushion

*Conference Advice*

- Q1 Being a delegate at conferences and other gatherings is a valuable opportunity whether or not you present a .....  
(a) gift (b) negotiation (c) paper (d) presentation
- Q2 At such events, you will get an accurate ..... of the current direction of the industry.  
(a) opinion (b) rationale (c) sense (d) thought
- Q3 And if you are scheduled to give a talk, you will gain increased .....  
(a) action (b) activity (c) honorarium (d) visibility
- Q4 Actually, it is not very important for you to attend any of the ..... exhibitions.  
(a) vended (b) vending (c) vendor (d) vent
- Q5 In order for you to be ..... into your industry and its market, it is important for you to go to such events.  
(a) plugged (b) posted (c) presented (d) proven
- Q6 The importance of conferences is not the seminars or workshops, but the refreshment breaks and chatting at the bar after the day is .....  
(a) accumulated (b) cancelled (c) discussed (d) done
- Q7 The key feature of a conference is the chance to meet those whom you would not ..... have met.  
(a) elsewhere (b) ever (c) otherwise (d) outside
- Q8 Be sure to carry your business cards, and do not hesitate to ..... cards with anyone you meet.  
(a) change (b) charge (c) except (d) exchange
- Q9 And finally: do not forget to enjoy your host city: conference information packages often ..... nearby attractions and sightseeing opportunities.  
(a) delight (b) enlighten (c) limelight (d) spotlight
- Q10 Well ahead of time, however, you should plan a balance of scheduled conference activities and events that ..... your needs.  
(a) align (b) extend (c) measure (d) suit

*Computer Health*

- Q1 Computer advisors recommend that you consider correct workstation ..... and personal posture in order to minimize the chances of an injury.  
(a) layout (b) outsourcing (c) overreach (d) pullover
- Q2 The symptoms of such injuries may include ..... in the fingers, painful hands or wrists, or eye problems.  
(a) dampness (b) dumbbells (c) dumbness (d) numbness
- Q3 A(n) ..... workstation permits you to work in a natural position while minimizing the strain on your arms, back and eyes.  
(a) allowed (b) ideal (c) imaginary (d) luxurious
- Q4 On the other hand, a poorly designed workstation will force you into uncomfortable postures like ..... over.  
(a) bunching (b) hunching (c) lurching (d) punching
- Q5 Experienced computer operators know that a good chair ..... to their bodies.  
(a) adapts (b) adept (c) adheres (d) adopts
- Q6 Use a chair that has a backrest supporting the ..... of your back.  
(a) carapace (b) carpals (c) curb (d) curves
- Q7 Ensure that you have enough ..... below the table top to fit your knees comfortably.  
(a) inches (b) location (c) room (d) volume
- Q8 Select a mouse that fits your hand; be sure that it is as flat as possible in order to minimize wrist .....  
(a) position (b) strain (c) tendons (d) watch
- Q9 The computer monitor needs to be separate from the keyboard, and it should be ..... directly in front of you.  
(a) centered (b) concentrated (c) focussed (d) gathered
- Q10 A person's body is not intended to remain motionless, even in a comfortable position, for long ..... of time; so get up and stretch!  
(a) hours (b) lengths (c) periods (d) sections

*Marketing Strategies*

- Q1 The first step most managers ..... to grow their business is to increase the number of customers.  
(a) climb (b) do (c) take (d) plant
- Q2 Losses are usually suffered if inexperienced sales staff are given the task of ..... a marketing scheme.  
(a) engineering (b) exaggerating (c) implementing (d) tooling
- Q3 Fundamental marketing strategy is to create prospective customers who are ready, ..... and able to buy.  
(a) flocking (b) steady (c) wealthy (d) willing
- Q4 The primary goal of a such a strategy is to present sales staff with prospects to ..... into paying customers.  
(a) connect (b) connive (c) convert (d) convey
- Q5 One thing that managers can do to increase their business is to reward existing customers for ..... new ones.  
(a) referring (b) renewing (c) replying (d) returning
- Q6 Established customers are seldom asked whether they are interested in more or new products or services; they are all too often taken for .....
- (a) gifts (b) granite (c) given (d) granted
- Q7 It can be the ..... of a business to expect regular customers to purchase standard quantities without being solicited to buy more.  
(a) undersizing (b) undoing (c) unravelling (d) untying
- Q8 Sharing news, information and offers with customers increases their ..... of repurchase.  
(a) affiliation (b) frequency (c) notification (d) number
- Q9 Customers should be offered more value through complementary products and services at the ..... of sale.  
(a) area (b) bill (c) counter (d) point
- Q10 ..... business is gained by the company that gives the customer what s/he wants.  
(a) Reform (b) Regard (c) Repeat (d) Replacement

*Warranties*

- Q1 One definition of a warranty is that it is a promise of ..... which is given by the seller or the manufacturer to the purchaser.  
(a) qualification (b) quality (c) quantification (d) quantity
- Q2 The purchaser must be given the ..... to see the warranty before s/he makes the purchase.  
(a) invoice (b) opportunity (c) paper (d) return
- Q3 Unfortunately, shoppers do not usually pay attention to the ..... until a problem with the purchase arises.  
(a) coverage (b) damage (c) leverage (d) overage
- Q4 Many retailers view warranties as a ..... technique.  
(a) preferable (b) procedural (c) professional (d) promotional
- Q5 The use of warranties gradually developed as part of the ..... process between sellers and customers.  
(a) bargaining (b) gaining (c) ingratiating (d) regaining
- Q6 An implied warranty is legally in effect even if it is not in ..... form.  
(a) outline (b) spoken (c) stated (d) written
- Q7 Any respectable manufacturer will ..... an implied warranty.  
(a) discard (b) honor (c) receive (d) suspect
- Q8 Clear ..... is an affirmation that the product has not been stolen and is not otherwise illegal.  
(a) byline (b) caption (c) headline (d) title
- Q9 A warranty of ..... for purpose assures the purchaser that the item will perform properly the function for which it was designed.  
(a) ability (b) design (c) fitness (d) strength
- Q10 Merchantability warrants that the item will ..... up to reasonable expectations of the purchaser.  
(a) grow (b) level (c) live (d) seem

*Office Technology Problems*

- Q1 The ..... of technology in the office increases the average work day in the US by over an hour and a half.  
(a) disuse (b) misuse (c) overuse (d) reuse
- Q2 One research project revealed that phone and email habits can actually reduce ..... rather than improve it.  
(a) procedure (b) processing (c) productivity (d) progress
- Q3 At work, male employees are the greater time wasters when it ..... to surreptitious non-work activities.  
(a) comes (b) evaluates (c) generates (d) reverts
- Q4 Improperly dealing with phone calls and emails hinders workers from getting their jobs done, creates poor working habits, and ..... the work day.  
(a) brightens (b) broadens (c) lengthens (d) lightens
- Q5 Too much reliance on voice mail when making or ..... phone calls was also spotlighted in the study.  
(a) cancelling (b) dialing (c) returning (d) unmaking
- Q6 The delay that is caused by the necessity of waiting for critical responses to emails was another problem that caused time ..... every day.  
(a) cartage (b) garbage (c) passage (d) wastage
- Q7 The average total time lost at work every day was over two hours, of which an hour and a half was because communication technology was not used to good .....  
(a) condition (b) effect (c) management (d) timing
- Q8 On average, thirty minutes were wasted managing telephone communications, while ten more minutes were wasted attempting to locate .....  
(a) coffee (b) collations (c) colleagues (d) cosmetics
- Q9 The communications ..... that once were an important contribution to efficiency have now begun to become a detriment to it.  
(a) instruments (b) pieces (c) tools (d) utensils
- Q10 One basic cause of lost efficiency is that employees are often unaware of another worker's location, whether it be in a meeting, at a different desk, or away .....  
(a) offsite (b) outdoors (c) overboard (d) sightseeing

*Secretarial Office Procedures*

- Q1 Modern technology continues to proliferate in offices everywhere, and the secretary's role has greatly .....
- (a) evolved (b) mutated (c) transmogrified (d) transposed
- Q2 Operational restructuring and automated procedures have presented secretaries with a broad range of new responsibilities formerly ..... for managerial levels.
- (a) assigned (b) maintained (c) reserved (d) restricted
- Q3 Nevertheless, amid these changes their ..... duties have remained almost unchanged.
- (a) center (b) core (c) interior (d) special
- Q4 A secretary is responsible for a range of administrative and ..... duties that are essential to the efficient operation of a business.
- (a) clerical (b) equitable (c) menial (d) stationary
- Q5 A secretary serves as an information ..... for an office, organizes and maintains hard copy and electronic files, and generates correspondence.
- (a) clearinghouse (b) household (c) outhouse (d) warehouse
- Q6 Many secretaries also ..... travel arrangements and contact clients.
- (a) apportion (b) craft (c) handle (d) manipulate
- Q7 A large part of a secretary's day is involved with negotiating meeting times, which is a(n) ..... job, especially if many are to attend.
- (a) administrative (b) cumbersome (c) thankless (d) unmanageable
- Q8 Today, more and more secretarial staff use PCs to run database management, ..... publishing, and computer graphics software.
- (a) desktop (b) keyboard (c) virtual (d) workstation
- Q9 Secretaries nowadays are often ..... from old-fashioned typing and dictation; therefore, they can now support more than one executive staff member.
- (a) eliminated (b) fired (c) relieved (d) retired
- Q10 ..... secretaries are responsible for fewer clerical duties than lower-level secretarial staff.
- (a) Corporate (b) Executive (c) Professional (d) Section

*Basic Electronics*

- Q1 Electronics is the study and utilization of systems that function by guiding electron flow in ..... such as semiconductors.  
(a) contrivances (b) devices (c) pieces (d) servers
- Q2 Designing and building electronic circuits to solve ..... problems is the mandate of electronics engineering.  
(a) parallel (b) practical (c) partial (d) production
- Q3 Research into innovative semiconductor technology and applications is considered a ..... of physics.  
(a) branch (b) responsibility (c) segment (d) subsidiary
- Q4 Electronic circuits are mainly used to control, process and distribute information, and for the ..... and distribution of electric power.  
(a) commutation (b) contamination (c) conversation (d) conversion
- Q5 These two purposes rely on the creation and detection of electromagnetic ..... and electrical currents.  
(a) fields (b) floors (c) grounds (d) surfaces
- Q6 The rapid modern advancement of electronics began in ..... with the introduction of the radio.  
(a) earnest (b) enthusiasm (c) secret (d) sincerity
- Q7 There are three divisions to an electronics system, an example of which is a television .....  
(a) box (b) case (c) kit (d) set
- Q8 First, the input is a broadcast signal either received by its antenna or ..... in through a cable.  
(a) cued (b) fed (c) led (d) sped
- Q9 Second, processing circuits inside the TV ..... the brightness, colour and audio data from this signal.  
(a) contract (b) detract (c) extract (d) retract
- Q10 Third and last, its output apparatus, a cathode ray tube, changes the electronic signals into a ..... image on its screen.  
(a) vague (b) valuable (c) viable (d) visible

*Business Letter Basics*

- Q1 The first goal in writing a business letter is to get the recipient's .....
- (a) address                      (b) attention                      (c) services                      (d) trade
- Q2 One fundamental ..... of effective writing is to put the key information at the beginning.
- (a) case                      (b) example                      (c) principle                      (d) situation
- Q3 Avoid ..... down the beginning of the letter with abundant information of which the reader is already aware, however.
- (a) gearing                      (b) setting                      (c) weighing                      (d) writing
- Q4 Effective writing is ..... reading that makes the recipient want to read further.
- (a) affected                      (b) effortless                      (c) effusive                      (d) offensive
- Q5 In writing commercial correspondence, it is important to employ a friendly yet efficient .....
- (a) feeling                      (b) mood                      (c) tense                      (d) tone
- Q6 Try to aim for a ..... style, but without employing bad grammar, slang, or otherwise questionable English.
- (a) controversial                      (b) convenient                      (c) conventional                      (d) conversational
- Q7 Be merciless in eliminating the ..... that most people put into letters: it wastes the recipient's time and tries his or her patience.
- (a) backing                      (b) clouding                      (c) complaining                      (d) padding
- Q8 A good business letter is simple and straightforward without being simplistic or .....
- (a) panoramic                      (b) paternal                      (c) patriotic                      (d) patronizing
- Q9 The conclusion or ending paragraph should bring the communication to a polite and ..... close.
- (a) businesslike                      (b) interminable                      (c) measurable                      (d) subtle
- Q10 Unfortunately, the ending paragraphs in much commercial correspondence employ wordy and overused phrases that detract from the letter's .....
- (a) contact                      (b) contract                      (c) extract                      (d) impact

*Annual Report*

- Q1 Our annual report was ..... to the shareholders on 31 March.  
(a) submerged (b) submitted (c) subordinated (d) subtracted
- Q2 Turnover remained constant through the ..... year.  
(a) annual (b) fiscal (c) physical (d) revenue
- Q3 Profits declined sharply with the devaluation of the .....  
(a) banknotes (b) change (c) currency (d) money
- Q4 Sales fell gradually in the first two quarters, but ..... in the second half of the year.  
(a) realigned (b) recalled (c) recovered (d) resisted
- Q5 Costs reached ..... in April.  
(a) an acme (b) an apex (c) a climax (d) a peak
- Q6 Demand rose sharply after our major competitor went into .....  
(a) bankruptcy (b) export (c) receiver (d) difficulty
- Q7 Overhead levelled off when utility charges were ..... by the government.  
(a) cancelled (b) frozen (c) given (d) tapped
- Q8 Prices were raised with the introduction of our new ..... of widgets.  
(a) batch (b) line (c) manager (d) team
- Q9 Output ..... up with demand.  
(a) followed (b) kept (c) made (d) put
- Q10 Although the company's overall ..... was weak, its bottom line was still in the black.  
(a) action (b) activity (c) performance (d) progress

*The Importation Process*

- Q1 In the first step of the importation process, the purchaser makes his selection from the supplier's ..... of hair dryers.  
(a) atlas (b) catalogue (c) directory (d) encyclopedia
- Q2 Next, he sends an email to check the availability of .....
- (a) wares (b) selection (c) stock (d) suppliers
- Q3 Thereupon, he ..... the hair dryers.  
(a) commands (b) demands (c) orders (d) requires
- Q4 Soon, he receives a ..... of the order from the supplier.  
(a) confirmation (b) delegate (c) message (d) waybill
- Q5 Afterward, he receives a pro ..... invoice.  
(a) active (b) bono (c) forma (d) tempore
- Q6 Subsequently, his bank issues a ..... of credit for the amount of the invoice.  
(a) debit (b) letter (c) missive (d) receipt
- Q7 Then, he receives the supplier's invoice for the hair dryers FOB ..... of departure.  
(a) date (b) dock (c) point (d) wharf
- Q8 After that, he receives the ..... of lading from the transporter.  
(a) bill (b) fee (c) form (d) list
- Q9 Thereafter, he pays the transporter for ..... costs.  
(a) boxing (b) buying (c) carrying (d) shipping
- Q10 Finally, he receives the hair dryers with a ..... declaration form.  
(a) costume (b) customary (c) customer (d) customs

*Cellular Telephones*

- Q1 All ..... the world, cellular telephones are being used more and more.  
(a) about (b) around (c) in (d) past
- Q2 Cell phones are hand- ..... devices; they are also called wireless or mobile phones.  
(a) carried (b) crafted (c) held (d) made
- Q3 Cell phones are ..... with users because they are small, light and easily transported.  
(a) common (b) famous (c) popular (d) well-liked
- Q4 Cellular telephones are actually little different than two- ..... radios.  
(a) channel (b) party (c) path (d) way
- Q5 A caller speaks into a cell phone, and it picks ..... his or her voice, transforming the sound into radio waves.  
(a) at (b) out (c) over (d) up
- Q6 Then these radio waves are transmitted through the atmosphere until they meet a ..... base station.  
(a) near (b) nearby (c) nearly (d) neighborhood
- Q7 The station sends your phone call ..... the standard telephone network, where it eventually reaches the receiver.  
(a) among (b) around (c) at (d) through
- Q8 Cell phones provide a vast array of ..... these days, and new ones are being added all the time.  
(a) buttons (b) customers (c) duties (d) functions
- Q9 When someone calls you, your cell phone receiver ..... radio waves sent out by the base station.  
(a) collects (b) detects (c) elects (d) selects
- Q10 Inside your cell phone, these waves are converted ..... into the sound of the caller's voice.  
(a) back (b) backward (c) forth (d) forward

*Job Advertising*

- Q1 Industry-....., or niche, employment websites are proliferating as places for companies to locate qualified personnel.  
(a) controlled (b) only (c) particular (d) specific
- Q2 Niche sites present a large ..... of qualified job-seekers.  
(a) pane (b) pod (c) pool (d) porch
- Q3 The internet, in comparison to other advertising media, gives its users a broader .....
- (a) reach (b) reaction (c) reality (d) reason
- Q4 The internet produces results faster and more cheaply than other ..... advertising media.  
(a) aging (b) old-fashioned (c) redundant (d) traditional
- Q5 Companies these days look at internet job advertising as an ..... part of their staffing efforts.  
(a) innate (b) insignificant (c) integral (d) intelligent
- Q6 Advertising positions on employment websites can generate a lot of ..... from potential candidates.  
(a) electricity (b) practice (c) static (d) traffic
- Q7 But general sites often produce an insufficient number of qualified applicants, making the process relatively time ..... for the results seen.  
(a) consuming (b) devoting (c) devouring (d) wasting
- Q8 Niche site marketing targets executives and professionals of the industry .....
- (a) desired (b) employed (c) presented (d) served
- Q9 Advertisements both on niche sites and using more conventional methods are a part of a well- ..... staffing campaign.  
(a) centered (b) loaded (c) rounded (d) stated
- Q10 Niche sites often include job postings, comparative salary scales, curriculum vitae databases, and .....
- (a) all (b) other (c) forth (d) more

*Job Applications*

- Q1 The application form is used by companies as a means of ..... basic information from all applicants.  
(a) acquiring (b) distributing (c) manipulating (d) standardizing
- Q2 The application is a key marketing tool for the applicant in the job-..... process.  
(a) advertising (b) gathering (c) seeking (d) wanted
- Q3 Companies utilize the application as a ..... for deciding whether to interview the applicant.  
(a) background (b) basis (c) blueprint (d) bottomline
- Q4 The application form should be considered the applicant's first test in ..... directions.  
(a) examining (b) following (c) indicating (d) reading
- Q5 The application form should be filled out as ..... as possible; it reflects the applicant's nature.  
(a) cleanly (b) freshly (c) neatly (d) nicely
- Q6 On the form, answers should be ..... to the specific position for which the person is applying.  
(a) measured (b) modified (c) presented (d) tailored
- Q7 No ..... should be left on the form; for questions that are irrelevant, write "not applicable" ("n/a").  
(a) answers (b) blanks (c) empties (d) notes
- Q8 The goal of the application is to obtain a personal interview, so do not provide any ..... information.  
(a) affirmative (b) negative (c) objective (d) positive
- Q9 Questions should be answered ....., but complete answers need not necessarily be given.  
(a) briefly (b) comprehensively (c) earnestly (d) truthfully
- Q10 Specific salary limits should never be indicated on the application; just write "open" or " ..... ".  
(a) negative (b) negotiable (c) undecided (d) unknown

*Job Interviews*

- Q1 The first interview for the candidate is the ..... interview, which is used to ascertain whether s/he matches the position's minimum qualifications.  
(a) initializing (b) reviewing (c) screening (d) standing
- Q2 The interviewer(s) will have the applicant's resume in ..... and attempt to confirm the information it contains.  
(a) control (b) hand (c) office (d) person
- Q3 The selection interview is worrisome for most candidates: although they may have the requisite skills, the company now determines whether they have the personality to ..... into the group.  
(a) fit (b) join (c) match (d) work
- Q4 A candidate who does not interact positively with supervisors and co-workers may ..... the operations of a whole section.  
(a) corrupt (b) disrupt (c) erupt (d) interrupt
- Q5 A group interview is one in which the interviewer(s) attempt to distinguish the ..... from the followers.  
(a) bosses (b) chiefs (c) heads (d) leaders
- Q6 When a panel interview is ....., the candidate is interviewed by several people at the same time.  
(a) established (b) held (c) positioned (d) thrown
- Q7 The candidate should make eye ..... with each member of the panel as s/he answers the panelist's question.  
(a) arrows (b) avoidance (c) contact (d) sight
- Q8 One technique the applicant should be aware of is the stress interview, which is occasionally used to ..... out those who are unable to deal with adverse situations.  
(a) cast (b) toss (c) weed (d) wrench
- Q9 Stress may be introduced into this kind of interview by asking strange questions or by reacting to the candidate's responses with .....
- (a) queries (b) quietness (c) silence (d) snores
- Q10 In a stress interview, the candidate has only two choices: play ..... or refuse such bad treatment by terminating the interview.  
(a) along (b) anyway (c) games (d) ignorant

*Hiring the Right Person*

- Q1 In order to take on the right candidate, the employer must examine both abilities and personality, although not necessarily in that .....
- (a) interview (b) order (c) resume (d) time
- Q2 The first step to hiring ..... is being aware of the abilities that the ideal candidate should have.
- (a) congress (b) process (c) progress (d) success
- Q3 Before proceeding to advertisement and interviews, create a list of skills needed for the job and assign a ..... to each skill.
- (a) rate (b) rating (c) time (d) timing
- Q4 Placing a ..... on education and experience is only common sense in the hiring process.
- (a) premier (b) premium (c) preview (d) prime
- Q5 If the applicant seems to be over-qualified for the position, you have found either a diamond in the ..... or someone very adept at interviews.
- (a) coal (b) mine (c) rough (d) shop
- Q6 If this applicant does not have extensive practical experience in a similar position, you may rest ..... that s/he is the latter.
- (a) assured (b) ensured (c) insured (d) secured
- Q7 Nevertheless, occasionally a talented candidate is found who is willing to accept a position and pay ..... for which he or she is overqualified.
- (a) back (b) cheque (c) envelope (d) scale
- Q8 How successful the candidate will be is determined in the end by the team ..... of the group s/he becomes a part of.
- (a) biology (b) chemistry (c) physics (d) sociology
- Q9 The manager's goal is to employ individuals who are technically ..... and also have personalities that suit their team.
- (a) decent (b) deficient (c) proficient (d) prolific
- Q10 Should questions remain concerning the candidate following the traditional interview, it is then time to consult his or her .....
- (a) references (b) relatives (c) remarks (d) research

*Training New Staff*

- Q1 Well before beginning a training program, the trainer should sit down and prepare a lesson ..... for each day.  
(a) itinerary (b) plan (c) plot (d) scale
- Q2 The course needs to be well prepared in advance so that all important points will be .....
- (a) covered (b) exercised (c) plotted (d) protected
- Q3 Before or during the first class, it is important, if possible, to take time to ..... to know the individual students.  
(a) get (b) have (c) learn (d) study
- Q4 An effective trainer knows his or her .....
- (a) audience (b) directions (c) spectators (d) teachers
- Q5 Put questions to the trainees and encourage them to ..... in return.  
(a) follow (b) listen (c) question (d) quote
- Q6 Early on, the trainer should ..... what his or her students already know, what previous experience they have, and what difficulties they have encountered.  
(a) declare (b) demand (c) depict (d) determine
- Q7 In this way, the trainer discovers where to ..... emphasis and where to move more quickly through the information.  
(a) bring (b) list (c) place (d) strike
- Q8 Training is a dynamic, two-way process; it should always be a ..... rather than a speech or presentation.  
(a) catalogue (b) dialogue (c) monologue (d) travelogue
- Q9 The trainer should not forget to cover the minor tasks that are familiar to a longer-term employee; these could well be ..... to a recent hiree.  
(a) exciting (b) foreign (c) impossible (d) lost
- Q10 One important training tool is the list; remember that this may be the only ..... that remains with your trainee after the training session has finished.  
(a) memory (b) remnant (c) souvenir (d) thing

*Company Benefits*

- Q1 Company benefits are often a significant portion of the employee's compensation .....
- (a) package (b) parcel (c) salary (d) set
- Q2 When considering an offer, the candidate should examine any benefits offered by the ..... employer.
- (a) preferred (b) prescriptive (c) progressive (d) prospective
- Q3 Generous benefits can contribute up to 35 or 40 percent to the ..... compensation for a job.
- (a) overage (b) overall (c) overpaid (d) overseen
- Q4 Health insurance is an important benefit; it is less expensive through the employer at ..... rates than when taking it out on one's own.
- (a) department (b) division (c) group (d) team
- Q5 Should the employee become ill or have an accident, his or her medical ..... is adequately covered.
- (a) bandage (b) injury (c) repair (d) treatment
- Q6 Many US employers now help cover the expense of ..... facilities in their communities.
- (a) childcare (b) childhood (c) childish (d) childlike
- Q7 Another important benefit now often offered is flextime, which allows the employee to vary his or her working hours, within ....., each day.
- (a) hours (b) limits (c) ranges (d) reasons
- Q8 On the other hand, fewer companies are offering pension plans that guarantee a fixed monthly sum to .....
- (a) employees (b) layoffs (c) retirees (d) seniors
- Q9 Another benefit, the stock ownership plan, permits the employee to buy ..... of the company's stock at subsidized prices.
- (a) sections (b) segments (c) shares (d) slices
- Q10 ..... is a work plan that permits the employee to work from his or her home.
- (a) Telecommunicating (b) Telecommuting (c) Teleconferring (d) Telejobbing

*Starting Salary Expectations*

- Q1 If a well-qualified person is assiduous in his or her job search, s/he may receive more than one job .....
- (a) advertisement (b) chance (c) offer (d) site
- Q2 Location and cost of living play a big ..... in determining salary.
- (a) part (b) percentage (c) place (d) portion
- Q3 Both salary and cost of living vary among urban, suburban, and ..... areas.
- (a) countryside (b) hamlet (c) rural (d) wilderness
- Q4 Salaries in an urban area will likely be higher than in the suburbs, while the purchasing ..... of each salary may be similar.
- (a) amount (b) power (c) rate (d) result
- Q5 The costs of living in a ..... of geographical locations can be compared by using salary calculators available on the internet.
- (a) center (b) number (c) percent (d) quantity
- Q6 ..... and demand are big factors in the starting salary a company may offer.
- (a) Offer (b) Plea (c) Request (d) Supply
- Q7 In a field with a large number of candidates, there will be lower salaries and ..... competition.
- (a) some (b) steep (c) stiff (d) stout
- Q8 Contrariwise, other fields need workers so badly that the candidate will have his or her choice of employers, many of whom will offer ..... dollar.
- (a) maximum (b) multiple (c) silver (d) top
- Q9 Even so, within fields a range of salaries is offered, and industry and specific employer usually ..... salary.
- (a) affect (b) effect (c) infect (d) reflect
- Q10 Finally, each candidate is one-of-a-kind: his or her specific qualifications and abilities will play a major role in attracting employers and ..... a salary.
- (a) demanding (b) garnishing (c) negotiating (d) settling

*Job Promotion*

- Q1 Employees with ambition are often eager to ..... into management.  
(a) climb (b) level up (c) move (d) raise
- Q2 ..... is the ability to make decisions that will affect the company's future in a non-emotional way.  
(a) Magnitude (b) Majority (c) Maturity (d) Modesty
- Q3 Such employees will have formed friendships in the company, and co-workers will be expecting them to make decisions ..... on these relationships.  
(a) affected (b) based (c) centered (d) controlled
- Q4 An employee's ability to come up with ..... ideas is a benefit to a company, and the employee will be noticed for it.  
(a) sound (b) stable (c) strict (d) subtle
- Q5 A manager knows what s/he needs to get done each day, and usually knows this at the end of the previous day, so s/he should get a ..... plan thought out ahead of time.  
(a) drawn (b) form (c) game (d) morning
- Q6 Promotions go to the employees who are the most help to their bosses; when the boss is asked for a recommendation, those helpful employees will .....  
(a) come to mind (b) know their place (c) step right up (d) wait it out
- Q7 Management hopefuls should watch what their boss does and gain some ..... into the responsibilities of the position.  
(a) foresight (b) hindsight (c) insight (d) oversight
- Q8 The proverb "familiarity ..... contempt" is quite applicable to working in a position of authority.  
(a) breeds (b) exceeds (c) needs (d) precedes
- Q9 A manager cannot make close friends at the office; s/he should make ..... instead.  
(a) acquaintances (b) allies (c) employees (d) enemies
- Q10 Good managers know how to remain friendly but .....  
(a) impersonal (b) standoffish (c) stern (d) stolid

*The Balance Sheet*

- Q1 A balance sheet shows the financial ..... that a company has at a point in time and where they came from.  
(a) records (b) resources (c) returns (d) revenues
- Q2 It is an instant photograph that displays the company's financial ..... at the end of a business month, quarter or year.  
(a) explanation (b) position (c) publication (d) station
- Q3 The organization of a balance sheet reflects this basic .....: assets equal debts plus equity.  
(a) arrangement (b) assessment (c) equation (d) question
- Q4 The ..... of accounts is a listing of the accounts that are reflected in the financial statements.  
(a) book (b) chart (c) table (d) outline
- Q5 Assets are often listed in the order of their ..... — which means how easy it would be to convert each asset into cash.  
(a) complexity (b) liquidity (c) security (d) simplicity
- Q6 Assets are divided into three categories: Current Assets, Fixed Assets, and ..... Assets.  
(a) Current fixed (b) Different (c) Fixed current (d) Other
- Q7 Current assets will likely be turned into cash or converted into a(n) ..... within a year.  
(a) bonus (b) expense (c) option (d) stock
- Q8 Fixed assets are saleable, but are not expected to be converted to cash in the ..... course of business.  
(a) average (b) equal (c) final (d) normal
- Q9 Liabilities are debts or ..... stemming from goods or services received by the company.  
(a) obligations (b) others (c) outstandings (d) owed
- Q10 If the assets of a company are greater than its liabilities, then the equity of the business is the positive ..... between the two numbers.  
(a) calculation (b) difference (c) dividend (d) sum

*Income Statements*

- Q1 The statement of income and expenses reports the company's income and expenses for the time period: it is also called a .....-and-loss statement.  
(a) earnings (b) gain (c) profit (d) win
- Q2 The first item on the statement is the total amount of sales of products or services; this is often referred to as ..... sales.  
(a) gross (b) mass (c) overall (d) whole
- Q3 The main deduction from this revenue is called ..... of sales, the amount of money the company spent to produce the same goods or services.  
(a) cost (b) discount (c) expense (d) reduction
- Q4 The next deduction is ..... expenses — for example, administrative salaries and research costs, which do not vary directly with production.  
(a) fixed (b) operating (c) standard (d) unproductive
- Q5 Depreciation expenses the wear and ..... on assets like machinery, equipment and furnishings.  
(a) age (b) change (c) repair (d) tear
- Q6 The depreciation charge for using these assets during the accounting period is a ..... of their original cost.  
(a) foundation (b) fractile (c) fragment (d) function
- Q7 ..... income is the money that the company earns by keeping its cash in savings accounts, term deposits, etc.  
(a) Illicit (b) Inactive (c) Interest (d) Internal
- Q8 Finally, ..... tax is deducted.  
(a) business (b) commercial (c) income (d) value-added
- Q9 The final entry is the ..... line, which represents net earnings of the company during the accounting period.  
(a) balance (b) base (c) black (d) bottom
- Q10 Additionally, ..... indicates how much shareholders would receive if the company distributed all of its net earnings as dividends.  
(a) EPS (b) GDP (c) GNP (d) VAT

*Cost Accounting*

- Q1 ..... or cost accounting systems are part of a company's information system and are used for tracking costs and allocations to judge operational efficiency.  
(a) Corporate (b) Domestic (c) Management (d) Monitoring
- Q2 This is an ..... accounting system, rather than one for outside reporting.  
(a) inner (b) inside (c) interior (d) internal
- Q3 There are no ..... rules governing how a company should keep track of cash flows for cost accounting purposes.  
(a) amended (b) fixed (c) required (d) restricted
- Q4 ..... budgeting is a form of forecasted cost accounting for long-term projects or expenditures.  
(a) Capital (b) Major (c) Overhead (d) Terminal
- Q5 Cost accounting applications are major financial ..... in everyday corporate decision-making.  
(a) distractors (b) drivers (c) fetters (d) operators
- Q6 Cost accounting is important for estimating the ..... of current and future activities.  
(a) foreseeability (b) profitability (c) sensibility (d) variability
- Q7 When good cost accounting procedures are ....., the company may find out that they have been producing a non-profitable product or service.  
(a) contracted (b) discarded (c) implemented (d) suggested
- Q8 Cost accounting ..... managers toward company goals.  
(a) aggravates (b) gravitates (c) insulates (d) motivates
- Q9 It also measures the ..... of managers and departments in the company.  
(a) acceleration (b) doings (c) performance (d) seniority
- Q10 ..... costs change in proportion to the level of production activity, while fixed costs remain unchanged.  
(a) Varicose (b) Various (c) Variable (d) Versatile

*Auditing*

- Q1 The purpose of an audit is to gather and evaluate evidence in order to form an opinion on the ..... of a company's financial statements.  
(a) rationality (b) realization (c) reliability (d) responsibility
- Q2 The audit ..... is usually no more than a page in length and is attached to the financial statements.  
(a) report (b) response (c) result (d) review
- Q3 Auditors are not responsible for the ..... of the financial statements of an company.  
(a) evaluation (b) examination (c) position (d) preparation
- Q4 In the financial statements, the company implicitly states that all items, account balances and transactions are ..... valid, complete and accurate.  
(a) essentially (b) generally (c) materially (d) precisely
- Q5 An error in ..... is committed when the financial statements include an item that should not be included.  
(a) accuracy (b) auditing (c) completeness (d) validity
- Q6 An error in ..... is committed when the financial statements do not include an item which should be included.  
(a) accuracy (b) auditing (c) completeness (d) validity
- Q7 An error in ..... is committed when the financial statements include incorrect information about an item that should be included.  
(a) accuracy (b) auditing (c) completeness (d) validity
- Q8 One of the principal goals of the auditor is to add ..... to this assertion.  
(a) credentials (b) credibility (c) creditworthiness (d) credulity
- Q9 Audit risk is the risk that the auditor expresses an inappropriate audit opinion when the financial statements are significantly .....  
(a) misstated (b) overstated (c) restated (d) understated
- Q10 In addition to the financial statements, the auditor also examines the company's internal ..... procedures for effectiveness.  
(a) coherence (b) command (c) control (d) correspondence

**Budgeting**

- Q1 Budgeting is a combination of mathematics and guesswork: some ..... are precisely known, while others are less clear.  
(a) factions (b) factors (c) fallacies (d) fractions
- Q2 Every company should prepare a complete budget and constantly ..... its performance against that budget.  
(a) match (b) merge (c) mirror (d) monitor
- Q3 Any variation from a budget should be investigated and explained, and ..... action should be taken to correct any problems.  
(a) planned (b) potential (c) practiced (d) prompt
- Q4 When you have set a budget, you should ..... to it as much as possible, but revise it when necessary.  
(a) stand (b) start (c) stick (d) stretch
- Q5 Budgeting itself can help a company reduce costs, because every item in it must be ..... beforehand.  
(a) certified (b) justified (c) ratified (d) rectified
- Q6 The wrong way to prepare a budget is to simply include everything at last year's level plus annual .....  
(a) accrual (b) increment (c) inflation (d) investment
- Q7 Focus first on the largest costs, since they should have the greatest ..... for reduction.  
(a) potency (b) potential (c) prediction (d) projection
- Q8 Do not overestimate the ..... sales for the budget period.  
(a) conjectural (b) considered (c) determined (d) projected
- Q9 Creating a(n) ..... forecast requires estimating the expected monthly expenditures and matching those against the likely monthly income.  
(a) cash flow (b) current account (c) operating (d) turnover
- Q10 Many companies maintain a ..... budget, so that they are continually budgeting for this time next year.  
(a) floating (b) moving (c) rolling (d) shifting

*Depreciation*

- Q1 The idea of depreciation is quite straightforward; for instance, a forklift is an operational asset for a company's business, and each year it loses a certain amount of value until at last it is ..... and has no value for the company.
- (a) irreparable                      (b) irreplaceable                      (c) unrecognizable                      (d) unreliable
- Q2 Calculating and ..... for this loss in value of such an asset is called depreciation.
- (a) accounting                      (b) applying                      (c) disposing                      (d) subtracting
- Q3 Almost all companies invest in vehicles, furniture, machinery or buildings, and those that will be used for more than one year are considered ..... assets.
- (a) capital                      (b) durable                      (c) permanent                      (d) sizeable
- Q4 However, the entire cost of such an asset cannot be ..... in the year it is acquired.
- (a) deduced                      (b) deducted                      (c) reduced                      (d) remaindered
- Q5 If a business reduced a single year's income by the total cost of such an asset, it would result in a profit understatement in that year and a profit overstatement during the ..... years.
- (a) consequent                      (b) continuous                      (c) previous                      (d) succeeding
- Q6 For assets that have a useful life of more than one year, the cost must be ..... off over at least two years.
- (a) carried                      (b) reduced                      (c) stated                      (d) written
- Q7 The yearly depreciation for an asset is calculated using its ..... cost and the number of years that it will presumably retain some value.
- (a) formal                      (b) gross                      (c) initial                      (d) list
- Q8 At the end of each year, the annual depreciation is subtracted from the asset's cost; this determines its ..... value, which presumably is the same as its market value.
- (a) account                      (b) actual                      (c) book                      (d) operational
- Q9 Straight ..... depreciation, the most common method of depreciating assets, simply divides the initial cost of an asset by the number of years that it will presumably be of use.
- (a) ahead                      (b) forward                      (c) line                      (d) measure
- Q10 The ..... balance method presumes that the asset depreciates more when it is newer and less as it ages and wears.
- (a) declining                      (b) depleting                      (c) descending                      (d) discarding

*Inventories*

- Q1 Inventory accounting starts with the inventory on .....
- (a) deck (b) hand (c) record (d) stock
- Q2 Inventories cannot be ..... until sold, and meanwhile they are considered an asset.
- (a) depleted (b) eliminated (c) expensed (d) recorded
- Q3 There are four generally accepted approaches to inventory valuation based on ..... cost.
- (a) basic (b) historical (c) physical (d) presumed
- Q4 The ..... identification method records actual cost flow: each individual item and its cost must be accounted for.
- (a) positive (b) product (c) specific (d) total
- Q5 The ..... average method divides the total cost of inventory items by their total number at the end of any accounting period.
- (a) adjustable (b) overall (c) standard (d) weighted
- Q6 The moving average method uses an average cost for inventory items that is calculated and ..... at the time of each sale.
- (a) added (b) applied (c) decided (d) depicted
- Q7 The ..... method of inventory evaluation is based on the presumption that most companies normally sell the oldest items in their inventory before they sell the newer ones.
- (a) FEFO (b) FIFO (c) LIFO (d) FILO
- Q8 The ..... method is based on the presumption that the most recent stock items purchased will be the initial items sold.
- (a) FEFO (b) FIFO (c) LIFO (d) FILO
- Q9 The ..... method presumes that the company will continue to keep their oldest items in inventory.
- (a) FEFO (b) FIFO (c) LIFO (d) FILO
- Q10 The ..... method attempts to ensure that perishable products are sold while they are still in good condition.
- (a) FEFO (b) FIFO (c) LIFO (d) FILO

## GAAP

- Q1 Generally Accepted Accounting Principles are a set of accounting ..... approved by the professional accounting industry.  
(a) standards (b) suggestions (c) syllabuses (d) systems
- Q2 GAAP are a combination of ..... rules set by policy boards and the commonly accepted ways of recording and reporting financial information.  
(a) authoritative (b) guideline (c) optional (d) overriding
- Q3 They can become accepted either as a result of due ..... or as a result of long term practice.  
(a) placement (b) polling (c) procedure (d) process
- Q4 Accountants cannot express the opinion that financial statements are "in conformity with generally accepted accounting principles" if such information includes any ..... from these principles.  
(a) departures (b) duplications (c) projections (d) quotations
- Q5 After the Stock Market ..... of 1929, the American Institute of Accountants introduced five broad principles of accounting which have won fairly general acceptance.  
(a) Bubble (b) Bust (c) Crash (d) Plunge
- Q6 It is relatively unimportant to investors what reporting method is used by a company, so long as they are assured that it is followed ..... every year.  
(a) conclusively (b) consistently (c) constantly (d) cooperatively
- Q7 In 1934, the U.S. Congress created the Securities and ..... Commission (SEC), giving it the authority to prescribe the methods used in preparing financial statements.  
(a) Earnings (b) Economic (c) Evaluation (d) Exchange
- Q8 In 1938, Congress permitted companies to use a new ..... method, LIFO, for income tax purposes.  
(a) inclusive (b) introductory (c) inventory (d) investment
- Q9 In 1939, the AIA recommended the phrasing, "present fairly in conformity with generally accepted accounting principles" in the standard form of the ..... report.  
(a) auditor's (b) financial (c) management (d) stockholders'
- Q10 The P & L monograph of 1940 promulgated the "..... principle", which places primary emphasis on the correspondence of costs with the revenues that they produce.  
(a) alignment (b) approximation (c) concord (d) matching

*Accountants*

- Q1 Most accounting positions require a bachelor's degree in accounting or a related field or ..... combination of education and experience.  
(a) an attained (b) a calculated (c) a curricular (d) an equivalent
- Q2 Many companies want graduates with a master's degree in accounting, or a master's degree in business administration with ..... in accounting.  
(a) a concentration (b) an expertise (c) a focus (d) a specialty
- Q3 Some schools offer students a chance for hands-on experience with part-time ..... programs in accounting or commercial firms.  
(a) internship (b) practice (c) study (d) tutorial
- Q4 Accountants help make sure that a firm is run efficiently, that its records are maintained accurately, and that its taxes are paid properly and in a ..... manner.  
(a) controlled (b) courteous (c) formal (d) timely
- Q5 Nowadays, accountants are ..... the services they offer with budget analysis, investment planning, and IT consulting.  
(a) broadening (b) lengthening (c) opening (d) reformatting
- Q6 ..... accountants, many of whom are CPAs, generally have their own companies or work for major accounting firms.  
(a) Graduate (b) Professional (c) Public (d) Senior
- Q7 Some accountants specialize in ..... accounting — investigating white-collar crimes such as securities fraud and embezzlement.  
(a) criminal (b) forensic (c) police (d) undercover
- Q8 Many work closely with law enforcement officers and lawyers during investigations and often appear as ..... witnesses during trials.  
(a) expected (b) expert (c) known (d) respected
- Q9 ..... accountants record and analyze the financial information of the firms in which they are employed.  
(a) Business (b) Internal (c) Licensed (d) Management
- Q10 Government accountants work in the public ....., maintaining and monitoring the recordkeeping of government departments and agencies.  
(a) arena (b) domain (c) quarter (d) sector

*Retirement and Pensions*

- Q1 The relationship between worker pensions and retirement is of ..... interest to management and economists.  
(a) considerable (b) enough (c) plentiful (d) sufficient
- Q2 The reduction in retirement age since World War II is usually ..... to greater pension benefits, both governmental and private.  
(a) aligned (b) alleged (c) assigned (d) attributed
- Q3 The anticipated difficulties in financing current public pensions could be ..... by changes that delayed worker retirement.  
(a) instigated (b) investigated (c) mitigated (d) relegated
- Q4 Private pensions ..... a large percentage of individual wealth in most of the developed nations.  
(a) compare (b) compile (c) compost (d) comprise
- Q5 As a worker ages, both his productivity and the ..... of working another wage period will change.  
(a) difficulty (b) disability (c) disinterest (d) disutility
- Q6 In a perfect labor market, employers, who always pay workers the value of their ..... at any one time, will be indifferent to the age of retirement.  
(a) contract (b) output (c) pension (d) salary
- Q7 The most obvious reason for the existence of pensions is the tax advantage, since pension ..... are permitted to accumulate untaxed until retirement.  
(a) benefits (b) calculations (c) contributions (d) payouts
- Q8 Both employers and employees benefit from a payment ..... where workers receive less than the actual value of their work when they are young and more than the actual value of their work when old.  
(a) avenue (b) envelope (c) gap (d) stream
- Q9 This system reduces worker incentives for ..... and cheating and thereby raises their lifetime wealth.  
(a) kiting (b) lurking (c) lying (d) shirking
- Q10 General economic conditions also help determine actual retirement age: higher inflation and greater unemployment at the end of his career causes the worker to ..... his retirement.  
(a) defray (b) delay (c) deny (d) detract

*Start Your Own Bank*

- Q1 The goal of the state of California is to maintain a sound banking system without ..... limiting the entry of new banks.  
(a) unduly (b) unrealy (c) unruly (d) unusually
- Q2 A competitive financial environment provides ..... choice to the public and stimulates economic development and efficiency.  
(a) critical (b) optimal (c) maximal (d) radical
- Q3 The state chartering agency makes sure that a new bank possesses the needed capital and management ..... to serve the public's needs.  
(a) expertise (b) labour (c) practices (d) recruitment
- Q4 This agency is the bank's primary ....., with the duty to protect the public from questionable banking practices.  
(a) administrator (b) moderator (c) originator (d) regulator
- Q5 The term "dual banking system" means that both the California and the US governments ..... bank charters.  
(a) certify (b) issue (c) license (d) publish
- Q6 The word "State" or "National" as part of a bank's name has nothing ..... where it operates; this refers to the type of charter it has.  
(a) in common with (b) in comparison to (c) to do with (d) to understand by
- Q7 Joining the Federal Reserve System is required for national banks, but ..... for state banks.  
(a) obligated (b) obvious (c) optimal (d) optional
- Q8 The FRS lends money to banks at a discount rate to help meet their short-term cash requirements, and is known as the lender of last ..... for banks suffering liquidity crises.  
(a) chance (b) legs (c) request (d) resort
- Q9 The minimum amount of ..... capital for a newly chartered bank should total at least \$2,500,000 in capital stock.  
(a) collected (b) direct (c) fixed (d) startup
- Q10 California wishes to encourage a broad and ..... shareholder base for new banks, although the organizers may desire to limit this number due to tax or other considerations.  
(a) based (b) diversified (c) lengthy (d) shallow

*Internet Investing*

- Q1 The Internet ..... an excellent tool for both investors and fraudsters.  
(a) becomes (b) equals (c) has (d) makes
- Q2 ..... online newsletters can certainly help investors gather valuable information.  
(a) Legal (b) Legible (c) Legitimate (d) Literary
- Q3 However, some companies pay online newsletters to ..... their stocks.  
(a) tally (b) tongue (c) tout (d) treat
- Q4 These newsletters will profit ..... if they convince investors to buy specific stocks.  
(a) attractively (b) beautifully (c) handsomely (d) prettily
- Q5 The most egregious scalp the stocks they hype, ..... the price with recommendations and then selling their own holdings at an inordinate profit.  
(a) clinging to (b) driving up (c) nailing down (d) standing by
- Q6 Internet bulletin boards ..... threads made up of numerous messages on investment opportunities.  
(a) capture (b) censure (c) feature (d) stature
- Q7 A single individual can mimic widespread interest in an unknown stock with a series of posts under various .....  
(a) actors (b) addresses (c) aliases (d) antonyms
- Q8 Because spam is so easy and cheap to produce, fraudsters frequently use it to find investors for ..... investment deals.  
(a) bogus (b) bonus (c) sub rosa (d) surplus
- Q9 Many investment programs are just an internet version of the classic ..... scheme in which participants attempt to make money simply by recruiting new participants.  
(a) escalation (b) hierarchy (c) level up (d) pyramid
- Q10 Never make an investment based ..... on what you read in emails or on the internet.  
(a) lightly (b) lonely (c) singly (d) solely

*Evolution of the Stock Exchange*

- Q1 Paul Arlman, Secretary General of the Federation of European Securities Exchanges, warned in the following excerpted speech that he would not be able to answer this question ..... him: "What is an Exchange?"  
(a) asked to (b) put to (c) said to (d) set to
- Q2 The New York Stock Exchange was originally formed to ..... exchange rooms for the convenient transaction of their business by its members.  
(a) furnish (b) reform (c) refurbish (d) renovate
- Q3 The oldest Stock Exchange in the world, the Amsterdam Exchange, started in a Post Office in 1598 where incoming and ..... letters from ships were registered.  
(a) backdated (b) outgoing (c) outstanding (d) overseas
- Q4 But it was only in 1611, nine years after they started trading the first tradable share of the Vereenigde Oost-indische Compagnie (VOC) that they really got their own Exchange in the ..... of a building.  
(a) facade (b) nature (c) sense (d) stead
- Q5 "Confusion de Confusiones", by Joseph de la Vega, published in 1688, shows us quite precisely what an Exchange is: a den of ..... unless moderated by regulation.  
(a) lions (b) scouts (c) thieves (d) wolves
- Q6 Through most of its history an Exchange was a meeting place in a physical sense, and only in the last century did we introduce electricity and telephones, which on many floors of the Exchanges were restricted or .....  
(a) forbidden (b) foregone (c) forestalled (d) forgotten
- Q7 In order to define what a Stock Exchange is today, you have to understand the unstoppable progress, or ....., of technology.  
(a) barrage (b) bombardment (c) juggernaut (d) ramrod
- Q8 When the computer did away with the physical limitation of the Exchange within one single city or region, the technology lost its uniqueness, and it gave rise to .....  
(a) competition (b) correlation (c) jurisdiction (d) justification
- Q9 Another factor for change has been international equity investors, who have shown a ferocious appetite for both domestic and foreign equity investment, even ..... the dot com bubble.  
(a) aboveboard (b) nevertheless (c) notwithstanding (d) thereabouts
- Q10 The fourth factor is the information availability explosion that gave all investors nearly ..... access to nearly free data.  
(a) uncontrolled (b) unlimited (c) unmanageable (d) untenable

*Corporate Taxation*

- Q1 Rob Norton, of eCompany Now and Fortune magazines, notes in the article quoted below that corporate taxes are among the least efficient and least ..... of taxes.  
(a) avoidable (b) defeatable (c) defensible (d) reprehensible
- Q2 The tax is popular with the man ....., who believes, incorrectly, that it is paid by corporations.  
(a) in the shop (b) in the street (c) on the block (d) on the job
- Q3 The federal corporate income tax applies only to some businesses — those chartered as corporations — and not to partnerships or ..... proprietorships.  
(a) simple (b) single (c) sole (d) strict
- Q4 The federal tax is levied at three different rates on different ..... of income: 15 percent on taxable income under \$50,000; 25 percent on income between \$50,000 and \$75,000; and 34 percent on income above that.  
(a) brackets (b) components (c) portions (d) segments
- Q5 A good reason that state and local corporate income taxes remain low is that corporations could easily ..... out of states that imposed unusually high taxes.  
(a) reinstate (b) relegate (c) relocate (d) replace
- Q6 Except for emergency taxes in wartime, corporate profits were first taxed in 1909, when Congress ..... a 1 percent tax on corporation income.  
(a) decided (b) enacted (c) proscribed (d) retracted
- Q7 The Tax Reform Act of 1986 was designed to increase the share of federal revenues collected via the corporate income tax and to decrease the share from the ..... income tax.  
(a) individual (b) personnel (c) private (d) single
- Q8 While the top corporate tax rate was cut, deductions for capital expenditures were severely ....., and as a result the effective tax rate for many corporations rose.  
(a) amended (b) curtailed (c) examined (d) extended
- Q9 The central problem with the corporate income tax from an economic point of view is that, ultimately, only ..... can pay taxes.  
(a) entities (b) companies (c) people (d) some
- Q10 As early as the 17th century, Sir William Petty, one of the ..... of modern economics, argued that a tax on the production and sale of commodities would eventually be shifted by producers to consumers, who would pay it in the form of higher prices.  
(a) planners (b) precursors (c) predecessors (d) progenitors

*Commercial Property*

- Q1 According to NAREIT (Yungmann and Taube, 2001), property insurance coverage should be based on fair value, i.e., valuing assets at their current market values — actual, if available, or ....., if not.  
(a) comparative (b) previous (c) projected (d) theoretical
- Q2 Much of the fair value debate has had a technical focus on how to place fair values on assets for which no market values .....
- (a) apply (b) compare (c) exist (d) obtain
- Q3 While the technical issues are important, the real driver should be improving ..... for users of financial statements.  
(a) opacity (b) redundancy (c) translucency (d) transparency
- Q4 A single global standard will increase the ..... of financial presentations, which currently vary considerably.  
(a) completeness (b) comprehension (c) consistency (d) control
- Q5 A comprehensive standard ..... comparability across all types of financial institutions.  
(a) correlates (b) facilitates (c) initiates (d) legislates
- Q6 When accounting values for assets ..... from their underlying market values, some managements take uneconomic actions to protect accounting performance measures.  
(a) detract (b) distract (c) diverge (d) divide
- Q7 For example, during the U.S. savings and loan crisis in the 1980s, many institutions ..... assets with market values above book and continued to hold assets with book values above market.  
(a) sold off (b) sold out (c) underwrote (d) wrote off
- Q8 In hindsight, users of their financial statements were not well served by the accounting system ..... at the time.  
(a) at hand (b) in place (c) on hold (d) underway
- Q9 Fair value ..... argue that measuring financial assets as close as possible to their true underlying economic values removes these perverse incentives.  
(a) presentations (b) proponents (c) propositions (d) protocols
- Q10 Users would also benefit from a clearer picture of the economic ..... of the enterprise.  
(a) breath (b) health (c) heart (d) scene

*Quality Control at Ford*

- Q1 Writing of Ford's quality control problems, Tom Murphy of Ward's Auto World magazine mentions internal data suggesting suppliers were more culpable than the auto maker as recalls and warranty claims seemed to be ..... out of control.  
(a) exploding (b) rising (c) rolling (d) spinning
- Q2 The Firestone tire ..... got the most attention, but in many respects it was merely a symptom of a much broader ailment afflicting the No. 2 auto maker.  
(a) debacle (b) debut (c) detachment (d) deterrent
- Q3 A Ford executive contended that suppliers deserved a trip to the ..... for a number of costly, boneheaded mistakes.  
(a) dentist (b) market (c) outhouse (d) woodshed
- Q4 By last fall, however, the tone had softened; instead of berating parts makers, Ford was openly .....  
(a) conciliatory (b) congratulatory (c) consolatory (d) convivial
- Q5 Caught up in the industry-wide trend toward ....., Ford may have relied too heavily on suppliers for engineering.  
(a) outsiders (b) outsourcing (c) overhead (d) oversight
- Q6 This demonstrates that OEMs run the risk of becoming ..... to the technical capabilities — or liabilities — of their suppliers if they merely purchase, rather than engineer.  
(a) subcontracted (b) subjected (c) subordinate (d) subservient
- Q7 To ..... the problem, Ford reclaimed some engineering responsibility.  
(a) ramify (b) realign (c) rectify (d) register
- Q8 The ..... effect of the new philosophy will be felt for years to come by many of the 2,000 production suppliers Ford taps for parts every day.  
(a) rapid (b) ripple (c) side (d) special
- Q9 Many suppliers are reserving judgment until the strategy is fully implemented over the next two years, but most are cautiously .....  
(a) optical (b) optimal (c) optimistic (d) optional
- Q10 It is humbling for the company that pioneered mass production of the automobile to admit nearly 100 years later that it took its eye ....., that it sacrificed engineering prowess in what ironically was an attempt to make itself more efficient.  
(a) for an eye (b) off the ball (c) out of the socket (d) to the grindstone

*Product Development (1)*

- Q1 This white paper by the American Productivity & Quality Center explains that the most successful new product development teams are ....., with representation from a core group of areas such as finance, marketing, manufacturing, design, engineering, and research.  
(a) bilateral (b) cosmopolitan (c) metropolitan (d) multifunctional
- Q2 An open communication environment enables team members to ..... ideas around the group, receive feedback more quickly, and facilitate brainstorming sessions.  
(a) balance (b) better (c) bounce (d) bring
- Q3 Team membership is vital to the success of the group; ..... program managers to select those individuals they determine to be of the greatest value is a critical step.  
(a) demanding (b) empowering (c) inducting (d) suggesting
- Q4 In addition, teams are being given greater authority and held more ..... for the success or failure of the project.  
(a) accessible (b) accountable (c) actionable (d) advisable
- Q5 The use of various team reward and recognition structures is mixed, with a trend toward more recognition as opposed to monetary .....
- (a) conceptions (b) considerations (c) incentives (d) incitements
- Q6 Several best-practice companies have specific companywide awards for work "..... the call of duty".  
(a) above and beyond (b) inside and outside (c) through and through (d) up to and including
- Q7 In addition, the NPD process needs a "champion", who is ..... with monitoring and adjusting the process as new experiences, good or bad, present themselves.  
(a) assigned (b) chored (c) lumbered (d) tasked
- Q8 The NPD process can be ..... into four general categories: idea generation, concept development, product and process design, and production and delivery.  
(a) broken down (b) cut up (c) gathered up (d) sorted out
- Q9 One organization stores all ideas in a database and revisits them until they are ..... useless.  
(a) deemed (b) deleted (c) determined (d) discarded
- Q10 Once viable ideas are chosen, they must be further developed, examined, and ..... before the select few concepts proceed to full design.  
(a) itemized (b) prioritized (c) realized (d) scrutinized

*Product Development (2)*

- Q1 The American Productivity & Quality Center study identified specific sources that tend to be good idea ..... for new product development, including market research, focus groups, third-party/inventor input, and brainstorming.  
(a) constructors (b) containers (c) generators (d) guarantors
- Q2 The concept development phase requires a more formal review and planning process that ensures the concepts are technically feasible, will make a ..... product, and will allow the organization to make a profit.  
(a) fashionable (b) reasonable (c) seasonable (d) sustainable
- Q3 At this point, an executive review generally approves the product for design and additional resource .....  
(a) acquisition (b) advisement (c) allocation (d) attachment
- Q4 The product and process design stage involves turning the concept into a tangible product design and transforming that design into ..... prototype or pilot.  
(a) an active (b) an actual (c) a working (d) a solid
- Q5 Prototypes or pilots allow the designers to test and ..... the ability of the product or service to perform as originally expected.  
(a) approve (b) guarantee (c) satisfy (d) verify
- Q6 At this stage, to change the original product ....., some form of approval is required.  
(a) classification (b) generation (c) identification (d) specification
- Q7 This approval can range from upper management review to individual functional area review to team .....  
(a) ballot (b) consensus (c) hindsight (d) poll
- Q8 Once the final design is finalized and approved, the product is ..... into production.  
(a) admitted (b) advanced (c) launched (d) projected
- Q9 A .....-up period normally is required before full production can begin.  
(a) level (b) round (c) scale (d) speed
- Q10 A quality assurance group within each business unit is responsible for verifying that the product and each manufacturing site meets the required .....  
(a) addenda (b) agenda (c) criteria (d) quota

*Auto Leasing*

- Q1 LeaseGuide.com author Al Hearn explains that automobile leasing is based entirely on the ..... that you pay for the amount by which a vehicle's value depreciates during the time you're driving it.  
(a) concept (b) design (c) image (d) observation
- Q2 Depreciation is the difference between a vehicle's original value and its value at lease-end (..... value), and is the primary factor that determines the cost of leasing.  
(a) remnant (b) reserve (c) residual (d) retained
- Q3 Generally, European and Japanese automobile ..... have lower depreciation than American brands.  
(a) cars (b) logos (c) makes (d) trademarks
- Q4 Manufacturer's ..... Retail Price (MSRP) is the full price for a vehicle as displayed on its window sticker, including optional packages and destination charges.  
(a) Sales (b) Standard (c) Stated (d) Suggested
- Q5 When you and your dealer sit down and agree on a lease price for a car, this becomes the ..... cost, or "cap cost".  
(a) capitalized (b) car and package (c) cash projected (d) contract approved
- Q6 Cap cost can be reduced by rebates, factory-to-dealer incentives, trade-in credit, or a cash ..... payment; these are known as cap cost reductions.  
(a) down (b) first (c) key (d) prior
- Q7 When you lease, you're ..... the leasing company's money while you're driving their car and they rightfully expect you to pay interest on that money, the same as with a loan.  
(a) binding over (b) nailing down (c) running through (d) tying up
- Q8 This interest is expressed as a money factor, sometimes called lease factor, and is specified as a small ..... number such as .00297.  
(a) decimal (b) denominator (c) percentile (d) unrounded
- Q9 A good rule of .....: Lease money factors, converted to an annual interest rate, should be comparable to, if not lower than local new-car loan interest rates.  
(a) calculation (b) law (c) measure (d) thumb
- Q10 However, you may not qualify for great money factors unless if you have ..... credit rating.  
(a) a guaranteed (b) a relevant (c) a spotless (d) an unremarkable

*Essential Advertising*

- Q1 Stephen Whyte, CEO of Leo Burnett, observes that Marshall McLuhan may have had his ..... when uttering his much-quoted statement, "Advertising is the greatest art form of the 20th Century".
- (a) foot in his mouth (b) hat on backwards  
(c) nose to the grindstone (d) tongue in his cheek
- Q2 You can dispute whether or not advertising is art, but there is no ..... that advertising is big business.
- (a) betting (b) denying (c) discussing (d) speculating
- Q3 Advertising's global landscape is changing constantly, as agencies and holding companies consolidate to achieve international clout and economies of .....
- (a) scale (b) size (c) state (d) success
- Q4 Media, telecommunications and electronics are converging to become one giant industry, illustrated by powerful ....., such as the merger between AOL and Time Warner.
- (a) alliances (b) antagonists (c) competitors (d) cooperatives
- Q5 Media expansion causes problems for advertisers, but it also presents new opportunities by increasing the possibilities for effectively targeting individuals, rather than taking a ..... approach.
- (a) broadside (b) bulletproof (c) scattergun (d) sharpshooter
- Q6 Of the three central roles — account manager, planner and creative — only the account handlers manage the relationship with the client on a ..... basis.
- (a) day-in-and-day-out (b) day-to-day (c) from-time-to-time (d) time-after-time
- Q7 The account manager is the ..... of the wheel — someone who organises the agency team of account managers, planners and creatives.
- (a) axle (b) hub (c) rim (d) spoke
- Q8 The planner's role is to find the most ..... communication strategy and develop a real insight into the relationship between the brand and the consumer.
- (a) compelling (b) complementary (c) convenient (d) convivial
- Q9 The creatives are the brilliant executional thinkers, working in teams made up of a copywriter and an art director to develop the planners' ideas and think up ads which will give brands a strong competitive .....
- (a) ability (b) advantage (c) ambience (d) assonance
- Q10 We develop relationships with possible future clients, even though sometimes it is years down the line before something ..... it.
- (a) banks on (b) comes of (c) happens to (d) reacts from

**Asset Classes**

- Q1 Cathy Smart and the investment analysts at 401k Forum help you get down to the ..... with this article about the different asset classes.  
(a) baseline (b) basement (c) basics (d) basis
- Q2 Asset classes are the categories that your different investments ..... into — such as cash, bonds, large-cap stocks, small-cap stocks, and international stocks.  
(a) fall (b) fan (c) sift (d) sort
- Q3 Studies have shown that the key to successful investing is to ..... your wealth among different asset classes.  
(a) diverge (b) expand (c) range (d) spread
- Q4 Market capitalization (market cap) is a measure of the size and value of a company; to determine this, you simply multiply the number of the company's ..... shares of stock by the market price of one share.  
(a) corporate (b) individual (c) open market (d) outstanding
- Q5 Market capitalization is important because history has shown us that the stocks of companies with different market caps ..... differently in terms of return and risk.  
(a) behave (b) comply (c) gain (d) operate
- Q6 Cap-size shift: mid-cap stocks may have once been defined as large cap, but fell out of ..... with investors.  
(a) concern (b) favor (c) line (d) satisfaction
- Q7 Mid-cap stock performance usually falls somewhere in between the returns of their large- and small-cap .....  
(a) companions (b) counterparts (c) replicas (d) surrogates
- Q8 However, mid- and small-cap stock returns tend to be more ..... than the returns of large-cap stocks.  
(a) vaporous (b) volatile (c) voluminous (d) voracious
- Q9 If a smaller company loses a few key executives, or if the economy takes a ..... for the worse, it only takes a few nervous investors to cause the stock to drop drastically.  
(a) dive (b) path (c) step (d) turn
- Q10 ..... can reduce your risk and help protect your investment: if one asset class in your portfolio is performing poorly, there's a chance that another asset class within your portfolio will be performing well.  
(a) Departmentalization (b) Differentiation (c) Distribution (d) Diversification

*Business Law*

- Q1 The Commission on European Contract Law recognizes that throughout Europe there is great interest in developing a common European ..... and commercial law.  
(a) civil (b) corporate (c) individual (d) personal
- Q2 The efforts and money which it will cost to unify the private law will be ..... repaid when it is there.  
(a) amply (b) annually (c) entirely (d) mainly
- Q3 In 1997, the Third Commission began to prepare rules on subjects which are common to contracts, torts and unjust enrichment, such as plurality of creditors and debtors, and ..... of debts and claims.  
(a) advisement (b) alignment (c) arrangement (d) assignment
- Q4 With a few exceptions the members of the Commission of European Contract Law have been academics, but many of the academics are also ..... lawyers.  
(a) practical (b) practiced (c) practicing (d) practicum
- Q5 The Members have not been representatives of specific political or governmental ....., and they have all pursued the same objective, to draft the most appropriate contract rules for Europe.  
(a) interests (b) liaisons (c) platforms (d) wings
- Q6 The Principles may be compared with the American Restatement of the Law of Contract, which consists of non-binding rules, or ".....".  
(a) by law (b) false law (c) near law (d) soft law
- Q7 Some of the Principles of European Contract Law reflect ideas which have not yet ..... in the law of any state.  
(a) adopted (b) approached (c) materialised (d) realised
- Q8 The Commission has made an effort to deal with those issues in contract which face business life of today and which may ..... the trade.  
(a) adhere (b) advance (c) advertise (d) advise
- Q9 The Council and the Commission of the EU have been invited to prepare new procedural legislation in ..... border cases, in particular on those elements which are instrumental to a smooth judicial co-operation.  
(a) beyond (b) both (c) cross (d) over
- Q10 It is envisaged that the general principles of the law of contracts provided in the PECL will be ..... in what may eventually become a European Civil Code.  
(a) imagined (b) instigated (c) integrated (d) investigated

*Email Do's and Don'ts*

- Q1 Joan Lloyd, of Joan Lloyd & Associates, writes that email is a medium of communication ..... for sheer convenience.  
(a) uncompered (b) undivided (c) unequal (d) unparalleled
- Q2 However, she warns that it also carries many ..... and even dangers in the office environment.  
(a) deadfalls (b) freefalls (c) pitfalls (d) pratfalls
- Q3 Delivering a negative message is difficult, even when it is spoken face-to-face; ..... is almost guaranteed when it's received by email.  
(a) decisiveness (b) defensiveness (c) derisiveness (d) discursiveness
- Q4 What's worse, email can be printed and saved: both parties will often haul out their "documentation" to prove how the other party has ..... them.  
(a) decried (b) missed (c) reviled (d) wronged
- Q5 If you receive an email that ..... you off, and your first reaction is to counterattack, don't; close it and wait 24 hours before you respond.  
(a) checks (b) fires (c) seizes (d) ticks
- Q6 Because the tone and ..... are missing, it is more important to use friendly language, descriptive adjectives and carefully chosen words.  
(a) inflection (b) intention (c) reflection (d) retraction
- Q7 If you don't consider how it will sound on the other end and take steps to shape the delivery so the meaning is understood, you could be doing ..... control later.  
(a) communication (b) courtesy (c) damage (d) passion
- Q8 When I get a sloppy email, with poor punctuation, misspelled words or in lower case letters, it tells me the person just doesn't realize that what and how they write ..... their credibility to others.  
(a) denies (b) exaggerates (c) telegraphs (d) underlines
- Q9 Email feels private, but it's anything .....
- (a) at all (b) available (c) but (d) public
- Q10 Write every email for your boss's eyes: it's a great way to keep you honest and ..... sensitive.  
(a) politically (b) positively (c) practically (d) probably

*Organizing a Business*

- Q1 According to Ron Kurtus of School for Champions, some companies may be ..... successful, but they could be even more profitable if they paid attention to the basics of organization.  
(a) casually (b) mildly (c) scarcely (d) willfully
- Q2 Good organization results in reducing losses due to ..... work or unclear objectives.  
(a) duplicate (b) little (c) over (d) unplanned
- Q3 All personnel do better work, because they know what they should be doing and what their place is in the ..... of things.  
(a) host (b) plan (c) process (d) scheme
- Q4 In order to improve, you must have a vision or goal of where you want to end .....  
(a) it (b) result (c) point (d) up
- Q5 The primary purpose or reason to start a business ..... is to earn profits for its owners or stockholders.  
(a) energy (b) entity (c) strategy (d) synergy
- Q6 For the ..... of public relations, such a stated purpose is kept private.  
(a) cause (b) comfort (c) matter (d) sake
- Q7 You should also be aware of your core .....: what are you good at?  
(a) comparisons (b) competencies (c) competitors (d) complements
- Q8 Often companies become diluted and start to get into a field that they think is ....., but in which they cannot compete.  
(a) lucent (b) lucrative (c) ludicrous (d) lugubrious
- Q9 A good ..... statement accurately explains why your company exists and what it hopes to achieve in the future.  
(a) corporate (b) foundation (c) mission (d) public
- Q10 A very good way to organize your business is by following the ..... 9000 standards; you do not necessarily have to become certified, but you can still use them as a guide in how to effectively operate your business.  
(a) BBB (b) ISO (c) POP (d) QC

*SKUs and Pricing*

- Q1 Sales derive from a product's stock-keeping Units (SKU), the ..... combination of the specific quality, price, container size, colour, model, etc, and the product name.  
(a) deviant (b) discreet (c) peculiar (d) unique
- Q2 SKUs are what manufacturers produce, what retailers sell, and what consumers buy; ..... are what are advertised.  
(a) brands (b) images (c) items (d) wares
- Q3 A large ..... of SKUs for consumer products has led to myriad choices for customers.  
(a) prepackaging (b) preponderance (c) proliferation (d) proportion
- Q4 This has led to complicated supply and demand logistics, ..... of brand loyalty and more pressure on profit margins.  
(a) eradication (b) erasure (c) erosion (d) eruption
- Q5 Buyers have become much more ..... in recent years, forcing retailers to respond more quickly and efficiently.  
(a) decrying (b) demanding (c) dismaying (d) distracting
- Q6 Many stores use a psychological pricing strategy called odd pricing, ..... prices end in odd numbers, such as \$19.95.  
(a) whenever (b) whereby (c) while (d) whither
- Q7 Presumably, customers see odd prices as being ..... below even prices, and consequently a bargain.  
(a) seriously (b) slimly (c) substantially (d) surprisingly
- Q8 On the other hand, luxury boutiques, to project a ..... image for their products, use even pricing such as \$10.00 or \$50.00.  
(a) preponderant (b) prepossessive (c) prestigious (d) prodigious
- Q9 Multiple unit pricing is a strategy in which the customer perceives ..... buying as involving more savings.  
(a) frequent (b) quantity (c) repetitive (d) wholesale
- Q10 Multiple unit pricing is usually effective in increasing ..... sales of a product, but it may not increase the rate of consumption.  
(a) customer (b) immediate (c) overall (d) retail

*Managerial Decisions*

- Q1 Dr. Said Atri, Professor of Economics at SUNY, explains that most managerial decisions involve making a choice from among ..... courses of action or options in order to achieve a certain objective.  
(a) alternate (b) alternative (c) opposing (d) opposite
- Q2 ..... is the process by which a desired outcome is achieved through the most efficient course of action.  
(a) Operations (b) Opportunism (c) Optimism (d) Optimization
- Q3 In consumption, a consumer with a ..... amount of income purchases the mix of goods that provides him or her with the greatest level of satisfaction or utility.  
(a) given (b) limited (c) predetermined (d) standard
- Q4 Often managerial decisions have to be made subject to some .....  
(a) considerations (b) constraints (c) constrictions (d) contradictions
- Q5 For instance, a manager that is trying to cut his labor costs may be under a union ..... limiting his ability to lay off workers.  
(a) contract (b) house (c) strike (d) negotiation
- Q6 A farmer who wants to take advantage of good market conditions and increase the size of his ..... is limited by the amount of land that he has available.  
(a) crop (b) cultivar (c) field (d) produce
- Q7 Managerial decisions are not made in a .....: economic and market conditions constantly change and managers must decide in accordance with the dynamics of the business environment.  
(a) committee (b) hermitage (c) rush (d) vacuum
- Q8 As complex as managerial problems may appear, often their various elements can be fitted into microeconomic models; that is why managerial economics is also called ".....".  
(a) applied microeconomics (b) objective microeconomics  
(c) theoretical microeconomics (d) virtual microeconomics
- Q9 The manager's internal environment is made up of those factors over which he has at least some ..... of control.  
(a) angle (b) degree (c) measurement (d) power
- Q10 Macroeconomics is ..... to managers, as managers are often interested in knowing the state of the economy and the direction of macroeconomic measures such as interest rates and inflation.  
(a) related (b) relegated (c) relevant (d) requisite

*Operations Management*

- Q1 Some claim that management should exist only to support employees' efforts to be fully productive members of the organization — therefore, any form of control is completely ..... to management and employees, says Carter McNamara of Authenticity Consulting, LLC.  
 (a) conducive (b) congenial (c) copacetic (d) counterproductive
- Q2 The phrase "management control" itself can have a negative connotation, e.g. it can sound dominating, coercive and .....-handed.  
 (a) double (b) heavy (c) rough (d) under
- Q3 Organizations often use ..... documents to ensure complete and consistent information is gathered.  
 (a) photocopied (b) prefabricated (c) standardized (d) stored
- Q4 Documents include titles and dates to detect different ..... of the document.  
 (a) copies (b) signatories (c) sources (d) versions
- Q5 Organizations typically require a wide range of reports, e.g. financial reports, status reports, project reports, etc, to ..... what's being done, by when and how.  
 (a) administer (b) archive (c) mandate (d) monitor
- Q6 Computers have ..... administrative controls through use of integrated management information systems, project management software, human resource information systems, office automation software, etc.  
 (a) categorized (b) evolved (c) instituted (d) revolutionized
- Q7 Delegation is an approach to getting things done in ..... with other employees.  
 (a) concordance (b) conjunction (c) preparation (d) proposition
- Q8 Delegation generally includes assigning responsibility to an employee to complete a task, granting the employee authority to gain the resources to do the task and letting the employee decide how that task will be carried  
 .....  
 (a) off (b) on (c) out (d) over
- Q9 Typically, the person assigning the task shares ..... with the employee for ensuring the task is completed.  
 (a) accountability (b) advisability (c) compensation (d) satisfaction
- Q10 ..... is carefully collecting and analyzing information in order to make managerial decisions.  
 (a) Estimation (b) Evaluation (c) Reconnaissance (d) Restitution

*Human Resources Management*

- Q1 Dr. John Sullivan, Head and Professor of Human Resource Management at San Francisco State University stresses the necessity of establishing a set of assessment tools that will let you know in advance where ..... count and overhead costs are excessive.
- (a) body (b) hand (c) head (d) nose
- Q2 In this changing world, it is not uncommon for new markets to open (and close) rapidly, so companies need to have a strategy to move people and resources rapidly from areas of low to areas of a higher .....
- (a) competition (b) impact (c) return (d) traffic
- Q3 Developing HR systems and metrics known as "....." that indicate potential problems gives us sufficient time to develop plans and strategies to either avoid the problem or minimize its impact.
- (a) fire detectors (b) fog detectors (c) lie detectors (d) smoke detectors
- Q4 A ..... strength or back-fill plan differs from succession planning in that it only covers replacing key jobs within a single department; individual managers are held responsible for developing at least one individual to fill every key job.
- (a) bench (b) desk (c) full (d) industrial
- Q5 One of the primary reasons employees leave their jobs is due to a lack of challenge, but HR can dramatically increase ..... rates if it gets managers to develop individual "Challenge Plans" for each worker.
- (a) recidivism (b) remaining (c) retention (d) return
- Q6 Because most companies have eliminated many management positions, there are fewer opportunities for promotion to stimulate workers, so they need to develop ..... transfer and job rotation plans to ensure the continued development of skills.
- (a) holiday (b) horizontal (c) subsidiary (d) supervised
- Q7 New hires, as well as our current workers, are demanding an increasing array of benefits and work life ..... options like job sharing and sabbaticals.
- (a) balance (b) equality (c) offset (d) release
- Q8 In order to rapidly ..... resources and fill unexpected vacancies HR must develop computerized skill or competency inventories.
- (a) reaffirm (b) redeploy (c) redesign (d) redress
- Q9 One of the primary reasons that employees quit their jobs are the bad management ..... of their direct supervisor.
- (a) activities (b) exercises (c) habits (d) practices
- Q10 A strong economy ..... with large swings in the health of world economies makes predicting the supply of labor increasingly difficult.
- (a) compared (b) contrasted (c) coordinated (d) coupled

*Entrepreneurship*

- Q1 Millions of new enterprises are begun each year in spite of a more than 50% ..... rate.  
(a) failure (b) initial (c) interest (d) return
- Q2 There is increasing research on the subject, more and more courses in entrepreneurship, and heightened ..... by the media.  
(a) coverage (b) distribution (c) journalism (d) publication
- Q3 Initiating a new business involves considerable risk, as well as an effort to overcome all the ..... against innovative ideas.  
(a) attitude (b) inertia (c) pressure (d) protest
- Q4 The French word "entrepreneur", ..... translated, means simply "undertaker".  
(a) accurately (b) actually (c) fully (d) literally
- Q5 The entrepreneur's connection with risk evolved in the 17th century, when an entrepreneur was someone who entered into a contract with the government to perform a service or to supply ..... products.  
(a) simulated (b) stimulated (c) stippled (d) stipulated
- Q6 Since the contract price was fixed, any resulting profits or losses ..... the efforts of the entrepreneur — the better he performed, the more profit he made.  
(a) affected (b) deflected (c) effected (d) reflected
- Q7 In the 18th century, the person with capital was ..... from the one who needed capital; in other words, the entrepreneur was distinguished from the capital provider.  
(a) differentiated (b) divided (c) segregated (d) separated
- Q8 In contrast to an entrepreneur, a venture capitalist is a professional money manager who makes risk investments from a ..... of capital to obtain a high rate of return.  
(a) pool (b) portfolio (c) stock (d) stream
- Q9 In the mid-20th century, the ..... of an entrepreneur as an innovator was established.  
(a) action (b) notion (c) occupation (d) position
- Q10 The concept of innovation and newness is now an ..... part of entrepreneurship.  
(a) intangible (b) integral (c) integrated (d) intelligible

*The US Mint*

- Q1 When the ..... of the U.S. Constitution created a new government for their untried Republic, they realized the critical need for a respected monetary system.  
(a) foilers (b) formers (c) founders (d) framers
- Q2 Soon after the Constitution's ....., Secretary of the Treasury Alexander Hamilton personally prepared plans for a national Mint.  
(a) ratification (b) rationalization (c) realization (d) restitution
- Q3 On April 2, 1792, Congress passed The ..... Act, which created the Mint and authorized construction of a Mint building in the nation's capitol, Philadelphia.  
(a) Coinage (b) Money (c) Species (d) Stamp
- Q4 President George Washington appointed Philadelphian David Rittenhouse, a ..... American scientist, as the first Director of the Mint.  
(a) famous (b) leading (c) notorious (d) popular
- Q5 When the United States government began minting coins in 1792, the original facility in Philadelphia was ..... to produce enough currency for the small country.  
(a) hand-picked (b) hard-pressed (c) heavy-handed (d) spearheaded
- Q6 Under Rittenhouse, the Mint produced its first ..... coins: 11,178 copper cents, which were delivered in March 1793.  
(a) alloy (b) circulating (c) printed (d) utile
- Q7 The primary mission of the United States Mint is to produce an adequate volume of coins for the nation to ..... its trade and commerce.  
(a) conduct (b) control (c) lead (d) manage
- Q8 In addition to producing coins, the United States Mint has other responsibilities, including maintaining physical ..... and protection of the Nation's \$100 billion of U.S. gold and silver assets.  
(a) custody (b) ownership (c) possession (d) storage
- Q9 It also produces proof and uncirculated coins, ..... coins, and medals for sale to the general public.  
(a) commemorative (b) commissioned (c) memento (d) memorabilia
- Q10 In addition. the mint is responsible for receiving, redeeming, and processing ..... coins.  
(a) counterfeit (b) foreign (c) mutilated (d) previous

*Consumer Credit*

- Q1 Findlaw for Small Business has prepared the following introductory information on ..... credit to a business's customers.  
(a) extending (b) placing (c) proffering (d) submitting
- Q2 Consumer credit laws regulate how you advertise interest rates, how much time you have to respond to claims of billing mistakes, and how ..... you can be when attempting to collect a debt.  
(a) aggressive (b) argumentative (c) bellicose (d) belligerent
- Q3 Mechanics' and materialmen's ..... exist in most states to provide special collection rights to those who provide services or building materials used to improve real property.  
(a) laws (b) leases (c) liens (d) licenses
- Q4 If the debt is not paid, the property can be ..... and sold to pay the obligation.  
(a) foreclosed (b) foreshortened (c) recalled (d) reclaimed
- Q5 The debtor has the benefit of an 'automatic .....' immediately upon filing a bankruptcy petition, which prevents the creditor from taking any further action to try to collect the debt unless or until the bankruptcy court decides to the contrary.  
(a) halt (b) hold (c) stay (d) stop
- Q6 The Truth in Lending Act helps customers know what they're ....., requiring the creditor to disclose the exact credit terms to applicants.  
(a) getting into (b) going through (c) settling for (d) taking up
- Q7 Among the items you must ..... to a consumer who buys on credit are the monthly finance charge and the annual interest rate.  
(a) disclose (b) display (c) uncover (d) underwrite
- Q8 The Credit Practices Rule prohibits creditors from using certain contract ..... that the Federal Trade Commission has found to be unfair to consumers.  
(a) decisions (b) divisions (c) provisions (d) revisions
- Q9 This Rule applies to all creditors subject ..... the jurisdiction of the Federal Trade Commission.  
(a) of (b) to (c) under (d) within
- Q10 Interest charged on late payments may be limited by state ..... laws controlling the amount of interest that can be charged.  
(a) ulterior (b) uptake (c) usury (d) utility

*Asset-based Loans*

- Q1 The Bank of America offers asset-based loans, which are ..... by a company's accounts receivable, inventory, equipment, and/or real estate.  
(a) assured (b) covered (c) obtained (d) secured
- Q2 Asset-based loans are an alternative to traditional bank lending because they serve borrowers with risk characteristics typically outside a bank's ..... level.  
(a) collateral (b) comfort (c) confidence (d) control
- Q3 A bank will look first to the cash ..... for the repayment of a loan, then to collateral, while an asset-based lender looks to collateral first.  
(a) deposits (b) flow (c) on hand (d) option
- Q4 Banks typically require less collateral controls and monitoring but more financial .....  
(a) commitments (b) contracts (c) conversions (d) covenants
- Q5 ..... financing is often used by under-performing businesses that are not achieving their full potential; it is sometimes used for businesses that are either insolvent or on their way to becoming insolvent.  
(a) Remedial (b) Reversal (c) Touchstone (d) Turnaround
- Q6 Debtor-in-possession (DIP) refers to a company that has filed for ..... under Chapter XI of the Federal Bankruptcy Code and has been permitted by the bankruptcy court to continue its operations to effect a formal reorganization. protection provisions penury prosecution  
(a) penury (b) prosecution (c) protection (d) provisions
- Q7 In a leveraged buyout (LBO), the target company's assets are used as collateral for debt, and its cash flow is used to ..... debt accrued by the buyer to acquire the company.  
(a) absolve (b) assume (c) restructure (d) retire
- Q8 A Leveraged ESOP (Employee Stock Ownership Plan) allows a company to raise its capital-to-asset ..... by issuing new shares of stock to an employee trust, which finances the transaction with an asset-based loan.  
(a) advantage (b) percentage (c) ratio (d) stance
- Q9 A typical loan agreement with an asset-based lender provides protections, rights, and ..... for both parties.  
(a) remedies (b) responses (c) services (d) solutions
- Q10 The level of controls and monitoring by the asset-based lender is directly related to the credit ..... of the borrower.  
(a) condition (b) position (c) value (d) worthiness

*Consumer Protection*

- Q1 The US Federal Trade Commission has prepared the following information to help consumers understand the antitrust laws and protect consumer ..... — the freedom to choose goods and services in an open marketplace at a price and quality that fit the consumer's needs.  
(a) dignity (b) impartiality (c) individuality (d) sovereignty
- Q2 A ..... agreement on price among competitors — where the agreement is not reasonably related to the firms' business operations — is illegal.  
(a) guarded (b) naked (c) stated (d) suspected
- Q3 Price similarities also can result from normal economic conditions: for example, ..... competition can drive prices down to a common level.  
(a) fictitious (b) uncontrolled (c) unfair (d) vigorous
- Q4 As for the appearance of uniformly high prices, ..... may not be the only basis for the situation: prices may increase if consumer demand for a product is particularly high and the supply is limited.  
(a) coexistence (b) collusion (c) competition (d) cooperation
- Q5 An agreement to restrict production or output is illegal because reducing the supply of a product or service ..... drives up its price.  
(a) inevitably (b) irrevocably (c) readily (d) steadily
- Q6 A group ..... — an agreement among competitors not to deal with another person or business — violates the law if it is used to force another party to pay higher prices.  
(a) ban (b) barricade (c) bluff (d) boycott
- Q7 Market division — agreements among competitors to divide sales territories or ..... customers — are presumed to be illegal.  
(a) alleviate (b) allocate (c) deploy (d) deviate
- Q8 Restrictions on price advertising can be illegal if they ..... consumers of important information.  
(a) deny (b) deplete (c) deprive (d) detract
- Q9 A professional ..... of ethics may be unlawful if it unreasonably restricts the ways professionals may compete.  
(a) assertion (b) code (c) promise (d) vow
- Q10 Vertical price-fixing — an agreement between a supplier and a dealer that fixes the minimum resale price of a product — is a ..... antitrust violation.  
(a) back-door (b) clear-cut (c) out-front (d) well-worn

*Efficient Capital Markets*

- Q1 In the current article, Professors Steven L. Jones and Jeffrey M. Netter offer their detailed ..... on the nature of efficient capital markets.  
(a) insights (b) outlooks (c) overviews (d) prevues
- Q2 Shortly after the US Constitution went into effect, Secretary of the Treasury Alexander Hamilton proposed that Congress ..... at face value securities that had been issued by the states and the federal government, even though these securities were then selling for much less.  
(a) reclaim (b) recover (c) redeem (d) reissue
- Q3 After Hamilton's proposal was made public, however, congressmen and others who knew of the plan made large profits by sending their agents into the countryside to buy the securities at ..... prices before most security holders heard of the plan.  
(a) degraded (b) depressed (c) discounted (d) discredited
- Q4 Contrast this ..... with security markets today, in which the prices of securities react very quickly to new information about their value.  
(a) scenario (b) scene (c) scenery (d) scenography
- Q5 Efficient capital markets are commonly thought of as markets in which security prices fully reflect all relevant information that is available about the ..... value of the securities.  
(a) conceptual (b) fundamental (c) perceptual (d) structural
- Q6 Because a security is a claim on future cash flows, its current value is the ..... value of the future cash flows that the owner of the security expects to receive.  
(a) perceived (b) potential (c) present (d) projected
- Q7 Future cash flows are discounted by an interest rate that is a ..... of the riskiness of those cash flows; the riskier the cash flows, the higher is the rate used.  
(a) compensation (b) function (c) reaction (d) reversal
- Q8 The study of capital market efficiency examines how much, how fast, and how accurately available information is ..... into security prices.  
(a) included (b) incorporated (c) installed (d) intercalated
- Q9 The capital markets ..... funds from savers to firms, which use the funds to finance projects, so informational efficiency is necessary if funds, allocated through the capital market, are to flow to the highest-valued projects.  
(a) carry (b) channel (c) flow (d) handle
- Q10 Management compensation packages tied to stock ..... are one way in which stockholders align management's interests with their own.  
(a) activity (b) options (c) performance (d) prices

*Basic Investment Types*

- Q1 Common shareholders have the right to elect directors, to vote on certain corporate matters, and to share in any ..... assets of the company if it is wound up.  
(a) reclaimed (b) released (c) relevant (d) residual
- Q2 Common shareholders are the last to claim assets in cases of .....  
(a) dissolution (b) insolvency (c) insurgency (d) resolution
- Q3 Preferred shareholders may have no voting rights, but special features on redemption or ..... of preferred shares into common shares exist in many cases.  
(a) conversion (b) merging (c) morphing (d) transformation
- Q4 U.S. Savings Bonds are backed by the general credit and taxation powers of the federal government, so there is virtually no risk of .....  
(a) bankruptcy (b) default (c) depression (d) retraction
- Q5 A bond is a loan by an investor to the government or a company, which generally promises to pay a specified rate of interest and to repay a certain amount, the ..... value of the bond, at maturity.  
(a) base (b) face (c) initial (d) official
- Q6 Certificates of Deposit (CDs) are short-term, interest-bearing savings certificates issued by banks or brokers, bearing a maturity date and a specified interest rate; they can be issued in any .....  
(a) condition (b) denomination (c) jurisdiction (d) nation
- Q7 Money-market mutual funds ( MMMF ) pool money from large numbers of investors and use it to buy short-term investments, such as T-Bills and commercial .....  
(a) blocks (b) contracts (c) paper (d) stock
- Q8 The returns on mutual funds depend on the fund's investment objectives, described in its ....., and its success in achieving them.  
(a) articles of incorporation (b) leaflets  
(c) prospectus (d) submissions
- Q9 ..... funds are much like mutual funds, but shares are not issued or redeemed on an ongoing basis; a set number of shares are issued and then listed on an exchange for trade among investors.  
(a) Closed-end (b) Finite (c) Limited (d) Short-line
- Q10 Options give the holder the right to buy ('call' option) or sell ('.....' option) a security at a specific price for a specific period of time.  
(a) offer (b) place (c) put (d) vend

*Agricultural Market Development*

- Q1 The Food and Agriculture Organization of the UN advises that an efficient and adequate marketing system is a ..... for agricultural diversification, providing better prices to producers and the availability of competitively priced produce to consumers.
- (a) precondition (b) precursor (c) predecessor (d) preference
- Q2 Physical improvement is usually addressed in two ways: by providing improved market infrastructure (both urban and rural) and by improving rural ..... roads.
- (a) access (b) paved (c) portage (d) state
- Q3 Rural markets form part of a trade network; they are normally arranged on a ..... basis on specific weekdays and are commonly organised at a central place in a village or district centre.
- (a) ad hoc (b) casual (c) irregular (d) periodic
- Q4 Larger rural markets ('assembly markets') are found where greater quantities of produce are traded, either by the producers themselves or by traders, and are normally situated on main highways, or near to ferries and other local transport .....
- (a) axles (b) cores (c) nodes (d) rims
- Q5 ..... wholesale and semi-wholesale markets are located within or near major cities (usually with populations exceeding 0.5 million).
- (a) Seasonal (b) Subsidized (c) Temporary (d) Terminal
- Q6 Retail markets directly serve consumers in main urban areas; although primarily retail, they may have some semi-wholesale functions, particularly if they allow producers to trade — in which case, they are often called ..... markets.
- (a) direct (b) farmers' (c) open-air (d) produce
- Q7 Internal factors for change include increasing volumes of produce to be handled; alterations to commercial practices and trading patterns; and the ..... of professional specialised wholesalers.
- (a) convergence (b) conveyance (c) emergence (d) reliance
- Q8 The main external causes for change are ..... factors, including increase in population of a city as a result of migration and natural growth, population shifts within cities and moves to the suburbs, and changes in the location and nature of workplaces.
- (a) democratic (b) demographic (c) geocentric (d) geographic
- Q9 A common problem at both wholesale and retail levels is that the markets are viewed as tax ..... rather than as means of facilitating the marketing of local produce: the marketing system is 'kidnapped' by municipalities, with the sole purpose of collecting taxes.
- (a) cattle (b) instruments (c) utensils (d) wells
- Q10 These factors all need to be taken into ..... in identifying the best approach to market development.
- (a) acceptance (b) account (c) calculation (d) considerateness

*Direct Sales*

- Q1 The Direct Selling Association is the national trade association of the ..... firms that manufacture and distribute goods and services sold directly to consumers.  
(a) establishment (b) famous (c) leading (d) prestigious
- Q2 Direct selling is the sale of a consumer product or service, person-to-person, away from a ..... retail location.  
(a) fixed (b) listed (c) local (d) stable
- Q3 Products are sold primarily through in-home product demonstrations, parties and ..... selling.  
(a) man-to-man (b) one-on-one (c) on-location (d) out-of-pocket
- Q4 Data from surveys indicate that direct selling remains a ..... marketing method that engenders considerable loyalty among its representatives and customers.  
(a) veritable (b) versatile (c) vibrant (d) virulent
- Q5 Early direct sellers — hawkers, peddlers, traders, ..... merchants and caravans — were part of an ancient tradition that originated in man's basic need to exchange goods and to communicate.  
(a) indigenous (b) indigent (c) invasive (d) itinerant
- Q6 The development and use of roads and water routes for commercial activity were ..... points in the history of direct selling.  
(a) elemental (b) essential (c) pivotal (d) potential
- Q7 As early as 2000 B.C., the ..... of Hammurabi, a monument of Babylonian law, protected the general welfare and integrity of the Babylonian direct seller, stating that 'the peddler shall swear the oath of God' if any enemy caused him trouble in the travels.  
(a) Code (b) Pact (c) Seal (d) Stone
- Q8 The ..... of the renowned Yankee Peddler in the early American territories of the 18th and 19th centuries consisted of items like pins, needles, hooks, scissors, combs, small hardware and perfume.  
(a) ideas (b) notions (c) possessions (d) produce
- Q9 The advent of the home party in the 1950s added a new ..... to direct selling as customers gathered at the home of hostesses to see product demonstrations and socialize with friends.  
(a) appearance (b) dimension (c) invention (d) perspective
- Q10 Today, at the beginning of the 21st century, the Internet has become an important element of direct selling — essentially giving each direct seller a worldwide customer .....  
(a) base (b) list (c) pool (d) portal

*Dotcom Retail Stores*

- Q1 Melissa Campanelli, a marketing and technology writer in Brooklyn, comments on the reasons for dotcoms to open a physical store to extend their life .....
- (a) lengths (b) lines (c) spans (d) streams
- Q2 In the traditional realm of business, you open a retail store first and then launch a website, but since the dotcom revolution, many surviving dotcoms that skipped that first step are realizing the benefits of opening a ..... location.
- (a) brick-and-mortar (b) plaster-of-paris (c) rock-solid (d) set-in-stone
- Q3 Anyone that has a business plan with a goal of e-commerce needs to ..... that business plan with a retail reality.
- (a) augment (b) engineer (c) generate (d) offset
- Q4 "We realized very early that we could not exist purely as a dotcom," says Sal Perisano, of iParty Corp, "We knew we needed some terrestrial link, some reality other than a virtual company, to ..... what we were doing."
- (a) belay (b) belie (c) bolster (d) brook
- Q5 Physical stores give your customers a more convenient way to return goods and try out products — two options analysts say are ..... missing from Net stores.
- (a) rashly (b) roughly (c) sorely (d) stiffly
- Q6 Owning a store offers a natural ..... flow into and out of the store, which allows an entrepreneur to gather names and begin direct-to-consumer marketing programs.
- (a) goods (b) pedestrian (c) physical (d) traffic
- Q7 However, opening a retail store is an expensive .....
- (a) exploration (b) exposition (c) imposition (d) proposition
- Q8 For those of you who lack the funding needed to open a retail store right now, try renting a ..... in a local shopping mall.
- (a) barrow (b) hut (c) kiosk (d) table
- Q9 If you do want to set up ....., you should do whatever you can to learn about launching and running a traditional retail business before you do so.
- (a) business (b) operation (c) shop (d) store
- Q10 Your best ..... is to determine ahead of time whether a multichannel strategy is a good move for your dotcom.
- (a) bet (b) chance (c) effort (d) thought

*Consumer Behaviour*

- Q1 Dr. Lars Perner explains that as well as the study of how products are purchased, consumer behavior also involves their use and ....., since many environmental problems result from the latter.  
(a) disposal (b) disturbance (c) perusal (d) reuse
- Q2 Consumer behavior involves services and ideas as well as ..... products.  
(a) durable (b) malleable (c) marketable (d) tangible
- Q3 Product use is often of great interest to the marketer, because this may influence how a product is best ..... or how we can encourage increased consumption.  
(a) inventoried (b) manufactured (c) positioned (d) stationed
- Q4 For example, by understanding that consumers are more ..... to food advertising when they are hungry, we learn to schedule snack advertisements late in the afternoon.  
(a) attendant (b) attractive (c) receptive (d) related
- Q5 The impact of consumer behavior on society is also of relevance; for example, aggressive marketing of high fat foods may have serious ..... for the national health.  
(a) affectations (b) aftereffects (c) repercussions (d) retributions
- Q6 Since new products are usually initially adopted by a few consumers and only spread later and gradually to the rest of the population, companies that introduce new products must be well financed so that they can stay ..... until their products become a commercial success.  
(a) aboard (b) abreast (c) afloat (d) aloft
- Q7 It is important to please initial customers, since they will in turn influence many ..... customers' brand choices.  
(a) consecutive (b) consequent (c) subsequent (d) subservient
- Q8 Common sense suggests that if you buy a 64-ounce bottle of laundry detergent, you should pay less per ounce than if you bought two 32-ounce bottles; in practice, however, you often pay a size ..... by buying the larger quantity.  
(a) discount (b) increase (c) percentile (d) premium
- Q9 Consumer surveys, as any kind of research, are vulnerable to .....: the wording of a question can influence the outcome a great deal.  
(a) ambiguity (b) bias (c) bigotry (d) weighting
- Q10 ..... measures are occasionally used to examine consumer response; for example, advertisers may want to measure a consumer's level of arousal during various parts of an advertisement.  
(a) Paramedical (b) Physiological (c) Psychiatric (d) Psychotic

*Retail Marketing*

- Q1 The Discount Store News offers some tips for ..... effective in-store partnerships.  
(a) casting (b) forging (c) sealing (d) welding
- Q2 Imagine a consumer shopping experience where there's no ..... through the confusing tangle of options or having to guess which size to pull out for a closer look.  
(a) sailing (b) striding (c) sailing (d) wading
- Q3 Now imagine the increased sales that could be generated when shoppers are directed by quality ..... to fixtures whose design and planogram makes merchandise almost irresistible.  
(a) postage (b) posters (c) signage (d) staff
- Q4 The above scenario is more than a ....., as vendors are now working with retailers in creating displays that fuel movement of inventory from stores' back doors into patrons' hands.  
(a) lick and a promise (b) pencil sketch (c) pipe dream (d) planner's nightmare
- Q5 Retailers, who are always keeping an eye on the bottom line, continually search for ways to speed up the rate at which they put manufacturers' merchandise on the .....
- (a) aisle (b) display (c) floor (d) pallet
- Q6 Cooperation from vendors in repositioning merchandise closer to the ..... of sale pushes the envelope toward faster turnover.  
(a) counter (b) direction (c) edge (d) point
- Q7 Melanie McIntosh adds that in today's competitive retail environment a retailer cannot afford to consider merchandising as a .....
- (a) bonus (b) frill (c) gift (d) necessity
- Q8 Merchandising and display are an important part of the marketing plan and should have a reasonable budget allocated, even for a retailer operating on a .....
- (a) corner (b) dime (c) limit (d) shoestring
- Q9 After investing money on the important priorities such as merchandise, location, staff, insurance, accountant, advertising, your carefully budgeted money can be lost if your store doesn't ..... up to the customers' expectations.  
(a) level (b) measure (c) reach (d) stretch
- Q10 If your store looks like a bargain ....., customers will expect those kinds of prices and may draw the conclusion that your product is poor quality.  
(a) attic (b) basement (c) cellar (d) corner

*The Law of Agency*

- Q1 The common law of agency is the body of law applicable to ..... relationships in which one person (the agent) consents to act on behalf of another person (the principal) and subject to that person's control.  
(a) collateral (b) collegial (c) conducive (d) consensual
- Q2 Agency doctrine ..... the consequences, for the agent and principal, of the agent's interactions with third parties, as well as the consequences of the relationship as between the agent and principal.  
(a) advocates (b) dictates (c) governs (d) monitors
- Q3 Agency is a common-law subject of wide ..... that intersects with a number of other subjects.  
(a) scale (b) scope (c) sense (d) series
- Q4 ..... examples of agency relationships include those between officers and corporations, between employees and employers, and between real-estate and other specialized agents and their clients.  
(a) Parenthetical (b) Pragmatic (c) Prototypical (d) Proverbial
- Q5 Despite the fact that specific rules concerning certain of those agency relationships have evolved, there remains a ..... law of agency with substantial application across diverse legal contexts.  
(a) free-standing (b) free-wheeling (c) long-awaited (d) long-lasting
- Q6 The regular appearance of corporate scandals in newspapers Enron in particular has emphasized that agency law continues to be ..... in business and employment relationships.  
(a) adamant (b) evident (c) permanent (d) relevant
- Q7 Those scandals are characterized by businesspeople who 'should have known', and who appear to have acted ..... to the organizations for which they worked.  
(a) adroitly (b) adversely (c) aggressively (d) ambitiously
- Q8 Courts responding to cases relating to the scandals have focused on the legal relationships among principals, agents, and ..... third parties.  
(a) affected (b) affective (c) effected (d) effective
- Q9 Agency law has retained a structural coherence, despite statutory developments, in part because many statutes make reference to common law or ..... a background that includes basic common-law doctrines.  
(a) intuit (b) presuppose (c) suggest (d) supplant
- Q10 The law of agency is based on the Latin ..... 'Qui facit per alium, facit per se', which means 'he who acts through another is deemed in law to do it himself'.  
(a) axiom (b) epigram (c) maxim (d) utterance

*The Law of Contracts*

- Q1 In the nineteenth century, also known as the classical age of English contract law and the ..... of laissez-faire economic theory, common law rejected the moral theory of Lord Mansfield, which held that promises are a moral obligation.  
 (a) eloquence (b) epitome (c) heyday (d) highlight
- Q2 Contracts are promises that the law will .....  
 (a) enact (b) enforce (c) enhance (d) espouse
- Q3 The law provides remedies if a promise is ..... and recognizes the performance of a promise as a duty.  
 (a) bent (b) bestowed (c) betrayed (d) breached
- Q4 Contracts ..... when a duty does or may come into existence, because of a promise made by one of the parties.  
 (a) activate (b) appear (c) apply (d) arise
- Q5 The Law of Contracts deals with self-..... duties, that is, agreements voluntarily concluded between parties.  
 (a) delineated (b) designated (c) implanted (d) imposed
- Q6 To be legally ..... as a contract, a promise must be exchanged for adequate consideration.  
 (a) based (b) biased (c) binding (d) bound
- Q7 Adequate consideration is a benefit which a party receives which reasonably and fairly ..... them to make the promise/contract.  
 (a) conduces (b) educes (c) induces (d) seduces
- Q8 Promises that are purely ..... are not considered enforceable because the personal satisfaction the grantor of the promise may receive from the act is normally not considered adequate consideration.  
 (a) gifts (b) givens (c) gratuities (d) gratuitous
- Q9 Certain promises that are not considered contracts may, in limited circumstances, be enforced if one party has relied to his ..... on the assurances of the other party.  
 (a) deference (b) detraction (c) detriment (d) distress
- Q10 The Law of Contracts is usually broadly classified either as part of the Law of Obligations or as part of the system of private law (which ..... contracts, property and torts).  
 (a) circumscribes (b) delineates (c) encompasses (d) subtends

*Real Estate Brokers*

- Q1 Real estate agents and brokers act as ..... in price negotiations between buyers and sellers.  
(a) intermediaries (b) mediators (c) mediums (d) moderators
- Q2 When selling real estate, brokers arrange for title searches and for meetings between buyers and sellers during which the details of the transactions are agreed upon and the new owners take ..... of the property.  
(a) ahold (b) assessment (c) control (d) possession
- Q3 Brokers spend a significant amount of time obtaining .....-agreements by owners to place properties for sale with the firm.  
(a) acknowledgements (b) listings (c) promises (d) signatures
- Q4 A broker may help to arrange favorable financing from a lender for the prospective buyer; often, this makes the difference between success and failure in ..... a sale.  
(a) closing (b) doing (c) ending (d) wrapping
- Q5 In the prequalifying phase, the agent determines how much the buyers can ..... to spend.  
(a) afford (b) ensure (c) intend (d) manage
- Q6 In addition, the agent and the buyer usually sign ..... contract which states that the agent will be the only one to show houses to buyers.  
(a) an individual (b) an ironbound (c) a loyalty (d) a solidarity
- Q7 Agents identify and emphasize the most ..... selling points.  
(a) perennial (b) permanent (c) perquisite (d) pertinent
- Q8 To a young family looking for a house, they may emphasize the convenient floor plan, the area's low crime rate, and the ..... to schools and shopping centers.  
(a) directions (b) juxtaposition (c) proximity (d) vicinity
- Q9 If bargaining over price becomes necessary, agents must follow their client's instructions carefully and may have to present ..... in order to get the best possible price.  
(a) arguments (b) conditions (c) counteroffers (d) documents
- Q10 Once both parties have signed the contract, the real estate broker or agent must make sure that all special terms of the contract are ..... before the closing date.  
(a) defined (b) filled (c) met (d) pending

*Realtor Advertisement*

- Q1 Founded over 30 years ago, Winoker Realty Company is a privately ..... second-generation commercial real estate firm serving the diverse real estate needs of a highly prestigious list of tenants, owners, large corporations and growing businesses.  
(a) classified (b) converted (c) held (d) positioned
- Q2 We are committed to providing you with value-added, timely solutions — and we .....  
(a) can (b) deliver (c) do (d) swear
- Q3 Winoker Realty Company's vast experience allows us to provide expert property redevelopment services, with timely, cost-efficient results and quality solutions to every need that may .....  
(a) appear (b) arise (c) emerge (d) exist
- Q4 Winoker Realty Company also provides superior leasing services; for building owners seeking to increase cash-flow, ....., and speed to market is critical.  
(a) money has wings (b) money talks (c) time flies (d) time is money
- Q5 We take ..... in our ability to rapidly gain a comprehensive understanding of an owner's specific needs and objectives.  
(a) care (b) pride (c) skill (d) time
- Q6 Winoker Realty Company has a ..... commitment to senior level involvement in every aspect of customer relationship.  
(a) stalwart (b) staunch (c) steadfast (d) stubborn
- Q7 We implement the marketing strategy approved by you — seeking out the right prospects, creating and placing ads, conducting ..... houses with full attention to detail, and more.  
(a) dwelling (b) model (c) open (d) rental
- Q8 Our decades of New York real estate experience from both the ..... and the tenant sides help us provide customized solutions for every real estate niche and geographic area.  
(a) housekeeper (b) landlord (c) leaseholder (d) proprietor
- Q9 Winoker's hands-on approach and roll-up-your-..... attitude has benefited building owners for more than 30 years.  
(a) carpet (b) sleeves (c) socks (d) windows
- Q10 Our true depth and breadth of expertise is simply ..... in the greater New York real estate marketplace.  
(a) insurmountable (b) superabundant (c) surreal (d) unsurpassed

*A good real estate rental market*

- Q1 Ray Alcorn of Park Real Estate Inc remarks that real estate is a capital-intensive industry, and its health rises and falls with capital availability; currently the capital markets are so ..... with cash, they can't find a place for it all.  
 (a) flood (b) fluid (c) flush (d) full
- Q2 Boom times typically engender oversupply of product, but construction prices have skyrocketed due to natural disasters and rising commodity prices, which has ..... new building in all property types.  
 (a) ameliorated (b) mollified (c) tempered (d) transformed
- Q3 Rising consumer interest rates will further slow consumer purchasing and the housing market, and may produce the desired soft .....  
 (a) dealing (b) ending (c) landing (d) spending
- Q4 Historically, contractions in capital have a negative effect on valuations, and current ..... from government regulators aiming to trim commercial banks' real estate loan exposure are worrisome.  
 (a) groundings (b) grumblings (c) ramblings (d) rumblings
- Q5 Global markets are literally awash in capital, all of it seeking yield and stability; fortunately, commercial real estate offers both, and even if banks are constrained there is a ..... of capital to fill the void.  
 (a) cache (b) niche (c) surfeit (d) surplus
- Q6 Construction costs have gone through the ..... in the past year due to natural disasters and increased commodity prices.  
 (a) budget (b) gauntlet (c) roof (d) stock
- Q7 High construction costs and condo conversions have reduced new supply and a slowing housing market increases rental demand, so owners can now flex their muscles with rent increases, and those who bought at high valuations may yet get the .....  
 (a) brush off (b) cat's meow (c) door prize (d) last laugh
- Q8 Areas with declining employment and population will experience an acceleration of those trends, and investors will not acquire properties in such markets without good reason to believe a comeback is in the .....  
 (a) off chance (b) offer (c) offering (d) offing
- Q9 Retail properties will suffer as owners rediscover risk as a component of value, but most of these assets are owned by well-capitalized private equity groups that can easily ..... the storm.  
 (a) keep up with (b) ride out (c) sail into (d) wriggle out of
- Q10 Acquisition of stabilized properties at low cap rates with little potential for rent growth is a sure ..... for below market returns.  
 (a) receipt (b) recipe (c) recipient (d) reward

*Selling to Businesses*

- Q1 The amount of purchasing undertaken in the business market easily ..... the total spending by consumers; because the business market is so large it draws the interest of millions of companies that market exclusively to business customers.  
 (a) belittles (b) diminishes (c) dwarfs (d) shrinks
- Q2 In certain business markets purchase decisions ..... on the outcome of a bidding process between competitors offering similar products and services.  
 (a) fold (b) hinge (c) lean (d) stand
- Q3 In these cases the decision to buy is often ..... down to one concern who has the lowest price.  
 (a) arrowed (b) ratcheted (c) sized (d) whittled
- Q4 Consumer and business markets differ in that business markets are more likely to be price than brand-.....  
 (a) controlled (b) defined (c) driven (d) limited
- Q5 The demand by businesses for products and services is affected by consumer purchases; this is called ..... demand.  
 (a) delayed (b) derived (c) distal (d) distance
- Q6 Because so many organizations may have a part in creating consumer purchases, a small ..... in consumer demand can create big changes in business purchasing.  
 (a) skip (b) slant (c) swath (d) swing
- Q7 The search for alternatives is a significant difference between consumer and business purchasing; while a consumer will probably not search hard to save two cents a gallon on gas, a company that has a large ..... of cars or trucks certainly will.  
 (a) caravan (b) corps (c) fleet (d) flotilla
- Q8 In more advanced purchase situations, members of the Buying Center may evaluate each option using a checklist of features sought by the buyer, and each feature is assigned a ..... that corresponds to its importance to the purchase decision.  
 (a) consideration (b) number (c) position (d) weight
- Q9 If the product is ..... received, it may end up moving to a straight re-purchase status, thus eliminating much of the evaluation process on future purchases.  
 (a) soon (b) then (c) timely (d) well
- Q10 Business purchase decisions can ..... for an extensive period; unlike consumer markets where impulse purchasing is rampant, the number of people involved in business purchase decisions results in decisions taking weeks, months or years.  
 (a) delve through (b) drag on (c) scrape by (d) seize up

*Small Businesses*

- Q1 T. Fuller states that, historically, all business operated at a small scale and were centred on the individual .....  
(a) art form (b) artifact (c) artisan (d) artistry
- Q2 Even now there are strong cultural ..... to individual enterprise.  
(a) affinities (b) attachments (c) tentacles (d) touchstones
- Q3 Over the centuries, business has emerged, legitimised by reflexive social ..... of entrepreneurship and fuelled by regulated international free trade, competition, property rights and usury.  
(a) actions (b) distinctions (c) mentions (d) notions
- Q4 In this ....., small businesses are increasingly important but relatively powerless.  
(a) foreground (b) landscape (c) perspective (d) scenery
- Q5 The overall thesis is that small businesses, once ....., have been systematically othered, then homogenised.  
(a) anonymous (b) precarious (c) ubiquitous (d) victorious
- Q6 The article traces a brief history of small business from post-medieval times, through the Industrial Revolution to the ..... day.  
(a) contemporary (b) current (c) modern (d) present
- Q7 In doing so, it ..... a number of principles upon which small business in the UK is founded, and illustrates how corporatism has emerged as these principles evolved.  
(a) bares (b) disseminates (c) publicizes (d) uncovers
- Q8 Small business is ..... as being in a weak position relative to corporate business but co-dependent upon it.  
(a) conceived (b) concerned (c) received (d) referred
- Q9 The link between the entrepreneurial individuals and innovation is discussed, outlining a view that entrepreneurs may best be ..... by corporate ecologies.  
(a) construed (b) contracted (c) served (d) subsumed
- Q10 The future trajectory of small business in the UK and Europe is by ..... certain.  
(a) all means (b) any means (c) no means (d) some means

*Trade Multilateralism*

- Q1 Multilateral trade agreements serve the interests of today's global production system in a way that the alternative — a ..... system of bilateral agreements — does not.  
 (a) factional (b) fractional (c) fragmentary (d) fragmented
- Q2 Victor K. Fung gives his point of view as a businessman on what is at stake and why WTO negotiators have an interest in finding common .....  
 (a) ground (b) law (c) sense (d) wealth
- Q3 Global rules ..... global production.  
 (a) all (b) ease (c) stress (d) through
- Q4 In the old days, manufacturing would be done "in-house", but manufacturing carries a completely different meaning today: products are no longer made .....  
 (a) all at once (b) in one basket (c) under one roof (d) within the pale
- Q5 Increasingly, production is ..... across different factories in different countries — it is becoming globalized.  
 (a) disbursed (b) discharged (c) dismembered (d) dispersed
- Q6 Information technology and logistics help dissect the value-added process into ..... parts, with factories, locations and countries assigned for each stage according to their competitive advantage.  
 (a) complementary (b) component (c) composite (d) connective
- Q7 Over the past several years, we have seen ..... in Seattle and Cancn, with what appears to be a widening divergence of views between developed and developing countries, and a rise in bilateral trade agreements.  
 (a) coercion (b) concord (c) discord (d) dismay
- Q8 Bilateralism distorts the flow of goods: it ..... barriers, creates friction, reduces flexibility, raises prices and hinders companies' ability to bring new countries into the global production system. throws up breaks down bowls over stands on  
 (a) bowls over (b) breaks down (c) stands on (d) throws up
- Q9 Of particular concern are 'rules of origin', which define where a product is made and determine what kind of market ..... it will have.  
 (a) access (b) activity (c) life (d) share
- Q10 With each new bilateral agreement, considerations relating to rules of origin multiply and become more complex in the ..... trade experts call 'the spaghetti bowl effect'.  
 (a) illusion (b) paradox (c) phenomenon (d) spectre

*Thinking to Export*

- Q1 There are several ways to evaluate the export ..... of your products and services in overseas markets; the most common approach is to examine the success of your products domestically.  
(a) credentials (b) credibility (c) potency (d) potential
- Q2 Another means is by examining the unique or important features of your product: if those features are hard to ..... abroad, then it is likely that you will be successful overseas.  
(a) appropriate (b) duplicate (c) plagiarize (d) simulate
- Q3 ..... export markets may still exist, especially if the product once did well in the United States but is now losing market share to more technically advanced products.  
(a) Retrograde (b) Sizeable (c) Third-estate (d) Vestigial
- Q4 Other countries may not need state-of-the-art technology and/or may be unable to afford the most ..... and expensive products.  
(a) cosmopolitan (b) obsolescent (c) reliable (d) sophisticated
- Q5 Such markets may have a surprisingly ..... demand for U.S. products that are older or considered dated by U.S. market standards.  
(a) acquisitive (b) determined (c) far-reaching (d) healthy
- Q6 All aspects of an export plan should be agreed upon by the personnel involved in the exporting process, as they will ultimately ..... the export plan.  
(a) actuate (b) deliver (c) execute (d) undergo
- Q7 From the start, the plan should be viewed and written as a management tool, not as a ..... document.  
(a) dormant (b) erratic (c) static (d) vacuous
- Q8 Many companies begin export activities ....., without carefully screening markets or options for market entry.  
(a) haphazardly (b) randomly (c) systematically (d) unconsciously
- Q9 While these companies may or may not have a ..... of success, they may overlook better export opportunities.  
(a) dollop (b) measure (c) satisfaction (d) windfall
- Q10 If early export efforts are unsuccessful because of poor planning, your company may be ..... into abandoning exporting altogether.  
(a) lured (b) misguided (c) misled (d) reconciled

*Starting a Business*

- Q1 When deciding on which form of business will best serve your purposes, you should take into account the time ..... necessary to handle regulations and formalities.  
(a) commitment (b) conditions (c) constraints (d) coordination
- Q2 The need for funding is one of the first concerns for any new business, and unless you have the personal assets or can ..... friends, family or your bank, you will be seeking investors.  
(a) talk to (b) tap into (c) touch upon (d) trade with
- Q3 Determining not only the type of business you are starting, but the type of customers you will attract and the manner in which you will attract them should also be ..... into your decision making process.  
(a) considered (b) factored (c) included (d) involved
- Q4 The potential for liability from customer relationships or interaction ..... heavily on your liability risk.  
(a) impacts (b) incurs (c) intrudes (d) involves
- Q5 For example, someone with a business that sells goods via the Internet or through mail order is less likely to ..... lawsuits than someone who owns physical store locations, where customer foot traffic (and potential injuries) could result.  
(a) garner (b) garnish (c) incite (d) inculcate
- Q6 It will also be assumed that a professional business such as a law firm or accounting practice will have greater assets, making them greater targets in a ..... society.  
(a) illicit (b) legalistic (c) legislative (d) litigious
- Q7 Someone who has already had previous business success and has significant assets from a previous business venture would also want to protect those assets .....  
(a) closely (b) narrowly (c) severely (d) strictly
- Q8 Apathy can come back to ..... a successful entrepreneur; plan ahead.  
(a) haunt (b) hound (c) hunt (d) hype
- Q9 It is wise to ..... with both an attorney and an accountant and discuss the details of the business that you are planning to start and where you see it going in five or ten years.  
(a) hole up (b) hunker down (c) set up (d) sit down
- Q10 ..... all the bases, including liabilities, taxes, employee benefits and the need for investors, before making your decision.  
(a) Cover (b) Lay (c) Run (d) Spike

*Eco-tourism in Australia*

- Q1 Tourism is one of the world's largest and fastest growing industries; it can contribute to ..... economic development and substantial employment generation in Australia in the coming years.  
(a) full (b) partial (c) potential (d) sound
- Q2 Tourism has many links with other industries, such as agriculture, manufacturing and telecommunications, and can provide a powerful ..... to economic growth, particularly in regional areas.  
(a) incitement (b) increment (c) stigma (d) stimulus
- Q3 A strong and viable tourism industry will remain an important contributor to continued employment growth, and tourism's contribution to foreign exchange earnings will continue to be a significant item in Australia's ..... of payments.  
(a) balance (b) credit (c) flow (d) record
- Q4 Ecologically sustainable development has as its basic aim to meet the needs of the present without ..... the ability of future generations to meet their needs.  
(a) affecting (b) compromising (c) considering (d) eliminating
- Q5 A recent report by the Industry Commission found that the Australian environment is a major tourist attraction and the provision of accommodation in appropriate locations is important for ensuring access to ..... sites.  
(a) far-flung (b) off-road (c) sought-after (d) well-worn
- Q6 It also suggests that accommodation provision should have regard to ..... on the environment in which it is situated and that this applies to both the original siting decision and continuing operations.  
(a) accidents (b) changes (c) impacts (d) improvements
- Q7 The construction of accommodation and service ..... and associated transport and service links can cause changes in vegetation, soil compaction and erosion, siltation of rivers and estuaries, and generation of waste.  
(a) amenities (b) arrangements (c) assemblies (d) attractions
- Q8 These changes can affect the balances and relationships in ecosystems and may contribute to the modification of habitats, a change in the competitive advantage of species, and in some cases loss of representative habitats and species or a reduction in genetic .....  
(a) differences (b) diffusion (c) dispersal (d) diversity
- Q9 The report also says that tourism development should recognise and support the identity, culture and interests of ..... people.  
(a) emigrant (b) endemic (c) indigenous (d) residential
- Q10 As the market for environmentally ..... tourism facilities continues to expand, it is vital that local businesses have the information necessary to meet global expectations and standards.  
(a) affirmative (b) attentive (c) conscientious (d) sensitive

*Tourism after 9/11*

- Q1 Travel advertisers were confronted with a major decision after September 11, 2001: should they spend more on advertising to ..... travel by people who were apprehensive but fence-sitting?  
(a) goad (b) goose (c) nudge (d) spur
- Q2 Meanwhile, corporations cut ..... their budgets, reducing the volume of business travel.  
(a) across (b) back (c) into (d) off
- Q3 On an annual basis, trends varied ..... industry.  
(a) by (b) for (c) in (d) with
- Q4 Airlines ..... decreased their advertising spending, as they normally do after a crisis or an accident.  
(a) apprehensively (b) comprehensibly (c) comprehensively (d) understandably
- Q5 Spending was down across the ..... on network and spot TV, cable TV and national spot radio — although domestic carriers boosted their outlay for outdoor advertising in 2001.  
(a) board (b) field (c) media (d) table
- Q6 In contrast to the ..... airlines, hotel companies spent more on advertising in 2001.  
(a) bothered (b) depressed (c) troubled (d) worried
- Q7 Holiday Inn remained on top of the domestic spending ....., laying out \$38.3 million in 2001, an increase of 25 percent.  
(a) heap (b) hill (c) pile (d) world
- Q8 The car rental industry has been plagued by financial problems, so it is no surprise that the ..... companies cut back on their ad spending.  
(a) cash-challenged (b) cash-conscious (c) cash-laden (d) cash-strapped
- Q9 After a brief downturn in late 2001, the cruise industry's sales ..... quickly, thanks to discounting and steady advertising.  
(a) rejuvenated (b) responded (c) returned (d) revived
- Q10 The industry as a whole laid ..... \$237 million on advertising for the year, a slight gain of 2.7 percent over 2000.  
(a) about (b) down (c) out (d) over

*Internet Travel Arrangements*

- Q1 The Economist explains that the internet has ..... travel agents against travel providers in an intense battle to win customers.  
(a) baited (b) brandished (c) pitted (d) promoted
- Q2 This year's travel season, now ..... to a close, has been busier than ever, despite strikes and terrorist threats.  
(a) drawing (b) getting (c) settling (d) winding
- Q3 Freed from having to ring busy call centres or queue at high-street travel agents, consumers have gone online in ..... to find flights, hotels, car rentals and other travel services, making travel one of the most successful forms of e-commerce.  
(a) crowds (b) droves (c) flocks (d) masses
- Q4 By designing websites that ordinary people could use, online travel agents were able to put product availability and price transparency at their customers' .....  
(a) beckoning (b) fingertips (c) keyboard (d) service
- Q5 After the September 11th terrorist attacks on America, online agents helped airlines and hotels overcome a worldwide travel ..... by making bargains more visible to a greater number of people.  
(a) skimp (b) sloth (c) slump (d) stump
- Q6 These websites work like shopping comparison services: matching users' ..... with offers and then directing bookings to the websites of agents and suppliers.  
(a) agendas (b) itineraries (c) schedules (d) timetables
- Q7 In America, suppliers and distributors currently each take about half of all online bookings; that adds up to a ..... chunk of the travel industry.  
(a) feasible (b) marketable (c) sizeable (d) weighable
- Q8 Most analysts ..... about one-third of America's \$200 billion travel market will be booked online this year.  
(a) appraise (b) determine (c) fancy (d) reckon
- Q9 The travel market can be broken down into two parts: leisure combined with 'unmanaged' business travel (this is because individuals booking business trips can be ..... from leisure travellers) and managed corporate travel.  
(a) extrapolated (b) indistinguishable (c) irreplaceable (d) reconstituted
- Q10 People booking online are now presented with a range of fares to choose from, with the busiest flights commanding the highest premiums, because customers are ..... enough to understand the laws of supply and demand.  
(a) salient (b) sated (c) shrewd (d) stolid

*Tobacco Marketing*

- Q1 Health experts from throughout the world are meeting in the U.S. to ..... the tobacco industry's marketing efforts in developing countries, Reuters reported August 5th.  
 (a) address (b) control (c) impede (d) lambast
- Q2 "We're bringing the world's tobacco-control community together in one place to see how can we ..... this tide of export, promotion and production by the tobacco industry," said Dr. Thomas Houston of the American Medical Association.  
 (a) dam (b) plug (c) span (d) stem
- Q3 The tobacco industry views developing countries as an ..... market, which causes concern among health officials.  
 (a) unawed (b) unslaked (c) untapped (d) unwary
- Q4 The World Health Organization estimates that 70 percent of deaths caused by smoking-related illnesses will take place in the developing world, mainly because people in those countries may be unaware of the dangers ..... by smoking.  
 (a) inherited (b) instilled (c) posed (d) promulgated
- Q5 "It will be a huge tragedy for developing countries and will ..... their health-care systems," Houston said.  
 (a) consume (b) overwhelm (c) subsume (d) underwhelm
- Q6 WHO officials noted that the tobacco industry is dealing with legal ..... in the U.S. by marketing their products worldwide.  
 (a) cases (b) challenges (c) setbacks (d) settlements
- Q7 In addition, the tobacco industry is working towards ..... developing countries from levying taxes on cigarettes or enacting western-style laws that ban smoking in office buildings and other public places.  
 (a) detracting (b) dissuading (c) enticing (d) persuading
- Q8 "Most people in the developing world believe cancer is a communicable disease," Houston said, "The warnings are ..... and not particularly clear."  
 (a) innocuous (b) nebulous (c) nefarious (d) noxious
- Q9 "The companies have found loopholes in the law, and we have not ..... them," said H.J. Sallehudin, an assistant director of Malaysia's Department of Public Health, which enforces Malaysia's tobacco ad bans.  
 (a) patched (b) plugged (c) tautened (d) tightened
- Q10 An international tobacco-control treaty sponsored by the United Nations is aimed at ..... the increase in tobacco-related deaths worldwide.  
 (a) constraining (b) cornering (c) corralling (d) curbing

*Financial Assets*

- Q1 In financial accounting, financial assets are cash and other assets that convert directly into ..... amounts of cash.  
(a) discovered (b) estimated (c) known (d) significant
- Q2 In the balance sheet, financial assets are listed at the current value: for cash, this means the ..... amount.  
(a) dollar (b) face (c) stated (d) total
- Q3 Marketable securities are listed at current market value, while receivables are listed at net ..... value.  
(a) real (b) realistic (c) realizable (d) realized
- Q4 The objectives of cash management are accurate accounting for cash transactions, the prevention of losses through ....., and maintaining adequate cash balances.  
(a) burglary (b) robbery (c) stealth (d) theft
- Q5 One major step in achieving ..... control over cash transactions is separating cash handling from the accounting function.  
(a) crucial (b) financial (c) internal (d) managerial
- Q6 The cash balance shown on the month-end bank statement will usually differ from the amount of cash shown in the depositor's ledger; this is a result of such items as ..... checks and deposits in transit.  
(a) extraordinary (b) outstanding (c) preminent (d) preprocessed
- Q7 The bank ..... adjusts the cash balance per the books and the cash balance per the bank statement for any unrecorded items and thus produces the correct amount of cash to be included in the balance sheet at the end of the month.  
(a) concordance (b) endorsement (c) reconciliation (d) summary
- Q8 Under the allowance method, the portion of each period's credit sales expected to prove uncollectible is written ..... by debiting Allowance for Doubtful Accounts and crediting Accounts Receivable.  
(a) down (b) off (c) out (d) over
- Q9 The most ..... financial asset is cash, followed by cash equivalents, marketable securities, and receivables.  
(a) accessible (b) fluid (c) liquid (d) valuable
- Q10 Interest is a contractual amount that accumulates day by day; the amount of interest ..... over a time period may be computed by the formula  $\text{Principal} \times \text{Rate} \times \text{Time}$ .  
(a) accruing (b) amassing (c) assigned (d) assumed

*The Cybernation Economy*

- Q1 The cybernation revolution has been brought ..... by the combination of the computer and the automated self-regulating machine.  
(a) about (b) along (c) forward (d) out
- Q2 This results in a system of almost unlimited productive capacity which requires ..... less human labor.  
(a) permissably (b) positively (c) potentially (d) progressively
- Q3 Cybernation is already reorganizing the economic and social system to ..... its own needs.  
(a) form (b) meet (c) reach (d) solve
- Q4 In the past, when new technologies have replaced workers in a given sector, new sectors have always emerged to absorb the ..... laborers.  
(a) disassociated (b) dispersed (c) displaced (d) dissatisfied
- Q5 Today, all three of the traditional sectors of the economy — agriculture, manufacturing, and service — are experiencing this, forcing millions onto the unemployment .....
- (a) lines (b) lists (c) ranks (d) rolls
- Q6 The only new sector ..... is the knowledge sector, made up of elite entrepreneurs, scientists, technicians, computer programmers, professionals, educators, and consultants.  
(a) arriving (b) ascending (c) emerging (d) establishing
- Q7 While this sector is growing, it is not expected to absorb more than a fraction of the hundreds of millions who will be eliminated in the next several decades in the ..... of revolutionary advances in the information and communication sciences.  
(a) aftermath (b) result (c) swath (d) wake
- Q8 The technological changes now occurring will not make human labor .....; on the contrary, they will require tremendous numbers of highly skilled and highly trained managers and technicians.  
(a) effortless (b) extinct (c) superfluous (d) useless
- Q9 In the entire occupied population, a larger fraction of members than at present will be ..... in occupations where 'personal service' involving face-to-face human interaction is an important part of the job.  
(a) concerned (b) engaged (c) included (d) installed
- Q10 I am confident of stating this conclusion, but far less confident in ..... what these occupations will be.  
(a) conjecturing (b) conjuring (c) prescribing (d) pursuing

*Micromanagement*

- Q1 Estienne de Beer, author of *Boosting Your Career*, warns that sooner or later you will report to a micromanager who ..... controls and manipulates you to the point of desperation.  
(a) obscenely (b) obsessively (c) obviously (d) overtly
- Q2 Harry Chambers explains that micromanagers always have their ..... up, trying to detect violations.  
(a) antennae (b) dander (c) hackles (d) temper
- Q3 If you get frustrated and tell the boss to back ....., you get accused of having a bad attitude and not being a team player.  
(a) away (b) down (c) off (d) up
- Q4 It feels as if you are controlled like a robot and ..... every step of the way.  
(a) control-guessed (b) counter-guessed (c) double-guessed (d) second-guessed
- Q5 Everything needs to get approved beforehand and ..... afterwards.  
(a) control-checked (b) counter-checked (c) double-checked (d) second-checked
- Q6 It is important to understand what motivates a micromanager to command and control, even if it is .....  
(a) unacknowledged (b) unknowingly (c) unknowledgeably (d) unknown
- Q7 Most micromanagers tend to have a controlling tendency and simply don't believe that outstanding work will be done without their constant .....  
(a) intercession (b) intermittance (c) interpretation (d) intervention
- Q8 ..... skills and effective communication are the keys to successfully managing your micromanager.  
(a) Coping (b) Forming (c) Lasting (d) Speaking
- Q9 One of the best lines of defence is your diligence in clarifying expectations and keeping a(n) ..... of everything that you have done.  
(a) grocery list (b) open book (c) paper trail (d) road map
- Q10 Micromanagers need to learn how to transform themselves into leaders; micromanagers just twist your arm, but leaders ..... your opinion.  
(a) claim (b) clinch (c) seize (d) sway

*The Southeastern European Economies*

- Q1 In an address to the Second International Banking Forum, Panayotis Thomopoulos states that the southeastern economies are turning the ..... and can now start enjoying the benefits of stability and growth within the European Union.  
(a) corner (b) leaf (c) pages (d) tables
- Q2 Greece will continue to make a positive contribution to the economies of the region, but he admits that he ..... comfort from the fact that Greece is now surrounded by open, dynamic economies.  
(a) draws (b) feels (c) finds (d) has
- Q3 The recent ..... of the euro is an indication of the markets' confidence in our economies.  
(a) appreciation (b) ascendance (c) attainment (d) attrition
- Q4 There have been of course problems, especially in the European insurance sector, ..... by natural catastrophes, but all financial institutions have managed through.  
(a) enhanced (b) enlivened (c) exacerbated (d) excruciated
- Q5 Nonetheless, such problems, whenever they surfaced, were ..... and did not have systemic repercussions that could threaten the macroeconomic stability of our economies.  
(a) constrained (b) contained (c) restrained (d) retained
- Q6 As a result of not very ..... policies, the significant losses of insurance and re-insurance companies in the last few years have been partly absorbed by the banking sector.  
(a) proven (b) provident (c) prudent (d) prudish
- Q7 The banking sector in some countries has unwillingly assumed the responsibility for the well-being of the financial sector as a whole, because it understands the danger of systemic risks, which can ..... havoc.  
(a) wreak (b) wreck (c) wrench (d) wring
- Q8 With the help of the central banks, the private sector has become more ..... in dealing with risks and the supervisors have learned from the mistakes of the past and improved their vigilance.  
(a) adept (b) affable (c) agile (d) askew
- Q9 The new practices to be introduced will further improve our ability to deal with financial risks and better ..... our requirements to each market's special needs.  
(a) align (b) design (c) draw (d) tailor
- Q10 Looking at the developments in the Southeastern Balkans themselves, the present situation is a far ..... from the bleak picture at the early stages of transition more than a decade ago.  
(a) change (b) cry (c) leap (d) view

*Internet Securities Trading*

- Q1 The World Wide Web consists of a vast network of Web 'sites'. i.e., graphical presentations of information that is controlled by the site-holder; sites can contain pictures, text and sound in ..... or moving form.  
(a) stable (b) stagnant (c) static (d) stationery
- Q2 The World Wide Web creates a(n) ..... new environment for both investors and companies issuing securities.  
(a) decidedly (b) dramatically (c) incredibly (d) intrinsically
- Q3 Web sites, bulletin boards, e-mail and push technology can all be used in advertising, offering and selling securities, and for ..... investment advice.  
(a) discriminating (b) disseminating (c) divesting (d) divulging
- Q4 In the mid-1990's, the marketing of securities on the Internet began to .....  
(a) add up (b) set out (c) surge over (d) take off
- Q5 A number of small discount brokers started online secondary trading in 1995 and the number gradually .....  
(a) arose (b) enlarged (c) filled (d) swelled
- Q6 Developments in cyberfinance have virtually ..... since these early entries.  
(a) accelerated (b) detonated (c) exploded (d) inflated
- Q7 Investment bankers can post their underwritings of stock issues on the World Wide Web to ..... them to vast numbers of prospective investors at very low cost.  
(a) expand (b) explain (c) export (d) expose
- Q8 Issuers can ..... traditional underwriters and make direct public offerings ('DPOs') of securities using the Web bulletin boards and push technology.  
(a) bypass (b) circumscribe (c) sidestep (d) undercut
- Q9 Since 1995, the SEC has sought by rule and interpretive release to ..... the Securities Acts of 1933 and 1934 and the regulatory framework built up around them with the new Internet world.  
(a) meet (b) meld (c) mesh (d) mold
- Q10 Electronic disclosure of information must provide adequate and timely notice to investors, ..... effective access to the information, and give reasonable assurance that the information in fact has been delivered.  
(a) advise (b) afford (c) apply (d) attain

*Mortgage Law*

- Q1 A mortgage involves the transfer of an interest in land as security for a loan or other .....  
(a) demand (b) obligation (c) purchase (d) responsibility
- Q2 Normally, a mortgage is paid in ..... that include both interest and a payment on the principle amount that was borrowed.  
(a) increments (b) installments (c) premiums (d) portions
- Q3 Failure to make payments results in the ..... of the mortgage.  
(a) foreclosure (b) invalidation (c) reclamation (d) voiding
- Q4 This allows the mortgagee to declare that the entire mortgage debt is due and payable immediately, accomplished through an acceleration ..... in the mortgage.  
(a) clause (b) passage (c) phrase (d) section
- Q5 In the case of failure to pay the debt, the most common processes to effect seizure and sale are court ..... or grants of power to the mortgagee to sell the property.  
(a) cases (b) hearings (c) opinions (d) proceedings
- Q6 Under the title theory, title to the security interest ..... with the mortgagee.  
(a) goes (b) lies (c) rests (d) sits
- Q7 Most states, however, follow the lien theory, under which the legal title ..... with the mortgagor.  
(a) comes (b) remains (c) stands (d) tends
- Q8 Finally, the intermediate theory applies the lien theory until there is a ..... on the mortgage, whereupon the title theory applies.  
(a) defalcation (b) default (c) defection (d) deficit
- Q9 If the mortgage is not the only lien on the property, then state law determines the ..... of the property interests.  
(a) preference (b) preponderance (c) priority (d) propriety
- Q10 The Uniform Commercial Code governs conflicts between mortgages on real property and liens on ..... (personal property attached to a piece of real estate).  
(a) amenities (b) facilities (c) fixtures (d) furniture

*Basic Microeconomics*

- Q1 A ..... concept in understanding microeconomics is that of utility: utility is how much a product pleases people.  
(a) casual (b) causal (c) correlative (d) crucial
- Q2 Marginal utility is how much every ..... quantity of a product pleases; it tends to drop as the numbers of a product consumed increases.  
(a) detrimental (b) discontinuous (c) incidental (d) incremental
- Q3 Consumers choose what products they want to buy by comparing something's ..... and its utility.  
(a) availability (b) price (c) value (d) worth
- Q4 They will pick the product that gives them the biggest ..... for the buck, the product that gives them the greatest satisfaction for every unit of money spent.  
(a) bang (b) bash (c) bite (d) boff
- Q5 Based on the law of demand, quantity demanded is inversely ..... to price.  
(a) associated (b) correlated (c) related (d) supplied
- Q6 'Perfect competition' is defined as economic forces ....., uninterrupted by any other force.  
(a) at play (b) at work (c) on top (d) on track
- Q7 In reality, no ..... thing as a true perfectly competitive market exists; there are other types of market structures, however — monopoly, oligopoly, and monopolistic competition.  
(a) said (b) same (c) such (d) sure
- Q8 In monopolistic competition, there are many firms ..... for control of one market.  
(a) forging (b) jostling (c) sidling (d) vying
- Q9 Oligopoly is a small number of competing firms, so the key property of oligopolies is that all firms ..... strategic planning.  
(a) ensure (b) eschew (c) estimate (d) execute
- Q10 Some oligopolies act as cartels, in which many firms act .....
- (a) as one (b) in secret (c) in tandem (d) the same

*Trade Regulation*

- Q1 Recent World Bank research suggests that countries should complement trade openness with greater flexibility of their investment ..... and labor markets.  
(a) climate (b) geography (c) geometry (d) weather
- Q2 "Trade ..... growth in flexible economies, but its positive impact is much reduced — and in some cases, even reversed—in excessively regulated economies," says Caroline Freund, Senior Economist in the World Bank's Trade Research Team.  
(a) boosts (b) forces (c) spurts (d) steels
- Q3 Trade stimulates growth by directing resources into their most productive uses both within and ..... industries.  
(a) across (b) among (c) between (d) without
- Q4 An excessive regulatory ..... will prevent this reallocation of resources from occurring, reducing the prospects for trade-generated growth.  
(a) burden (b) package (c) pressure (d) weight
- Q5 However, complications can arise because of interest groups that ..... to lose in a more flexible environment.  
(a) bear (b) grow (c) stand (d) think
- Q6 Some of the steps that ..... regulated economies need to take are easy and inexpensive; for example, it does not cost much to reduce excess procedures for registering a new business.  
(a) broadly (b) heavily (c) stridently (d) tautly
- Q7 New technologies can also ..... deregulation, such as implementing online registration systems.  
(a) fabricate (b) facilitate (c) initiate (d) instigate
- Q8 The success of openness depends on whether firms can adjust quickly to the new conditions ..... by international competition.  
(a) imposed (b) impressed (c) influenced (d) informed
- Q9 Doing well in the areas of public infrastructure, governance and ease of firm entry clearly correlates with stronger trade-related growth, suggesting that countries may need to simultaneously ..... reform in several areas in order to benefit from trade openness.  
(a) underlay (b) underpin (c) undertake (d) underwrite
- Q10 An analysis to help identify the areas requiring reform helps design a policy package tailored for a particular country, as opposed to a(n) '.....' approach.  
(a) all-for-one (b) once-and-for-all (c) one-at-a-time (d) one-size-fits-all

*A Quick History of Advertising*

- Q1 Encarta's History of Advertising notes that ..... have found evidence of advertising dating back to the 3000s BC, among the Babylonians.  
(a) anthropologists (b) archaeologists (c) paleontologists (d) prehistorians
- Q2 One of the first known methods of advertising was the outdoor display, usually an ..... sign painted on the wall of a building.  
(a) eye-arresting (b) eye-catching (c) eye-stopping (d) eye-taking
- Q3 An outdoor advertisement ..... in Rome offers property for rent, and one found painted on a wall in Pompeii calls the attention of travelers to a tavern.  
(a) excavated (b) exhumed (c) extracted (d) extricated
- Q4 In medieval times word-of-mouth praise of products gave rise to a simple but effective form of advertising, the use of so-called town .....  
(a) announcers (b) criers (c) heralds (d) plaintiffs
- Q5 These were citizens who read public notices aloud and were also employed by merchants to shout the ..... of their wares.  
(a) places (b) portions (c) praises (d) prices
- Q6 Although graphic forms of advertising appeared early in history, printed advertising made little ..... until the invention of the movable-type printing press by German printer Johannes Gutenberg about 1450.  
(a) coverage (b) headway (c) impression (d) profit
- Q7 In the United States, the advertising profession began in Philadelphia, Pennsylvania, in 1841, when Volney B. Palmer ..... up shop as an advertising agent, the forerunner of the advertising agency.  
(a) opened (b) set (c) started (d) took
- Q8 The introduction of radio created a new opportunity and by the end of the 1920s, advertising had established itself in radio to such a(n) ..... that advertisers were producing many of their own programs.  
(a) amount (b) extent (c) range (d) volume
- Q9 The early 1930s ..... in dozens of radio dramatic series that were known as soap operas because they were sponsored by soap companies.  
(a) escorted (b) showed (c) ushered (d) welcomed
- Q10 Television had been introduced in 1940, but because of the high cost of TV sets and the lack of programming, it was not immediately .....  
(a) embraced (b) enjoyed (c) patronized (d) popularized

*Hedge Funds*

- Q1 A hedge fund is a fund that sells some stocks short, and buys other stocks long; with this technique, the overall value of buying and selling balances out, thereby eliminating heavy losses due to large market .....
- (a) gambles (b) glitches (c) shares (d) swings
- Q2 The term hedge fund refers to the practice of balancing out transactions to ensure that a profit can still be made in any market turning, which distinguishes them from the ..... of other fund strategies that sprang up at the beginning of the 21st century.
- (a) shoal (b) spate (c) spell (d) stint
- Q3 Profit gains in a hedge fund rely on the choosing of appropriate stocks and acting on them at the most ..... moment.
- (a) convenient (b) fortunate (c) opportune (d) precise
- Q4 Stock pioneer Alfred Winslow Jones used borrowed money to ..... his funds with additional capital (leverage), and charged an incentive fee to his customers to place their money in his fund.
- (a) buffer (b) complement (c) inject (d) support
- Q5 For the most part, the term hedge fund now refers to any mostly unregulated fund using ..... methods of investing.
- (a) noncommissioned (b) noncommittal (c) uncontrollable (d) unconventional
- Q6 Some common hedge fund strategies include trading stock options and bonds, the purchase or sale of highly undervalued securities, and .....
- (a) acceptance (b) aggregation (c) allocation (d) arbitrage
- Q7 Unlike mutual funds, hedge funds are very ..... regulated, and so can keep their actions relatively secret.
- (a) casually (b) legally (c) lightly (d) vaguely
- Q8 This secrecy makes it difficult to predict actual numbers for hedge funds, but estimates for 2003 were over US \$650 billion ..... hedge fund management.
- (a) by (b) of (c) under (d) within
- Q9 Hedge funds are subject to the same prohibitions against fraud as are other market participants, and their managers have the same ..... duties as other investment advisers.
- (a) ethical (b) fiduciary (c) fiscal (d) moral
- Q10 Only accredited investors and qualified purchasers may invest in them — those who have incomes of over \$200,000 per year or a net ..... of over \$1 million, or those who already have at least \$5 million in investments.
- (a) profit (b) value (c) wealth (d) worth

*The Victorian Apprentice (1)*

- Q1 From 'The Dictionary of Daily Wants', 1858-1859: 'Apprentice' signifies a person who is bound by ..... to serve a master for a certain term, and receives in return for his services instruction in his master's profession, art, or occupation.
- (a) custom (b) indenture (c) legalities (d) tradition
- Q2 Apprentices and masters are equally bound to perform their portion of the contract towards each other; and if the master neglect to teach the apprentice his business, is liable to be ..... before a magistrate to answer the complaint against them.
- (a) arrested (b) incarcerated (c) sued (d) summoned
- Q3 A master cannot legally ..... his apprentice to work an unreasonable length of time.
- (a) compel (b) demand (c) expect (d) impose
- Q4 There is no specific duration marked out by law, but doubtless the habitual employment of an apprentice for more than twelve hours daily (exclusive of meal times) would be ..... unreasonable.
- (a) claimed (b) counted (c) deemed (d) rated
- Q5 When an assignment is made of a trader's ....., the apprentice may form part of the assignment and he is bound to serve him to whom he is transferred in all respects the same as his original master.
- (a) effects (b) inheritance (c) remains (d) wherewithal
- Q6 In cases of ..... of partnership, the apprentice is bound to serve the remaining members of the firm, just as though the partnership remained intact.
- (a) depletion (b) devolution (c) dissipation (d) dissolution
- Q7 When the master dies the apprenticeship is ..... end, for the contract is held to be a personal one between master and servant.
- (a) at an (b) at the (c) in an (d) in the
- Q8 If there be any ..... for maintenance in the contract, the executor of the deceased master is bound to make provision for the same so far as the assets will allow.
- (a) codicil (b) consideration (c) covenant (d) coverage
- Q9 A master may ..... reasonable corporal chastisement to his apprentice, but he cannot discharge him.
- (a) administer (b) advocate (c) invest (d) invoke
- Q10 If an apprentice ..... another person's service, his master is entitled to his earnings, and he may bring an action against the persons who enticed him away.
- (a) aids (b) enters (c) gives (d) joins

*The Victorian Apprentice (2)*

- Q1 From 'The Dictionary of Daily Wants', 1858-1859: As apprenticing has the most important influence upon success in life, it ought to be exercised by parents and guardians with the most ..... care and discretion.  
 (a) immaterial (b) insidious (c) meretricious (d) scrupulous
- Q2 In apprenticing a youth, it is not alone sufficient that he should learn a trade from which good earnings may afterwards be derived, but that the trade selected should be in accordance with his taste, and also ..... to his mental and physical capacity.  
 (a) comfortable (b) conformable (c) conspicuous (d) convenient
- Q3 It may be said that a boy does not ..... his own mind, and that it is consequently idle to consult him upon a subject when his seniors are better qualified to judge.  
 (a) interpret (b) know (c) realize (d) state
- Q4 But in the majority of cases, a boy will be found to give unmistakeable indications of the branch of mechanical employment upon which his mind is most ..... and for which his hands will be consequently most fit.  
 (a) bent (b) directed (c) focussed (d) sure
- Q5 If the boy is apprenticed to a trade of a totally opposite nature to that for which he has a ....., the incessant struggle between natural desire and constrained duty will frequently entail failure and disappointment.  
 (a) delectation (b) discernment (c) precocity (d) predilection
- Q6 Equally necessary is it that the mental and bodily ..... should be considered before apprenticeship.  
 (a) facilities (b) faculties (c) strictures (d) structures
- Q7 And it is also a species of cruelty to select for a youth of a weak and delicate constitution such a trade as is only adapted for the ..... and hardy.  
 (a) effective (b) effete (c) robust (d) rotund
- Q8 The premiums for apprenticeship are governed by no stated tariff, but as a general rule they are proportioned to the wages which the trade .....  
 (a) admits (b) affords (c) remits (d) rewards
- Q9 The amount of the premium, therefore, is a secondary consideration to the advantages which its outlay .....  
 (a) attaches (b) guarantees (c) reflects (d) secures
- Q10 The usual term of apprenticeship is seven years, namely, from fourteen to twenty-one years of age, but that period of ..... is not always necessary, and, generally speaking, it is optional to determine upon a shorter term.  
 (a) induction (b) introduction (c) probation (d) production

*Current Liabilities*

- Q1 In the normal ..... of trading with external vendors on credit terms, the University incurs current liabilities (i.e. accounts payable within 12 months).  
(a) course (b) event (c) period (d) term
- Q2 These accounts payable are subsequently ..... by regular creditors payment runs.  
(a) expensed (b) expired (c) expunged (d) extinguished
- Q3 Amounts owed to creditors which have not been paid or recorded at 31 December are ....., and a liability is recorded in the general ledger; these are reversed in the following year.  
(a) accrued (b) entered (c) postponed (d) written off
- Q4 Procedures established in ..... of incurring a liability through the procurement of goods and services are specified in Section 5, 'Expenditure', of the manual.  
(a) aid (b) anticipation (c) lieu (d) respect
- Q5 The University is bound by legislation and industrial awards to provide its employees with various entitlements accumulated as a result of the ..... of their services to the University.  
(a) presentation (b) recording (c) rendering (d) termination
- Q6 Liabilities ..... from the accumulation of employee entitlements are recognised in the financial statements.  
(a) appearing (b) arising (c) emerging (d) recurring
- Q7 Staff who commenced employment with the University prior to 1 April 1961 are entitled to receive a gratuity on retirement at ..... or later, or on death.  
(a) 55 age (b) 55 years (c) age 55 years (d) age of 55
- Q8 In accordance with The University Act of 1998, the Senate, in the ..... of and on behalf of the University, may borrow funds by way of loan or overdraft from any bank or other financial institution.  
(a) case (b) name (c) person (d) stead
- Q9 Borrowings will only be undertaken in exceptional circumstances where operating or research funds are not sufficient to ..... existing funding requirements.  
(a) sate (b) satisfy (c) subsidize (d) subsist
- Q10 A current liability arises where students pay a refundable ..... on locker keys, laboratory equipment, slide boxes, accommodation, etc. to a School.  
(a) deposit (b) down payment (c) installment (d) premium

*Global Capital Management*

- Q1 Rainer Rauleder and Therese Hockey, two Deutsche Bank Treasury managers, here outline practical approaches in dealing with issues relating to allocation and investment of the bank's capital, ..... measurement of regional businesses, and regulatory compliance across multiple regimes.  
(a) performance (b) permformative (c) performed (d) performing
- Q2 Sunrise in Auckland and another business day begins at Deutsche Bank, where members of the Treasury team located in the Asia-Pacific region take the ..... from their colleagues in the Americas managing the bank's capital and balance sheet.  
(a) baton (b) ribbon (c) salute (d) wand
- Q3 These regional managers, specialists in their local market conventions and regulatory requirements, work with the business divisions to optimize the ..... on the bank's capital.  
(a) investment (b) profit (c) realization (d) return
- Q4 Later in the working day, the European members of the team based in the corporate center join with their colleagues to ensure that the practical ..... of the localities are aligned with the bank's strategic global issues.  
(a) effects (b) efforts (c) matters (d) motions
- Q5 Like Deutsche Bank, banks the world ..... are pursuing the ultimate capital framework, which will optimize the mix of capital, adequately assess capital at risk, and maximize capital growth.  
(a) about (b) away (c) over (d) through
- Q6 These global banks are faced with an array of regulatory requirements, business practices, and infrastructural complexity, demanding a dynamic approach to ensure a sufficiently robust yet flexible .....  
(a) framework (b) grounding (c) groundwork (d) mainframe
- Q7 What is meant by the term capital? — though a seemingly basic question, the notion of capital varies, depending on the ..... being considered.  
(a) perception (b) perspective (c) prospect (d) speculation
- Q8 From an accounting standpoint, capital is just the ..... equity as it is reported on the balance sheet.  
(a) accumulated (b) retained (c) revenue (d) shareholder
- Q9 The regulatory view of capital expands on this by ..... for the inclusion of hybrid capital instruments, usually accounted as liabilities, and then deducting purchased goodwill.  
(a) accounting (b) adjusting (c) allocating (d) allowing
- Q10 While regulatory requirements will ..... a constraint on the bank's businesses, they will not determine the internal allocation of capital.  
(a) pose (b) post (c) seal (d) slap

*Price-based or Target Costing*

- Q1 The target cost is a financial goal for the full cost of a product, ..... from estimates of selling price and desired profit (which top management sets on the basis of firm strategy and financial goals).  
(a) deduced (b) defined (c) derived (d) designed
- Q2 Product selling price is ..... by the marketplace and is determined by analysis along the entire industry value chain and across all functions in a firm.  
(a) constrained (b) contained (c) restrained (d) retained
- Q3 ..... to most target-cost applications is a belief that large-scale cost planning and reduction must occur early in the product life cycle.  
(a) Annexed (b) Common (c) Germane (d) Popular
- Q4 However, Shank and Fisher believe there is no ..... reason the methodology cannot be a value-added exercise applied to existing products during manufacturing.  
(a) conceptual (b) ideal (c) prior (d) rational
- Q5 They ..... that if managers were to believe that, during manufacturing, only incremental (i.e., slight) change is possible, firms would likely miss significant strategic opportunities.  
(a) plead (b) posit (c) promulgate (d) pronounce
- Q6 Shank and Fisher present a case study that demonstrates the relevance of target-costing techniques for a process-industry plant built in the 1890s that had been making ..... the same products for fifty years.  
(a) always (b) greatly (c) intently (d) largely
- Q7 The firm's managers, who had used a standard-cost system for many years, might have concluded that ..... costing was most appropriate for this plant.  
(a) kaizen (b) kanban (c) kolkhoz (d) kosher
- Q8 However, competitive realities necessitated a major strategic change that employed target costing as an important ..... in cost-reduction efforts leading to strategic revitalization.  
(a) additive (b) condiment (c) ingredient (d) recipe
- Q9 The standard cost concept essentially dropped out of the .....  
(a) diagram (b) picture (c) running (d) sight
- Q10 Because standard costing accepts the existing game rules and the existing value chain, the authors believe that fundamental cost ..... are much more probable when using target costing.  
(a) breakdowns (b) breakouts (c) breakthroughs (d) breakups

*Transfer Pricing*

- Q1 When one part of a multinational organisation in one country transfers (that is, ..... ) goods, services or know-how to another part in another country, the price charged for these goods or services is called 'transfer price'.  
(a) gives (b) relocates (c) sells (d) ships
- Q2 According to Manfred Davidmann, this may be a purely ..... figure, meaning by this that it may be unrelated to costs incurred, to operations carried out, or to added value.  
(a) ambiguated (b) ambiguous (c) arbitrated (d) arbitrary
- Q3 In other words, it is possible for a multinational company to minimise its ..... for corporation tax by transfer pricing.  
(a) culpability (b) eligibility (c) liability (d) opportunity
- Q4 This is done without any change to procedures, operations or added value; it is done by merely changing book .....  
(a) accounts (b) documents (c) entries (d) values
- Q5 This tax ..... is legal until governments legislate to prevent this practice.  
(a) adjustment (b) avoidance (c) emancipation (d) evasion
- Q6 If a multinational has increased its profits by this method, then the government, whose expenses have not changed, must make up this ..... elsewhere.  
(a) debt (b) defect (c) shortfall (d) windfall
- Q7 Its citizens pay more tax, the government can spend the same amount as before, and the multinational's profits have increased: in other words, the multinational's increased profits arise from money which is in ..... collected by the government from its taxpayers.  
(a) detail (b) effect (c) fact (d) result
- Q8 This is a matter far ..... from earning reasonable profits on needed quality goods and services at reasonable prices in open competition with other corporations.  
(a) away (b) cry (c) enough (d) removed
- Q9 It seems that at times some top US companies pay no federal income tax at all or obtain an overall .....  
(a) benefit (b) debit (c) rebate (d) return
- Q10 Multinationals need to be made accountable to elected representatives of the people, for their policies and for acting for or against the national .....  
(a) betterment (b) government (c) interest (d) legislation

*Internal Controls*

- Q1 Senior executives have long ..... ways to better control the enterprises they run.  
(a) bought (b) sought (c) thought (d) wrought
- Q2 Internal controls are put in ..... to keep the company on course toward profitability goals and achievement of its mission, and to minimize surprises along the way.  
(a) action (b) force (c) gear (d) place
- Q3 They ..... management to deal with rapidly changing economic and competitive environments, shifting customer demands and priorities, and restructuring for future growth.  
(a) enable (b) encourage (c) enhance (d) ensure
- Q4 Internal control is looked ..... more and more as a solution to a variety of potential problems.  
(a) after (b) for (c) into (d) upon
- Q5 This report defines and describes internal control to provide a standard ..... which business and other entities can assess their control systems and determine how to improve them.  
(a) against (b) for (c) plan (d) to
- Q6 Internal control is broadly defined as a process, ..... by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in several categories.  
(a) affected (b) defined (c) effected (d) refined
- Q7 The first category, effectiveness and efficiency of operations, ..... an entity's basic business objectives, including performance and profitability goals and safeguarding of resources.  
(a) addresses (b) advises (c) attacks (d) attains
- Q8 The second, reliability of financial reporting, relates to the preparation of reliable published financial statements, including interim and condensed financial statements and selected financial data ..... from such statements, such as earnings releases, reported publicly.  
(a) compacted (b) contracted (c) decided (d) derived
- Q9 The third, compliance with applicable laws and regulations, deals with complying with those laws and regulations to which the entity is .....  
(a) subject (b) subordinate (c) subservient (d) subsidiary
- Q10 While internal control is a process, its effectiveness is a state or condition of the process at one or more points ..... time.  
(a) in (b) of (c) on (d) through

*Internal Control Activities*

- Q1 Control activities are the policies and procedures that help ensure management ..... are carried out.  
(a) directives (b) intentions (c) invectives (d) pretensions
- Q2 Control activities occur throughout the organization, at all levels and in all functions, and include a range of activities as ..... as approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties.  
(a) diffuse (b) diluted (c) dispersed (d) diverse
- Q3 ..... information must be identified, captured and communicated in a form and time frame that enable people to carry out their responsibilities.  
(a) Particular (b) Passing (c) Pertinent (d) Proscribed
- Q4 Information systems produce reports containing operational, financial and compliance-..... information that make it possible to run and control the business.  
(a) connected (b) determined (c) directed (d) related
- Q5 They deal not only with internally generated data, but also information about external events, activities and conditions necessary to ..... business decision-making and external reporting.  
(a) formal (b) informational (c) informative (d) informed
- Q6 Internal control systems need to be monitored — a process that assesses the quality of the system's performance ..... time.  
(a) for (b) in (c) over (d) with
- Q7 Internal control deficiencies should be reported ....., with serious matters reported to top management and the board.  
(a) aboveboard (b) overhead (c) upstairs (d) upstream
- Q8 There is synergy and linkage among these components, forming an integrated system that reacts dynamically to changing conditions; the internal control system is ..... with the entity's operating activities.  
(a) enmeshed (b) entangled (c) incised (d) intertwined
- Q9 Internal control is most effective when controls are built into the entity's infrastructure and are a part of the ..... of the enterprise.  
(a) ambience (b) core (c) essence (d) spirit
- Q10 In sum, internal control can help an entity get to where it wants to go, and avoid ..... and surprises along the way.  
(a) deadfalls (b) pitfalls (c) pratfalls (d) windfalls

*Business Software Competitors*

- Q1 Brian Moran writes in SQL Server Magazine (March 2005) that an interesting battle is taking ..... between Microsoft and Oracle, two titans of the database world, and the prize is business-application software.  
(a) form (b) part (c) shape (d) stage
- Q2 Pricing for databases and prices for high-end business-application software can be ..... entwined when a vendor controls both the business layer software and the database.  
(a) inevitably (b) inexorably (c) inevitably (d) irrevocably
- Q3 Vendors who sell both have a lot more margin to ..... with and can be a lot more creative about how they price a total package for customers.  
(a) control (b) deal (c) play (d) sell
- Q4 Microsoft and Oracle are ..... competitors in the database space; competition in other areas inevitably has an effect on their database competitions.  
(a) febrile (b) fiendish (c) fierce (d) fleet
- Q5 Earlier this year, Oracle (the second largest provider of business application software) merged with PeopleSoft (the third largest provider), which had already ..... J. D. Edwards (another major provider) back in 2003.  
(a) engorged (b) gulped (c) inhaled (d) swallowed
- Q6 SAP is still the dominant provider, but Oracle's PeopleSoft acquisition is intended to grow the company's ..... application division.  
(a) flagging (b) shrinking (c) waxing (d) wilting
- Q7 So a series of acquisitions has led to a(n) ..... in which SAP and Oracle share market leadership in the world of business application software.  
(a) cartel (b) consortium (c) monopoly (d) oligopoly
- Q8 At the same time, Microsoft has been ..... slow but steady strides in building its own competitive offerings in this space.  
(a) forming (b) making (c) stretching (d) taking
- Q9 Microsoft has been on a buying ..... since its purchase of Great Plains several years ago, acquiring Solomon and several other niche companies to stitch together the Microsoft Business Solutions Business Group.  
(a) binge (b) burst (c) spell (d) spree
- Q10 The competition between Microsoft and Oracle isn't only about business software; both companies are ..... to be platform companies.  
(a) starving (b) straining (c) stretching (d) striving

*Electronic Tax Records*

- Q1 Tax authorities throughout the world want organizations to maintain records, regardless of form or media, that are true and accurate, legible, accessible, and ..... for as long as they are needed for tax purposes.  
(a) recorded (b) remanded (c) retained (d) reviewed
- Q2 However, electronic records ..... certain risks not generally encountered with manual, paper-based recordkeeping.  
(a) constrain (b) pose (c) suggest (d) suppose
- Q3 In Draft Taxation Ruling 97/D4, the Australian Tax Office notes that electronic tax records (i.e., those required to compute a corporation's tax liability and to ..... that liability to the government during tax audits) are subject to destruction, tampering and obsolescence.  
(a) amplify (b) exemplify (c) justify (d) rectify
- Q4 Unauthorized tampering may ..... their integrity as true and accurate records.  
(a) compromise (b) contradict (c) obfuscate (d) obliterate
- Q5 DTR 97/D4 sets forth ..... prescribing the characteristics of electronic recordkeeping systems required to make computerized accounting systems sufficient for tax purposes.  
(a) gradients (b) guidelines (c) pronouncements (d) provisions
- Q6 Records processed and kept electronically must be in a form which ATO staff can access and understand in order to ..... a company's tax liability.  
(a) ascertain (b) ascribe (c) describe (d) maintain
- Q7 Businesses operating computerized accounting systems must have ..... adequate controls to safeguard the security and integrity of the records processed and retained in such systems.  
(a) at hand (b) in place (c) on location (d) within reach
- Q8 The level of controls must be sufficient to ..... that the records retained in the computer system are secure and accurate.  
(a) demonstrate (b) guarantee (c) infer (d) suggest
- Q9 The ruling provides that any tax records using this technology must be stored for the ..... period of five years.  
(a) legal (b) legitimate (c) stated (d) statutory
- Q10 In the new tax ruling, the ATO's ..... is that the general principles governing records processed and kept in an EDI (electronic data interchange) environment are the same as those for a normal computerized accounting system.  
(a) approach (b) attitude (c) position (d) presentiment

*Accounting Information Systems*

- Q1 Accounting information systems are a ..... part of an organization's day-to-day operations.  
(a) vigorous (b) virtual (c) visceral (d) vital
- Q2 Prices can vary from customized multimillion dollar systems to ..... software that costs less than \$100.  
(a) prefabricated (b) preinstalled (c) prepackaged (d) prepared
- Q3 Customization allows for a good fit to the business's needs, smooth ..... with other internal systems, and the ability to implement special security measures.  
(a) insertion (b) intercalation (c) interfacing (d) interference
- Q4 Advantages of non-custom software include low cost, immediate availability, quality, documentation on data flow, good compatibility with external systems, and ..... from the vendor.  
(a) advice (b) advise (c) support (d) supply
- Q5 Disadvantages include lack of features, paying for ..... features, and risk of vendor availability.  
(a) undesirable (b) unexpected (c) unordered (d) unwanted
- Q6 Good accounting systems allow users to run informal reports such as ..... accounts receivable or to keep track of inventory.  
(a) aged (b) listed (c) timed (d) unpaid
- Q7 Accounting systems have to track ..... in three business processes: order entry/sales, billing/accounts receivable/cash receipts, and purchasing/accounts payable/cash.  
(a) sequences (b) steps (c) transactions (d) transfers
- Q8 The order entry/sales process ..... sales data and records the information.  
(a) captures (b) contains (c) controls (d) copies
- Q9 This process starts with a customer order, which initiates a credit .....
- (a) card (b) check (c) rating (d) report
- Q10 After the customer is approved, the sales order department must let the warehouse know what goods to pick, and the shipping department needs to know that an order has been .....
- (a) filed (b) initiated (c) placed (d) sent

*Global Protocol Advertisement*

- Q1 Global Protocol's seminars and training will give you the techniques for ..... confidence through the way you present yourself and for controlling a variety of difficult business situations with ease.  
(a) presenting (b) presuming (c) producing (d) projecting
- Q2 Our techniques have a proven ..... record and will teach you how to inspire, lead, and succeed.  
(a) career (b) professional (c) progress (d) track
- Q3 The Global Protocol team delivers personal ..... techniques that leverage years of experience.  
(a) achievement (b) advancement (c) employment (d) enhancement
- Q4 This expertise ensures that each of our clients ..... from our program with a powerful set of skills to navigate today's diverse workplace and thrive in our global economy.  
(a) advances (b) embarks (c) launches (d) leaves
- Q5 Through our individual and group training, hundreds of companies and thousands of individuals have ..... the benefits gained from knowing appropriate business behavior and protocol and having a confident, powerful presence.  
(a) assumed (b) donned (c) reaped (d) seized
- Q6 Knowing and utilizing the proper code of conduct with the right professional ..... will prepare anyone for any situation.  
(a) attitudes (b) demeanor (c) expressiveness (d) stance
- Q7 Our mission at Global Protocol, Inc. is to provide both the foundation and the framework for success by building each participant's confidence and self-....., thereby improving morale and productivity and encouraging teamwork and integrity.  
(a) awareness (b) consciousness (c) esteem (d) reliance
- Q8 By teaching behavior modification, personal presentation, and business protocol, Global Protocol has established itself as the ..... resource for personal performance improvement and leadership development.  
(a) preliminary (b) premier (c) primary (d) pristine
- Q9 Our Topic Specialists, because they are experts in their field, add another ..... that helps our programs meet the needs of the marketplace, keeping them up to date and timely with the latest information on each given topic.  
(a) dimension (b) direction (c) opinion (d) option
- Q10 Tip: when faced with uncertainty, make the decision that is in the best ..... of the other individual and demonstrates good form.  
(a) confidence (b) consideration (c) intentions (d) interest

*The Global Financial Environment (1)*

- Q1 Timothy F. Geithner, CEO of the New York Reserve Bank, remarks (March 2006) that we are in the midst of another ..... of global economic and financial integration.  
(a) flood (b) foray (c) tide (d) wave
- Q2 Stronger real and financial ..... across nations have the potential to significantly raise the prospects for long-run world growth.  
(a) attachments (b) bonds (c) interstices (d) linkages
- Q3 The ..... development of the market sector in emerging market and developing economies offers probably the most powerful means available for raising income growth and living standards in a very large share of the world's population.  
(a) ensuing (b) ensuring (c) procuring (d) pursuing
- Q4 These changes, and the ..... advances in technology, offer the prospect of more productive and stable real economies.  
(a) complementary (b) conditional (c) consequential (d) cooperative
- Q5 The increase in the ties between national financial systems and the increase in capital flows across borders, allow risks to be shared more broadly and capital to flow to where the returns are .....  
(a) highest (b) most (c) safest (d) surest
- Q6 This process of integration has, of course, a range of ..... for policymakers.  
(a) implications (b) imprecations (c) inferences (d) influences
- Q7 The benefits of integration over time are powerful and ..... for all economies.  
(a) coercing (b) commanding (c) compelling (d) demanding
- Q8 Economic integration may make the principal job of central banks easier, by contributing to productivity growth and reducing inflation pressure, at least during the transition when a large share of the working age population of the world is being ..... into the market.  
(a) brought (b) escorted (c) included (d) inducted
- Q9 Our understanding of how these changes affect our capacity to forecast economic activity and inflation and our ability to assess how monetary policy affects the economy almost certainly ..... the changes underway.  
(a) delays (b) hearkens (c) heralds (d) lags
- Q10 As the world progresses toward increasingly integrated financial and goods markets, other things being ....., one might expect to see an increase in the number of countries with surpluses or deficits, as flows of both financial assets and goods work to equalize desired saving and investment around the world.  
(a) equal (b) ignored (c) irrelevant (d) postponed

*The Global Financial Environment (2)*

- Q1 Timothy F. Geithner, CEO of the New York Reserve Bank (March 2006) focuses on two features of what is happening in the world economy and financial markets today, which are among the most interesting and consequential questions we ..... today.
- (a) ask (b) face (c) fear (d) refer
- Q2 These are, first, the ..... of forward interest rates in financial markets, and, second, the pattern of external imbalances.
- (a) activities (b) behavior (c) facts (d) shift
- Q3 These features are interesting, in part, because they seem somewhat ....., or inconsistent with what the past has led us to expect.
- (a) analogous (b) anomalous (c) anonymous (d) antonymous
- Q4 Understanding the forces behind these phenomena is important to thinking ..... what they mean for policy.
- (a) about (b) of (c) over (d) through
- Q5 The source of the relatively low level of nominal rates is still a matter of ..... debate.
- (a) arguable (b) argumentative (c) considerable (d) considerate
- Q6 The other surprising feature of the current economic environment is the pattern of global imbalances, and the size and ..... of the U.S. current account deficit.
- (a) existence (b) insistence (c) persistence (d) resistance
- Q7 As Alan Greenspan has explained, the greater dispersion in external imbalances can be seen as the ..... result of fundamentally healthy changes in the world economy.
- (a) inevitable (b) inexplicable (c) unprecedented (d) unutterable
- Q8 If one were confident that observed imbalances reflected an efficient allocation of the world's saving to its most productive uses, then we might also expect these imbalances to ..... themselves through smooth and gradual adjustments in relative prices and flows of goods and services.
- (a) devolve (b) dissolve (c) involve (d) resolve
- Q9 We do not yet live in a world of perfect capital ....., one in which savings move across borders to their most productive use without constraint in the form of capital controls or without distortions affecting the behavior of private actors.
- (a) mobility (b) transferability (c) utility (d) viability
- Q10 ..... this is important to understanding both why the U.S. imbalance has grown as large as it has and, perhaps more importantly, why it has been financed with such apparent ease despite obvious concerns about its sustainability.
- (a) Recognizing (b) Regarding (c) Remembering (d) Researching

*Dividends*

- Q1 Dr. Sharon Garrison explains that the term 'dividend' usually refers to a cash ..... of earnings; if it comes from other sources, it is called 'liquidating dividend'.  
(a) accumulation (b) advance (c) dispersal (d) distribution
- Q2 The dividend may be a signal to the public of the management's anticipations for future policy of the firm and .....  
(a) perspectives (b) possibilities (c) prognostications (d) prospects
- Q3 Companies that have a ..... history of stable dividend payouts would be negatively affected by lowering or omitting dividend distributions.  
(a) long-enduring (b) long-lasting (c) long-running (d) long-standing
- Q4 According to the ..... of the no-dividend policy, a company's alternatives to paying out excess cash as dividends are the following: undertaking more projects, repurchasing the company's own shares, acquiring profitable assets, and reinvesting in financial assets.  
(a) postulants (b) propellents (c) proponents (d) purveyors
- Q5 Once the company decides on whether to pay dividends, they may establish a(n) ..... permanent dividend policy, which may in turn impact on investors and perceptions of the company in the financial markets.  
(a) almost (b) considerably (c) rather (d) somewhat
- Q6 Dividends are payments made to stockholders from a firm's earnings, whether those earnings were ..... in the current period or in previous periods.  
(a) garnered (b) generated (c) registered (d) retained
- Q7 Dividends may affect capital ....., because financing with earnings is cheaper than issuing new common equity.  
(a) assets (b) expenditure (c) outlay (d) structure
- Q8 The Dividend Irrelevance Theory purports that a firm's dividend policy has no effect on either its worth or its cost of capital: investors ..... dividends and capital gains equally.  
(a) appreciate (b) esteem (c) extol (d) value
- Q9 The hypothesis for dividend policy irrelevance is based on the assumptions of 1) perfect capital markets; 2) ..... behavior on the part of participants in the market; 3) certainty about the investment policy of the firm; and 4) managers that act as perfect agents.  
(a) rational (b) reasonable (c) reliable (d) reputable
- Q10 For dividend policy to ....., one or more of these assumptions cannot hold.  
(a) formulate (b) happen (c) matter (d) proceed

*Tort Law*

- Q1 Torts are civil wrongs recognized by law as ..... for a lawsuit.  
(a) appropriate (b) evidence (c) foundation (d) grounds
- Q2 These wrongs result in harm constituting the basis for a claim by the ..... party.  
(a) impaired (b) impeded (c) inflicted (d) injured
- Q3 While some torts are also crimes punishable with imprisonment, the primary aim of tort law is to provide ..... for the damages incurred and deter others from committing the same harms.  
(a) relief (b) reprisal (c) revenge (d) review
- Q4 The plaintiff may sue for ..... to prevent the continuation of the tortious conduct or for monetary damages.  
(a) an injunction (b) a judgement (c) a justice (d) a rejoinder
- Q5 There are numerous specific torts, including trespass, assault, battery, products liability, and intentional ..... of emotional distress.  
(a) imposition (b) infliction (c) insertion (d) insistence
- Q6 Torts fall into three general categories: intentional torts (e.g., intentionally hitting a person); ..... torts (e.g. causing an accident by failing to obey traffic rules); and strict liability torts (e.g. liability for making and selling defective products).  
(a) neglectful (b) negligent (c) negligible (d) negotiable
- Q7 Damages, in a legal sense, is the sum of money the law imposes for a ..... of some duty or violation of some right.  
(a) breach (b) broach (c) shift (d) shirk
- Q8 ..... damages, as the name suggests, are intended to redress the loss or injury.  
(a) Compensatory (b) Complementary (c) Retaliatory (d) Retributional
- Q9 ..... damages are awarded to punish a wrongdoer.  
(a) Penalty (b) Prohibitive (c) Provoked (d) Punitive
- Q10 There are other modifying terms placed in front of the word 'damages', like 'liquidated damages' (contractually established damages) and '..... damages' (where the court awards an amount such as one dollar).  
(a) minimal (b) muted (c) nominal (d) token

*Products Liability Law*

- Q1 Products liability refers to the liability of any or all parties along the ..... of manufacture of any product for damage caused by that product.  
(a) chain (b) creek (c) links (d) way
- Q2 This includes the manufacturer of ..... parts, the assembling manufacturer, the wholesaler, and the retail store owner.  
(a) commercial (b) complete (c) component (d) composite
- Q3 Products containing ..... defects that cause harm to a consumer of the product, or someone to whom the product was loaned, given, etc., are the subjects of products liability suits.  
(a) ingrained (b) inherent (c) instinctive (d) internal
- Q4 While products are generally thought of as tangible personal property, products liability has ..... that definition to include intangibles (gas), naturals (pets), real estate (house), and writings (navigational charts).  
(a) spread (b) strengthened (c) stretched (d) swelled
- Q5 Many states have ..... comprehensive products liability statutes.  
(a) contracted (b) enacted (c) exacted (d) protracted
- Q6 While the product might ..... its purpose well, it can be unreasonably dangerous to use due to a design defect.  
(a) serve (b) state (c) suite (d) supply
- Q7 On the other hand, manufacturing defects occur during the construction or production of the item; only a few out of many products of the same type are ..... in this case.  
(a) blemished (b) disfigured (c) flawed (d) mutilated
- Q8 Defects in marketing deal with improper instructions and failures to warn consumers of ..... dangers in the product.  
(a) latent (b) later (c) unlabeled (d) unlisted
- Q9 Translated to products liability terms, a defendant is ..... when it is shown that the product is defective.  
(a) alleged (b) guilty (c) illegal (d) liable
- Q10 When a person fails to exercise the care that a reasonable, ..... person would exercise under the same circumstances, that person is open to prosecution.  
(a) fastidious (b) frugal (c) prudent (d) prudish

*Detecting Competition*

- Q1 Mark Hennricks in Entrepreneur magazine (December 1999) warns that you should not count on friendly competition; if you do, your rivals might just steal your customers from under your .....
- (a) feet (b) files (c) nose (d) table
- Q2 Potential competitors for Sparks.com, an online retailer of real greeting cards, run the ....., from the corner gift shop to Amazon.com.
- (a) gambit (b) gamut (c) gannet (d) gauntlet
- Q3 That awareness was ..... home during a recent meeting with executives of another company, supposedly to explore setting up a strategic alliance with Lindau's 70-person firm.
- (a) brought (b) carried (c) sent (d) taken
- Q4 "One of them laid down a briefcase and out popped one of our business plans from a year ago, which they had clearly obtained through ..... we had not intended," recalls Lindau.
- (a) angles (b) channels (c) doors (d) mediums
- Q5 "Someone to whom we had given a ..... copy of our business plan had shared it with our competition."
- (a) clandestine (b) confidential (c) critical (d) cryptic
- Q6 Query vendors, customers, consultants and others who ..... business with companies in and around your field to find out if and when new competitors are likely to emerge.
- (a) do (b) have (c) make (d) talk
- Q7 Lindau says venture capitalists represent a fruitful source for competitive information for her because due ..... requires investors to research related businesses before backing a company.
- (a) deportment (b) determination (c) diligence (d) discernment
- Q8 Companies that occupy spots on your value chain often understand your business and customers well enough to become ..... rivals.
- (a) patent (b) patterned (c) positive (d) potent
- Q9 Carefully ..... firms that have mastered technology similar to yours, even if they appear to operate in distant sectors.
- (a) castigate (b) circumvent (c) excoriate (d) scrutinize
- Q10 No one wins every sale, but if you start to lose sales to companies you've never heard of, you may be ..... the birth of new and unexpected competitors, and your early warning system may be faulty.
- (a) feeling (b) noticing (c) undergoing (d) witnessing

*Globalization in Aviation*

- Q1 Globalization is illustrated in aviation by commercial, marketing and technical alliances amongst airlines, in some cases involving ownership and control issues beyond national boundaries, while transnationalization means airlines going '.....', that is locating parts of their operations outside their national base.  
(a) offshore (b) outside (c) overland (d) overseas
- Q2 One factor affecting civil aviation is the emergence of regional and sub-regional blocs, which provide ..... for sharing of some of the safety responsibility in a common localized geographic approach.  
(a) media (b) modicums (c) vehicles (d) viaticums
- Q3 Another factor is the ..... of sectoral boundaries: developments in economic activity have led to a lessened distinction between the boundaries of responsibilities of regulatory authorities at national, regional and global levels alike.  
(a) blotting (b) blurring (c) smearing (d) smudging
- Q4 This can lead to ..... of labour, competition and, most importantly, safety regulation, in the absence of adequate safeguards, particularly when the international dimension is added.  
(a) evasion (b) invasion (c) perversion (d) subversion
- Q5 One very significant trend in recent years is the commercialization of service providers, including the handing over of airport and other air navigation facilities and services by governments to ..... authorities or even to the private sector.  
(a) autocratic (b) automatic (c) autonomic (d) autonomous
- Q6 The commercialization of such provision therefore necessitates both ..... delegation of operational functions of governments and changed regulatory functions of governments.  
(a) prescribed (b) prioritized (c) prorated (d) proscribed
- Q7 Civil aviation is unique in that it remains regulated at the international level largely by ..... agreements between governments, but several regional and subregional air services agreements are already in place and others are under consideration.  
(a) bilateral (b) mutual (c) nominal (d) prenuptial
- Q8 Economic liberalization is being ..... transnationally by the Organization for Economic Co-operation and Development as well as globally by the World Trade Organization which is responsible for the General Agreement on Trade in Services.  
(a) forwarded (b) fostered (c) founded (d) funded
- Q9 A factor which is having an increasing impact on civil aviation, and one which is likely to grow in importance in the future is environmental .....  
(a) commitment (b) conscience (c) consciousness (d) consideration
- Q10 There is increasing recognition of and response to environmental concerns, and a perception that the aviation sector may be contributing ..... to both existing and emerging problems.  
(a) abnormally (b) absolutely (c) unduly (d) unusually

*Interpersonal Skills*

- Q1 A leader has the ability to influence others through qualities such as personal ....., expertise, command of language, and the creation of mutual respect — all of which require strong interpersonal skills.  
(a) aura (b) charisma (c) elan (d) machismo
- Q2 Interpersonal skills include the ability to ..... and manage the emotions, motivations, and behaviors of oneself and others during social interactions or in a social-interactive context.  
(a) feel (b) read (c) suss (d) view
- Q3 Those who have interpersonal skills are able to manage their behavior during social interactions and align their goals to the goals of others during ..... activities.  
(a) cohesive (b) collaborative (c) collocational (d) concessive
- Q4 They are able to empathize and are sensitive to the needs of others and to the forces that ..... the way that others feel and behave.  
(a) bend (b) mar (c) mend (d) shape
- Q5 They manage conflict effectively by devising win-win solutions, constructively influencing the behavior of others, and using effective communication and ..... strategies.  
(a) enforcement (b) evasive (c) performance (d) persuasive
- Q6 Many have wondered how it happens that persons with high IQs don't always ..... the top jobs: the answer often lies in interpersonal skills.  
(a) land (b) leave (c) sack (d) seize
- Q7 Modern teamwork often brings together individuals from diverse groups who may not share common norms, values, or ..... but who do offer unique expertise, insights, and perspectives.  
(a) accommodations (b) cubicles (c) salaries (d) vocabularies
- Q8 E-mail, voice mail, audioconferencing and videoconferencing, and the myriad other technologies that enable individuals to communicate with each other not only increase the ways in which individuals can interact but also require a heightened sensitivity to the ..... of interpersonal interactions.  
(a) innuendos (b) naivete (c) nuances (d) repartee
- Q9 This idea is particularly true in the worlds of virtual learning and virtual communication, where one cannot yet use hand gestures, facial expressions, or body ..... to fully express ideas.  
(a) language (b) movement (c) poses (d) positions
- Q10 The challenge is to ..... interpersonal skills not only in face-to-face interactions but in virtual interactions as well.  
(a) perfect (b) perform (c) produce (d) project

*Electronic Commerce (1)*

- Q1 This paper by Derek Miers received critical ..... when it was published in 1996, and the issues highlighted are just as relevant today.  
(a) acclaim (b) applause (c) attention (d) awareness
- Q2 Over recent years information technology has experienced an unprecedented degree of change, enabling the transformation of the basic ..... of business.  
(a) machinations (b) machines (c) mechanics (d) mechanisms
- Q3 Within the next years we will see the emergence of secure, cost-effective electronic payment systems to ..... these technologies.  
(a) accent (b) accept (c) augment (d) augur
- Q4 Those waiting for clear signs of this new age before acting will forever be destined to observe from the .....  
(a) back seat (b) bleachers (c) caboose (d) sidelines
- Q5 The fundamental opportunity offered by the Internet is for suppliers to gain direct access to consumers without the attendant costs associated with the maintenance of physical distribution channels-- people, bricks and .....  
(a) bats (b) concrete (c) mortar (d) sticks
- Q6 Markets and marketing concepts will change radically, driven by those companies who successfully ..... the challenge.  
(a) forge through (b) rise to (c) set up (d) take in
- Q7 11th-century Europe saw the emergence of credit-based banking systems and financial instruments such as bills of exchange, and these concepts remain with us, in their modified form, .....  
(a) day after day (b) nowadays (c) to this day (d) up until today
- Q8 These basic concepts ..... all modern forms of commerce.  
(a) overhaul (b) overspread (c) underpin (d) underscore
- Q9 The rise of the Internet since the ..... of the World Wide Web has provided an easy-to-use communication channel for businesses to contact current and potential customers.  
(a) advent (b) convention (c) event (d) provenance
- Q10 The emergence of the Internet as a general communication channel has also given ..... to the possibility of widespread electronic commerce.  
(a) hope (b) rise (c) thought (d) voice

*Reverse Marketing*

- Q1 Fast technological developments, growing globalisation of markets and higher customer requirements have resulted in ..... competition in many consumer and industrial markets.  
(a) cutback (b) cutthroat (c) deep discount (d) deep throat
- Q2 Emergent global markets are populated by ..... companies that try to position themselves as local firms by emphasizing local content.  
(a) homeland (b) homeless (c) national (d) stateless
- Q3 In this continuously changing world, the importance of price is being reduced and quality becomes a significant means of ..... sustainable competitive advantage.  
(a) cultivating (b) harvesting (c) noticing (d) realizing
- Q4 Leenders and Blenkhorn (1988) introduced the term 'reverse marketing' for an aggressive kind of purchasing that they had ..... in the U.S. and Japan.  
(a) accosted (b) confronted (c) deciphered (d) encountered
- Q5 Reverse marketing describes how Purchasing actively identifies potential suppliers and offers ..... partners a proposal for long term collaboration.  
(a) established (b) manageable (c) matching (d) suitable
- Q6 Successful reverse marketing requires a ..... effort.  
(a) concerned (b) concerted (c) constrained (d) contained
- Q7 The upgraded demands and reduced supplier roster lead to the substitution of traditional ..... relationships by close and long term partnerships, characterized by mutual trust and interdependence and mutual benefits.  
(a) arm's-length (b) full-disclosure (c) hip-pocket (d) under-the-table
- Q8 The current development of the purchasing function shows ..... similarities to the development of the marketing concept.  
(a) given (b) granted (c) proven (d) remarkable
- Q9 This conceptual ..... between purchasing and marketing can also be found within individual firms.  
(a) paradigm (b) paradox (c) parallel (d) paraphrase
- Q10 Purchasing and marketing are basically comparable activities directed at facilitating exchange transactions and relationships with external parties; accordingly, the purchaser's and marketer's tools and methods are more similar than might be expected at first .....
- (a) gander (b) gaze (c) glance (d) glimpse

*Natural Gas Resources*

- Q1 Alan Greenspan (June 2003) states that in recent months, in response to very ..... supplies, prices of natural gas have increased sharply.  
 (a) bound (b) brief (c) tense (d) tight
- Q2 Working gas in storage is currently at very low levels relative to its seasonal norm because of a colder than average winter and ..... inability of increased gas well drilling to significantly augment net marketed production.  
 (a) an acknowledging (b) an appearing (c) an occurring (d) a seeming
- Q3 Canada, our major source of imported natural gas, has had ..... to expand shipments to the United States, and our limited capacity to import liquefied natural gas (LNG) effectively restricts our access to the world's abundant supplies of gas.  
 (a) fat chance (b) little room (c) short shrift (d) small space
- Q4 Our inability to increase imports to ..... a modest gap between North American demand and production is largely responsible for the marked rise in natural gas prices over the past year.  
 (a) close (b) knit (c) stop (d) thin
- Q5 Competitive crude oil prices, after wide ..... related to the war in Iraq, are now only slightly elevated from a year ago, and where spot markets for natural gas exist, prices exhibit little change from a year ago.  
 (a) gyrations (b) peregrinations (c) undulations (d) vacillations
- Q6 Today's natural gas markets have been a long time in coming, and futures prices suggest that we are not ..... to return to earlier periods of relative abundance and low prices any time soon.  
 (a) able (b) apt (c) due (d) like
- Q7 It was little more than a half-century ago that drillers seeking valuable crude oil ..... the discovery of natural gas.  
 (a) bemoaned (b) complained (c) derided (d) mourned
- Q8 Given the lack of adequate transportation, wells had to be ..... or the gas flared.  
 (a) capped (b) lidded (c) sealed (d) topped
- Q9 Natural gas consumption by 1970 had risen to three-fourths of that of oil, but its consumption lagged in the following decade because of competitive ..... from coal and nuclear power.  
 (a) excursions (b) exertions (c) incursions (d) inertia
- Q10 Increased marginal supplies from abroad, while likely to notably ..... the levels and volatility of American natural gas prices, would expose us to possibly insecure sources of foreign supply, as it has for oil.  
 (a) damp (b) ditch (c) drain (d) dull

*Canada's Monetary Policy*

- Q1 Monetary policy is concerned with how much money ..... in the economy, and what that money is worth.  
(a) circulates (b) circumscribes (c) concentrates (d) congregates
- Q2 The ..... of the Bank of Canada's monetary policy framework is its inflation-control system, the goal of which is to keep inflation near 2 per cent.  
(a) benchmark (b) cornerstone (c) landmark (d) milestone
- Q3 Inflation is a ..... rise over time in the average price of goods and services.  
(a) perfunctory (b) persistent (c) precise (d) presumed
- Q4 This system provides a clear ..... of the effectiveness of monetary policy, and increases the predictability of inflation.  
(a) appearance (b) goal (c) measure (d) status
- Q5 When the level of demand for Canadian goods and services is ....., it can push the economy against the limits of its capacity to produce.  
(a) sagging (b) slight (c) stable (d) strong
- Q6 This tends to raise inflation above the midpoint, so the Bank will raise interest rates to ..... off the economy.  
(a) brush (b) cool (c) send (d) tick
- Q7 When demand is weak, inflationary pressures are likely to .....  
(a) ease (b) spread (c) squeeze (d) tauten
- Q8 The Bank will then lower interest rates to stimulate the economy and absorb economic .....  
(a) slack (b) spending (c) spin (d) surplus
- Q9 The Bank carries out monetary policy by influencing short-term interest rates, and it does this by raising and lowering the target for the overnight rate, the interest rate at which major financial institutions borrow and lend one-day funds among .....  
(a) businesses (b) depositors (c) others (d) themselves
- Q10 The goal of Canadian monetary policy is to contribute to rising living ..... for all Canadians through low and stable inflation.  
(a) amenities (b) conditions (c) expenses (d) standards

*Australian Aboriginal Governance*

- Q1 John Taylor's publication, 'Social Indicators for Aboriginal Governance', ..... the issue of how and whether current social and economic conditions in remote regions can be quantified to establish a baseline against which the impacts of policies might be measured.
- (a) addresses (b) announces (c) instigates (d) promulgates
- Q2 Two recent policy ..... (one from the Council of Australian Governments, and one from the Northern Territory Government) raise the need for such a question.
- (a) initializations (b) initials (c) initiations (d) initiatives
- Q3 Writing in 1971 on the ..... of change from the assimilationist years of welfare administration to the era of Indigenous self-management, Charles Rowley described the myriad mission and government settlements across remote Australia as instrumental in frustrating urbanisation.
- (a) cliff (b) cline (c) crack (d) cusp
- Q4 With the benefit of more than 30 years' hindsight, during which time Indigenous people have been free from the institutional and legislative ..... that governed their place of residence, Rowley's proposition is only partially upheld.
- (a) dithers (b) druthers (c) hackles (d) shackles
- Q5 The more striking and profound observation concerning Indigenous population distribution concerns the growth in size of remote Aboriginal towns ..... the increased dispersion of Aboriginal population to outstations on Aboriginal lands.
- (a) about (b) alongside (c) amongst (d) around
- Q6 Some contemporary opinion would ..... this continuity of Indigenous rural settlement, seeking the means to socially engineer migration to urban areas.
- (a) lament (b) laud (c) moan (d) repent
- Q7 It is interesting to compare such views with the current activities of Federal, State, and Territory governments, which appear increasingly prepared to respond to the reality of a growing Indigenous population in remote areas by seeking ways to enhance life chances and life quality in .....
- (a) situ (b) toto (c) vitro (d) vivo
- Q8 Such efforts are in line ..... a growing search for more efficient regionalism in Indigenous community governance.
- (a) before (b) for (c) to (d) with
- Q9 This study takes its ..... from these policy directions.
- (a) cay (b) cue (c) key (d) queue
- Q10 Taylor closes with a note on cultural ....., questioning whether the information obtained from an instrument such as census data, principally designed to establish the characteristics of mainstream Australian life, is in fact valid in this region.
- (a) recurrence (b) relevance (c) reliance (d) reticence

*First Nations Rights (1)*

- Q1 In August of 1993, the authorities arrested Donald Marshall on three ..... under the Fisheries Act: the selling of eels without a license, fishing without a license and fishing during the closed season with illegal nets.  
 (a) actions (b) charges (c) crimes (d) matters
- Q2 The issue at trial, his defense, was the affirmation of a treaty right to catch and sell fish as found in the treaties of 1760-61 that he believed exempted him from ..... with the fishery regulations.  
 (a) compliance (b) concession (c) connivance (d) contravention
- Q3 The trial judge ..... him guilty.  
 (a) called (b) found (c) named (d) proclaimed
- Q4 However, in September, 1999, the Supreme Court of Canada allowed his ..... and acquitted him on all charges.  
 (a) appeal (b) petition (c) plea (d) request
- Q5 The court decided that Donald Marshall had a treaty right to ..... a 'moderate livelihood' by hunting, fishing and gathering natural resources.  
 (a) possess (b) preserve (c) secure (d) sustain
- Q6 By affirming the treaty right of First Nation peoples to make a moderate livelihood from fishing, hunting and gathering, the people of Burnt Church attempted to ..... their legally-affirmed treaty right by fishing for lobster in September and October, 1999.  
 (a) demand (b) exercise (c) facilitate (d) practice
- Q7 This initiative was ..... with an unprovoked attack by non-native fishermen who cut lobster trap lines and destroyed \$210,000 (Canadian) worth of traps belonging to the people of Burnt Church.  
 (a) blocked (b) met (c) offset (d) struck
- Q8 The Canadian government authorities, the Department of Fisheries and Oceans (DFO) and the Royal Canadian Mounted Police (RCMP), were .....; no action was taken to prevent or stop the destruction of property or escalating levels of violence.  
 (a) adamant (b) dormant (c) ignorant (d) obdurate
- Q9 An atmosphere of fear and anger emerged as violent threats, ....., and assaults increased between native and nonnative people.  
 (a) gun-totaling (b) gun-toting (c) gun-touting (d) gun-towing
- Q10 One Mi'kmaq man was seriously injured during an .....  
 (a) alteration (b) altercation (c) alternation (d) alternative

*First Nations Rights (2)*

- Q1 In November, after the destruction of the lobster traps, a clarification of the Marshall decision (see First Nations Rights Part 1) was drafted by the judges who ..... in the original decision.  
(a) detracted (b) dissented (c) recanted (d) retracted
- Q2 The Marshall judgment referred to the Court's principal ..... on the various grounds on which the exercise of treaty rights may be regulated.  
(a) proclamations (b) promulgations (c) pronouncements (d) pronunciations
- Q3 The paramount regulatory objective is conservation, and responsibility for it is placed ..... on the minister responsible and not on the aboriginal or non-aboriginal users of the resource.  
(a) forcibly (b) perfectly (c) promptly (d) squarely
- Q4 However, it also was stated that the Minister has an obligation to consult aboriginal people about limitations on treaty and aboriginal rights, and that any regulation should not ..... upon the right to earn a moderate livelihood.  
(a) impose (b) infringe (c) interpose (d) intrude
- Q5 Following this clarification, the Department of Fisheries and Oceans limited the number of Burnt Church lobster traps to 600 and began to ..... traps.  
(a) confiscate (b) deconstruct (c) disfigure (d) reconfigure
- Q6 Sound justification for these limits was not provided to any of the ..... parties; the issue of conservation was simply stated as a justification but never demonstrated by the DFO.  
(a) concerned (b) guilty (c) implicated (d) participating
- Q7 The Atlantic Policy Congress of First Nations Chiefs found the ..... of an offered agreement unsatisfactory in that it would have negative impacts on future treaty right rulings.  
(a) pattern (b) silhouette (c) stencil (d) template
- Q8 The congress advised bands not to sign the agreement; nevertheless, the DFO managed to have 29 of 34 bands sign full or ..... agreements.  
(a) fractional (b) fragmentary (c) interim (d) intermittent
- Q9 To encourage signing, the DFO offered access to commercial and food fisheries, substantial ....., boats, gear, training, and fishery-related economic development initiatives.  
(a) currency (b) monies (c) remuneration (d) tender
- Q10 Because the agreements are for communal licenses, it is believed by some that economic benefits will ..... to only a few people in the First Nations community.  
(a) accede (b) accrue (c) adhere (d) advance

*Internal Communications*

- Q1 According to the Government Communication Network (GCN), a plan for internal communications should be ..... into every communication strategy.  
(a) initiated (b) integrated (c) interwoven (d) involved
- Q2 Winning the support of internal ..... can be as important as reaching key external audiences, and will be vital to the success of your communication programme.  
(a) jobholders (b) placeholders (c) stakeholders (d) stockholders
- Q3 Internal communications need exactly the same kind of analysis and strategy as external communications: there will be distinct audience groups who should be ....., and the same processes of information collection and insight generation apply to internal as to external groups.  
(a) sectioned (b) segmented (c) segregated (d) sequestered
- Q4 Far from being the poor ..... of external communication, internal communication performs a crucial role within government.  
(a) neighbor (b) offspring (c) relative (d) sibling
- Q5 By ..... staff with the departmental vision and values so that they can apply them in their day-to-day work, it creates a culture that does two things: it improves policy delivery and it increases the chance of meeting departmental objectives.  
(a) endearing (b) engaging (c) inducing (d) inoculating
- Q6 Organisations that have a strong communications function frequently ..... those that don't; private sector companies that communicate effectively have a 19.4 per cent higher market premium than companies that do not.  
(a) outperform (b) outrank (c) overdo (d) overrule
- Q7 As with external communications, it is not enough to have a tactical approach; every department should have an internal communications strategy that is developed, implemented and monitored according to industry ..... practice and the needs of staff.  
(a) best (b) in (c) made (d) style
- Q8 Printed or online surveys might be your first port of ..... when it comes to understanding communication needs within your department.  
(a) action (b) call (c) entry (d) resort
- Q9 Before selecting a research method, produce a ..... that sets out clear objectives and explains what you are trying to achieve.  
(a) brief (b) draft (c) mission (d) portfolio
- Q10 You might also need to set up a different dialogue with each team within your department to take on ..... cultural differences.  
(a) board (b) other (c) serious (d) viewing

*External Communications*

- Q1 The first discussion by the Executive Board of the International Monetary Fund (IMF), in July 1998, called for preserving and enhancing the IMF's credibility, including by providing more information to the public, extending the ..... of IMF communications, and engaging critics more effectively.  
 (a) arm (b) grasp (c) grip (d) reach
- Q2 A second Board discussion, in February 2000, considered plans to strengthen IMF external communications, including recommendations that they develop a strategy comprising a clearer message, ..... focus and improved coordination of the IMF's public output, and more proactive external communications.  
 (a) cluster (b) longer (c) nearer (d) sharper
- Q3 The IMF's external communications strategy has also been shaped by Board decisions to expand ..... by publishing staff country reports (when the country concerned agrees) and many other Board documents, and Public Information Notices, shortly after Board discussions.  
 (a) distribution (b) propaganda (c) publicity (d) transparency
- Q4 The Executive Directors took ..... of the progress achieved in recent years in increasing the IMF's openness and enhancing its responsiveness to outside views, including concerns and criticism.  
 (a) care (b) interest (c) pleasure (d) stock
- Q5 Directors felt that the current relatively high media ..... of the IMF offers a valuable opportunity to enhance the implementation of its external communications strategy.  
 (a) veracity (b) verisimilitude (c) visibility (d) vision
- Q6 They observed that, although the work of the IMF — based on its ..... to safeguard the macroeconomic and monetary foundations of economic growth — is vital to economic welfare and rising living standards worldwide, much of its work tends to attract controversy.  
 (a) allotment (b) behest (c) injunction (d) mandate
- Q7 This is not ..... because a prominent part of the IMF's job is to advise countries on how best to face economic reality in difficult circumstances, including when they need the IMF's financial support.  
 (a) at all (b) least (c) more (d) really
- Q8 In this context, Directors considered that improving understanding of the IMF's work and respect for its competence, and enhancing the credibility of its policies, are key objectives of its communications — and ..... than increasing its popularity.  
 (a) even more (b) more (c) more so (d) what's more
- Q9 A continuing, concentrated effort to improve understanding of the institution will, over time, be valuable in increasing support for its work in member countries even if progress may seem ..... and modest.  
 (a) accidental (b) detrimental (c) incidental (d) incremental
- Q10 In a similar ....., Directors called for continued efforts to enhance the communication skills of all IMF staff, which will be important not only for improved interactions with the public, but also for enhancing the learning culture of the institution more broadly.  
 (a) avenue (b) channel (c) mood (d) vein

*The US International Trade Administration*

- Q1 The ..... purpose of the International Trade Administration (ITA) is helping to create economic opportunity for American workers and businesses.  
 (a) defining (b) definite (c) delimiting (d) determined
- Q2 By promoting trade and investment we are promoting prosperity and a better world; to increase trade and investment, the ITA helps U.S. companies ..... foreign markets.  
 (a) dominate (b) estimate (c) infiltrate (d) navigate
- Q3 We help educate companies about how to tailor their activities to the specific market with respect to their product ....., financing, marketing, assembly and logistics.  
 (a) size (b) slate (c) stock (d) system
- Q4 While the United States exports more than any other country, making that first export can still be a ..... challenge for a small- or medium-sized business.  
 (a) daring (b) dashing (c) daunting (d) dawning
- Q5 The U.S. Commercial Service is the trade promotion arm of the U.S. Department of Commerce's ITA; its Web-based services are provided through the U.S. government's export ....., www.export.gov.  
 (a) portal (b) portion (c) position (d) post
- Q6 The ITA ..... policies and strategies that stimulate innovation and investment, enhance economic growth, and support U.S. manufacturing and services industries.  
 (a) advances (b) airs (c) processes (d) programs
- Q7 Unfair foreign pricing and government subsidies distort the free flow of goods and ..... affect American business in the global marketplace.  
 (a) adversely (b) conversely (c) inversely (d) perversely
- Q8 According to a University of Michigan study, the average U.S. family of four still ..... to gain an estimated \$7,800 per year if there were total elimination of global barriers to trade in goods and services.  
 (a) aims (b) hopes (c) is (d) stands
- Q9 The World Bank has reported that the elimination of global trade barriers could ..... 300-500 million of the world's poor out of poverty over the next 15 years.  
 (a) free (b) pry (c) put (d) lift
- Q10 Market Access and Compliance (MAC) country desk officers are experts on the commercial, economic, and political ..... in their assigned countries.  
 (a) climates (b) ills (c) parties (d) philosophies

*Business Buzzwords from Mumbai to Virginia*

- Q1 In Mumbai, the bullish phase in the stock markets has attracted a whole new breed of investors, including students and housewives; the latest to join the party on ..... Street are BPO employees.  
 (a) Dalal (b) Easy (c) Stock (d) Wall
- Q2 An entrepreneur for over 35 years mentioned to me that it's a common misconception that it takes ..... of money to create a business; in his experience, many of the successful businesses out there have been started by people with little or no money at all.  
 (a) an acre (b) a stash (c) a ton (d) a van
- Q3 ..... Funds for Investors was put into place to benefit those investors who have lost money because of the illegal or unethical activities of individuals or companies that violate securities regulations.  
 (a) Fair (b) Free (c) Safe (d) Sure
- Q4 The cost of executive pension plans is rarely laid out for shareholders, but is usually so deep in a company's regulatory filings that it is difficult to find, let alone calculate; Critics call it 'stealth wealth' or '..... compensation'.  
 (a) camouflage (b) clandestine (c) closet (d) covert
- Q5 Say an entrepreneur selling a business is asking \$2,000,000 based on projected revenue, but the buyer is willing to pay only \$1,000,000 based on historical performance: ..... provision structures the deal so that the entrepreneur receives more than the buyer's offer only if the business achieves a certain level of gross sales.  
 (a) a buyout (b) an earnout (c) a payout (d) a topout
- Q6 In the stock market, ..... is associated with giving up any previous gains in stock price as investors sell equities in an effort to get out of the market and into less risky investments.  
 (a) capitulation (b) concession (c) reconciliation (d) submission
- Q7 "I tell folks to invest to ..... well but not beyond the point that they no longer sleep well," said Richard F. DeMong, Virginia Bankers Professor of Bank Management at the University of Virginia, "That trade-off is different for each individual."  
 (a) eat (b) feel (c) keep (d) live
- Q8 "My wife knows me as a perfidious stock picker; over the years my technique has been to buy a fallen ..... at 4, then ride it to 2, panic and bail." — Rich Karlgaard, "Do As I Say," Forbes, December 20, 1999.  
 (a) angel (b) arch (c) share (d) star
- Q9 When somebody likes a stock enough to back up the ....., the buyer is very bullish on it.  
 (a) price (b) seller (c) staff (d) truck
- Q10 Accounting ..... can be seen either as a consequence of necessary rules regarding generally accepted accounting principles or as a result of management's attempts to massage the numbers to present a rosier financial picture of the firm.  
 (a) neglect (b) noise (c) sham (d) show

*Business Buzzwords through the Seasons*

- Q1 If a nervous ..... ever does decide to invest, he or she is likely to liquidate the investment at any time.  
 (a) nellie (b) nerd (c) twit (d) twitcher
- Q2 Exchange Traded Funds or ..... aim to duplicate the growth of a stock exchange index, usually an index of ordinary shares, working like Index Tracker Funds except that they are closed ended to a private investor.  
 (a) eShares (b) fShares (c) iShares (d) xShares
- Q3 Some economists divide the Kondratiev ..... into two 'seasons', namely, the Kondratiev Fall and the later part, the Kondratiev Winter.  
 (a) cycle (b) surge (c) wave (d) year
- Q4 Otherwise known as Yasuo Hamanaka, Mr ..... was a trader who lost over \$2.5 billion for his employer, Sumitomo Corporation in Japan; Hamanaka's scandalous activities rank first for the greatest unauthorized trading loss in history.  
 (a) Copper (b) Credit (c) Samurai (d) Six Percent
- Q5 A foreign currency trading at 75.25 and a money market security trading at 75.75 both have ..... of 75.  
 (a) bases (b) handles (c) stems (d) units
- Q6 ..... is an increase in price and trading volume in a particular sector of the economy that results from a recent takeover creating a change in sentiment towards the sector; proponents of behavioral finance theory would view this psychological impact as evidence supporting their theory.  
 (a) Arbitrage (b) Garbatrage (c) Rumorage (d) Traderage
- Q7 ..... Accounting Principles (LGAP) will supersede generally accepted accounting principles (GAAP) as companies 'come clean' in post-Enron Wall Street.  
 (a) Lady Godiva (b) Laundry Girl (c) Legal Gain (d) Looking Good
- Q8 A ..... is a group of unscrupulous investors who, practicing a kind of fictitious trading or wash selling, artificially inflate the price of a security so that they sell it at a profit.  
 (a) chain gang (b) daisy chain (c) fairy ring (d) gang bang
- Q9 The January ..... does have a fairly successful track record: from 1950 to 2003, the S&P 500 was up in January 34 times, and in 30 of those 34 instances, the S&P 500 traded higher 11 months later, for a success rate of 88%.  
 (a) Barometer (b) Isobar (c) Isotherm (d) Thermometer
- Q10 To be considered a ..... company, its revenue must be larger than \$1 million in each of the four prior years, the sum of the last four years' net income must be positive, and its growth in revenue and gross profit should exceed 100% from the first to the last balance sheet in the four-year period.  
 (a) gazelle (b) godzilla (c) gorilla (d) guerrilla

*Business Buzzwords for Better or Worse*

- Q1 ..... the market is achieved through large sale orders or many small sell orders; in some cases, investors may even collaborate on orders to attempt to push the share's price even lower.  
 (a) Flogging (b) Hammering (c) Pounding (d) Whipping
- Q2 A general ..... bond (GOB) is one that is issued on the county's ability to tax; no assets are used as collateral, and the county will provide payment to the bond from taxes collected specifically for this purpose.  
 (a) obligation (b) offering (c) outsource (d) outstanding
- Q3 Baby ..... are the hypothetical companies that would have been formed if the Justice Department had broken up Microsoft Corporation.  
 (a) Bells (b) Bills (c) Boomers (d) Browsers
- Q4 A college has until recently been thought of as an institution that exists to provide instruction; subtly but profoundly, however, we are shifting to a new .....: a college is an institution that exists to produce learning.  
 (a) paradigm (b) paradox (c) paragon (d) parallel
- Q5 The telecommunications giant, ....., is perhaps best known for a massive accounting scandal; its executives effectively fudged the company's accounting numbers, inflating the company's assets by around 12 billion dollars, and the swift bankruptcy that followed led to massive losses for investors.  
 (a) Enron (b) MCI (c) Verizon (d) WorldCom
- Q6 The real estate assets subject to a ..... lease do not appear on the lessee's balance sheet and no depreciation is charged against earnings for SEC reporting purposes, but its structure allows improvements to be depreciated for tax purposes, thus preserving the tax shelter aspect of owning improved real estate.  
 (a) simulated (b) synthetic (c) veritable (d) virtual
- Q7 A former McKinsey & Company consultant named Michael Lanning coined the term in a 1984 white paper, where he said that a business was a "value delivery system" and that system could be articulated in a 'value .....'.  
 (a) presentation (b) proposition (c) statement (d) syllabus
- Q8 ..... is the purchase of a security by a broker after the broker places an order for the same security for a customer; the broker hopes to profit either because of information which the customer has or because the customer's purchase is of sufficient size to affect security prices.  
 (a) Bandwagoning (b) Coattailing (c) Shadowing (d) Tailgating
- Q9 If a person wanted to buy one billion U.S. dollars, he or she might say, "I would like to buy a ..... of U.S. dollars"; by using this word in place of 'billion', the person ensures that the counter-party will not misunderstand 'billion' for 'million' or 'trillion'.  
 (a) bin (b) nine (c) ton (d) yard
- Q10 Machinery in ..... facility is kept in working order so that production may be restored quickly if needed.  
 (a) a bankrupted (b) a mothballed (c) an idled (d) a silenced

*Business Buzzwords through Thick and Thin*

- Q1 The Hong Kong government might have won this particular battle against the speculators, just as the Malaysians reckon they have done; but with both administrations' credibility hugely damaged as a result, these are ..... victories that they may come to rue.
- (a) Panic (b) Psychic (c) Punic (d) Pyrrhic
- Q2 The cost of mortgage payments, property taxes, insurance and maintenance on ..... property is greater than the income it brings in, and if this situation is not corrected, it will eat up all of the owner's profit, leaving him or her with negative cash flow.
- (a) a maneater (b) an alligator (c) an elephant (d) an elevator
- Q3 The ..... strategy is one in which a third party poses as a white knight in a takeover bid, and then joins forces with an unfriendly bidder.
- (a) Desdemona (b) Lady Macbeth (c) Mata Hari (d) Tokyo Rose
- Q4 The seven categories of variables used in the ..... stock valuation system are momentum, quality, value, financial strength, forecasted earnings, performance, and volume.
- (a) quadrix (b) quantum (c) quincunx (d) quintessential
- Q5 A ..... is a high-strung portfolio manager who, looking for high returns, invests in very high-risk stock.
- (a) gunslinger (b) highroller (c) overachiever (d) pistolpacker
- Q6 ..... Monday is often associated with the unfounded belief that it is the busiest (highest sales volume) shopping day of the year for online retailers, because people would continue shopping from the company's computer while at work.
- (a) Black (b) Cyber (c) Flex (d) Surf
- Q7 A securities firm is practicing the fraudulent act of ..... if it fails to purchase the securities on the open market and maintains a short position, delays delivery or takes part in transactions contrary to SEC regulations regarding the proper settlement of trades.
- (a) arbitrage (b) defalcation (c) insider trading (d) kiting
- Q8 The level of net debt per ..... is an important factor to consider when analyzing a government's ability to continue to pay its debt service costs through its current levels of tax revenue; this measure helps indicate the default risk of government bonds.
- (a) annum (b) capita (c) centum (d) diem
- Q9 The ..... oil and natural gas industry's exploration and production activities may have impacts on air, land and water, and to offset these impacts, it invests in programs and technologies that help to reduce its environmental footprint.
- (a) refinery (b) reserve (c) untapped (d) upstream
- Q10 A dawn ..... is a sudden and unexpected buying of a significant proportion of a company's shares, usually as a prelude to a takeover bid; the aim is to prevent the target company from having time to organize opposition to the takeover.
- (a) assault (b) foray (c) raid (d) sally

*Business Buzzwords from New England to Michigan*

- Q1 The tendency of stocks newly added to the S&P composite index to rise in price due to a large number of buy orders as funds add the stock to their portfolios is called the S&P .....
- (a) Effect (b) Factor (c) Phenomenon (d) Reaction
- Q2 As demand for metals lurched lower and layoffs swelled, the once pulsing industrial belt that stretches from Illinois across to western New England took on the grim, ground-down demeanor of a half-century earlier, acquiring the glumly descriptive epithet of ..... Bowl.
- (a) Bust (b) Crust (c) Dust (d) Rust
- Q3 Once a firm's stock becomes substantially ....., managers who wish to eliminate this are faced with disappointing the capital markets.
- (a) overpriced (b) oversold (c) overstated (d) overvalued
- Q4 An angel investor's ..... money is sometimes the only way a business can get off the ground; this type of financing can create growth that would be impossible through traditional financing channels.
- (a) cheap (b) free (c) gift (d) love
- Q5 IT managers often must promise a higher rate of return to justify technology investments than other corporate departments; in some organizations, the ..... rate for a project to pass the funding threshold may exceed 30% to 50%.
- (a) handicap (b) hedge (c) holdup (d) hurdle
- Q6 Fannie Mae's 15-year mortgage-backed securities and Bilbo Baggins's friends are called .....
- (a) dwarves (b) elves (c) gremlins (d) trolls
- Q7 The settlement price for a weather futures contract is calculated by summing ..... Degree Day values for a month and multiplying that sum by \$20.
- (a) Cooling (b) Freezing (c) Heating (d) Warming
- Q8 An ..... stock is one whose price suddenly plunges; the fall is usually caused by panicked shareholders rushing to sell after hearing unexpected bad news.
- (a) airliner (b) air pocket (c) skydiver (d) submariner
- Q9 The ..... defense is used in a hostile takeover situation: the target firm turns around and tries to take over the company that has made the hostile bid.
- (a) Donkey Kong (b) Pac Man (c) Super Mario (d) Tomb Raider
- Q10 I can imagine why that Ford manager in Michigan recently announced that they would eat their own ..... food (only Ford- or subsidiary-built vehicles are allowed to park on the plant premises); it must be discouraging to see the place swarmed every day by Daihatsus, Suzukis and Toyotas.
- (a) cooked (b) dog (c) health (d) soul

*Business buzzwords: English villages*

- Q1 That formidable fighting force, the English village, flexed its muscles yesterday to ..... a Scientology plan to open a drug rehabilitation centre next to a primary school; residents raised over 175,000 in three days to outbid the proposed centre at a former inn.
- (a) gazebo (b) gazillion (c) gazpacho (d) gazump
- Q2 The bigger the ....., the sweeter it tastes to investors!
- (a) apple (b) banana (c) melon (d) peach
- Q3 On April 12th, 2002, the Toronto Stock Exchange will introduce the ..... order feature to the trading system: market participants will be able to place orders larger than typically displayed in the TSE market, without paying an informational price for revealing the entire order size.
- (a) camouflage (b) iceberg (c) spiderhole (d) trapdoor
- Q4 Similar to other restrictive provisions contained in bond indentures, a net revenue ..... serves to make the bond issue less risky for bondholders: since it forces the government to use revenue from its debt-financed projects to pay debt service costs first, bondholders enjoy a reduced risk of default.
- (a) package (b) pact (c) pledge (d) provision
- Q5 Four years ago, the Dow Jones Industrial Average hovered in the range of 10,500 points, nearly the same place it is now; its path has traced what stock traders call a '..... market' always on the move, but not going anywhere.
- (a) sessile (b) sideways (c) stationary (d) stative
- Q6 Usually, ..... stocks experience higher-than-normal trading volume due to significant new information reaching the market and creating a strong impetus amongst investors to buy or sell the stock, resulting in heavier trading volume and often strong momentum in the stock.
- (a) most-active (b) most-in-demand (c) most-volatile (d) most-wanted
- Q7 Most pyramid ..... take advantage of confusion between genuine businesses and complicated but convincing moneymaking scams; the idea behind them is that the individual makes only one payment, but is promised to receive exponential benefits from other people as a reward.
- (a) plans (b) pranks (c) schemes (d) systems
- Q8 Using the ..... Defense, a company issues a large number of bonds with the condition that they must be redeemed at a high price if the company is taken over.
- (a) Macaroni (b) Macedonian (c) Maximizer (d) Megaton
- Q9 Quadruple ..... days occur four times a year, on the third Friday of the quarter-ending month (March, June, September, December), when three different types of derivatives related to stocks expire: options on individual stocks, options on Stock Index Futures, and Stock Index Futures.
- (a) bewildering (b) bewitching (c) wishing (d) witching
- Q10 ..... look for companies with undervalued assets and then attempt the hostile takeover by purchasing enough shares to have a controlling interest.
- (a) Insiders (b) Marauders (c) Raiders (d) Strippers

*Business buzzwords: A well thought out strategy*

- Q1 When you're setting up your business, it's essential to think about how you'll ultimately end your involvement with it; a well thought-out ..... strategy can help you maximise the value you get from your business, successfully market it to potential buyers, and ensure you end your involvement with little disruption.  
(a) closing (b) exit (c) liquidation (d) termination
- Q2 Even a dead ..... will bounce if dropped from high enough!  
(a) cat (b) horse (c) weight (d) wood
- Q3 During the LTCM crisis there was extensive ..... by dealers who traded on their own accounts in the same direction as LTCM did, but just one or two minutes beforehand.  
(a) early-birding (b) front-running (c) insider-trading (d) second-guessing
- Q4 When the market has a strong and quick upward movement, you'll hear 'the market has a .....'.  
(a) whistle (b) whoopie (c) willy (d) woody
- Q5 Bendigo Mining Ltd is a fully fledged 'falling .....' at this stage; IMHO I would not attempt to punt the situation, as it is conceivable that the valuation could fall back even further towards cash value.  
(a) angel (b) knife (c) leaf (d) star
- Q6 When traders attempt to time the market by identifying the end of a price trend and the beginning of a new one, but, due to greed and fear, tend to ..... their positions, this usually results in reduced gains or worse, further losses.  
(a) overestimate (b) overstate (c) overstay (d) overvalue
- Q7 In the wild market of the Roaring '20s, one of Wall Street's games was called '..... the tape': savvy investors secretly pooled to buy and sell shares in unison, and by creating an illusion of hectic activity on the ticker tape, they lured in unwitting small investors and pocketed big profits by dumping when prices were artificially high.  
(a) brushing (b) buffing (c) painting (d) polishing
- Q8 Any instrument described by the word '.....' is, as the root of the word implies, made from something else or from components; it may consist of a single contract, security, etc., or it may be a collection of instruments whose combined features are comparable to the instrument it replicates.  
(a) collateral (b) composite (c) syncretic (d) synthetic
- Q9 A yellow ..... makes a takeover attempt but ends up discussing a merger with the target company; the implication is that the company attempting the takeover has chickened out, deciding to discuss things instead of making an aggressive move.  
(a) bird (b) fellow (c) knight (d) rider
- Q10 If a trader goes bankrupt, it is not the result of one bad trade but a long string of them — such a trader is called a lame ..... because s/he is ineffective as a trader.  
(a) beggar (b) brain (c) duck (d) excuse

*Business buzzwords: Screaming guts*

- Q1 Your gut is screaming, "There is no way this company can hit those targets!", but your hope and the Mad ..... CEO's enthusiasm get the better of you — this scenario is repeated many times at under-performing companies; there can be too much over-optimism and not enough effort made at analyzing the facts and confronting reality.  
(a) Cow (b) Hatter (c) Max (d) Scientist
- Q2 On the one hand, the idea of ..... trade seems like a win-win situation — greenhouse gas emissions are reduced while some countries reap economic benefit — on the other hand, critics suspect that some countries will exploit the trading system and the consequences will be negative.  
(a) alternative (b) carbon (c) global (d) petroleum
- Q3 Following the technology boom of the late 1990s and early 2000s, many investors, because of their huge losses, were said to have taken a .....
- (a) bath (b) chance (c) ferry (d) spin
- Q4 Because ..... points are largely subjective, they will vary widely among investors; if an investor has a lower required rate of return, he or she will likely pay more for the same security than a person with a higher required rate of return.  
(a) brownie (b) cutoff (c) decision (d) significance
- Q5 During the extreme price volatility in ..... markets, currency pair prices will gap and spreads widen; a price gap occurs when the price of a currency pair either jumps or plummets from its last bid/offer quote to a new quote, without trading at prices between those quotes.  
(a) brisk (b) fast (c) quick (d) rapid
- Q6 Testing small before you spend lots of money on ads or mailings will keep you from losing your ..... on ineffective marketing efforts.  
(a) shirt (b) shorts (c) shoes (d) socks
- Q7 Companies, usually with the help of ....., use a number of strategies to repel a hostile takeover bid.  
(a) black panthers (b) killer bees (c) legal eagles (d) wolf packs
- Q8 This club will be funded through dock permits of our residents, which will create an ..... funding source of some amount in the future that will be perpetual, and we look forward to working with staff to see that this revenue stream is used for the enforcement of the manatee zone.  
(a) abiding (b) eternal (c) evergreen (d) immortal
- Q9 Temporary ..... are the most effective way to reduce expense ratios because the payment reduction is concentrated in the early years of the loan: to cover the shortfall between the reduced payments made by the borrower and the regular payment received by the lender, cash is withdrawn from an escrow account.  
(a) buydowns (b) carryovers (c) drawbacks (d) payouts
- Q10 The so-called ..... local phone companies are among the most potent forces in the US telecommunications business today, shielded from the worst effects of the downturn by their control of local phone markets.  
(a) ATT Clone (b) Baby Bell (c) Little Ma (d) Minidirectory

*Business buzzwords: Greenhouse gas emissions*

- Q1 Using ocean data collected by diving floats, U.S. climate scientists released a study Thursday that they said provides the '.....' that ties manmade greenhouse gas emissions to global warming.  
(a) paper trail (b) red hand (c) smoking gun (d) straw in the wind
- Q2 There's a name for people who are able to identify the customer-grabbing, revenue-generating power in their particular job and maximize it at every possible opportunity — they're called .....
- (a) go-getters (b) lifesavers (c) rainmakers (d) up-and-comers
- Q3 For all the debate over President Bush's \$87 billion request for military operations and economic reconstruction in Afghanistan and Iraq, no one seems to have noticed that the sum includes a ..... fund of \$9.3 billion which Secretary of Defense Rumsfeld can spend pretty much as he pleases.  
(a) kitty (b) petty (c) pocket (d) slush
- Q4 Recent versions of shareholder rights plans have contained what has been called ..... provision, which provides that only incumbent directors or their designated successors, so-called 'Continuing Directors', can redeem the rights.  
(a) a 'dead hand' (b) an 'old hand' (c) an 'on hand' (d) a 'right hand'
- Q5 As a general guideline, an order may be cancelled if it is more than 30% ..... the market, depending upon where it has been routed to for execution, and you may receive a warning message when attempting to place a trade that fails a price reasonability check.  
(a) away from (b) off of (c) outside (d) up to
- Q6 When I bought my seat on the exchange, if someone gave me an order, I took it to an order clerk, who called it down to the floor; the clerk wrote out the order ticket, gave it to a ..... dollar broker who had to be a member of the NYSE, who took it to the specialist's post, bought or sold the stock, and repeated the whole process back.  
(a) one (b) two (c) five (d) ten
- Q7 If you are ..... to a given public securities issue, you will not be buying any shares through the public offering.  
(a) unassigned (b) unlisted (c) unregistered (d) unsubscribed
- Q8 ..... follow trends, tips and gurus; they sometimes put on bull horns or a bearskin and try to swagger; you recognize them by their pitiful bleating when the market becomes volatile.  
(a) Calves (b) Cubs (c) Goats (d) Sheep
- Q9 The failures of well known ..... retailers like Garden.com, Pets.com and discount retailer Value America have experts talking about the value of multi-channel retailing.  
(a) down-play (b) fair-play (c) one-play (d) pure-play
- Q10 Recently, the SEC's Enforcement Division has signaled a change in philosophy from a reactive approach (i.e. investigations of individuals or companies were initiated after evidence of a possible violation) to '.....' — pursuing investigations where it is not clear that a securities violation has occurred.  
(a) bird-dogging (b) bloodhounding (c) whale-watching (d) wildcatting

*Business buzzwords: Israeli scientists*

- Q1 ..... , the company best known for the insider-trading scandal that sent founder Samuel Waksal and domestic diva Martha Stewart to prison, received more bad news this week when a U.S. judge ruled that the patent for its only product was actually owned by three Israeli scientists.  
 (a) lamgold (b) Imclone (c) ImmuCell (d) Insilco
- Q2 Today's stock market scandals are different because the main victims today are ..... investors — everyone from parents saving for their children's college education to the firefighter saving for retirement to the elderly who don't have time to rebuild their nest egg.  
 (a) Boy-Next-Door (b) John Q. Public (c) Main Street (d) Mom-and-Pop
- Q3 In another move towards making itself a financial center, north China's port city of Tianjin has applied to the State Council to establish an ..... market rather than a third stock exchange for the Chinese mainland.  
 (a) off-the-cuff (b) on-the-spot (c) out-of-doors (d) over-the-counter
- Q4 From 1989, more share-buying opportunities were made available to the British public as a number of financial institutions demutualised; these ..... shares' for members of the societies offered instant cash or the opportunity to continue as a part owner of the newly public entity.  
 (a) godsend (b) jackpot (c) payoff (d) windfall
- Q5 Builders slammed on the brakes in August as housing ..... sank to their lowest level in more than three years, and a drop in permits signaled more weakness ahead for the real estate market.  
 (a) buys (b) deals (c) gains (d) starts
- Q6 Broker-dealers impliedly represent that they will deal fairly with their customers, and therefore unfair dealing is a breach of this implied representation and a violation of the antifraud provisions; this representation arises from the mere act of hanging up a sign and going into business, and therefore it is known as the '..... theory'.  
 (a) salesman (b) shingle (c) signal (d) symbol
- Q7 Nasdaq data indicate that 94% of the share volume from 4:00 p.m. to 4:15 p.m. resulted from after-hours transactions rather than ..... from the regular trading session.  
 (a) overflow (b) runoff (c) spillover (d) toff
- Q8 WPP CEO Sir Martin Sorrell has accused Rupert Murdoch of ..... internet companies because of falling ad revenues; he said it was intriguing to speculate why Mr Murdoch launched a multimillion-dollar internet shopping spree, and accused him of buying web operations willy-nilly.  
 (a) impulse-buying (b) panic-buying (c) reflex-buying (d) scatter-buying
- Q9 A third of first-time home buyers may cut their offer at the last minute, forcing the seller to take less or find a new buyer; "In total, 31% would consider '.....', reflecting first-time buyers' new-found confidence in a slowing market," says a Yorkshire Bank.  
 (a) galumphing (b) gazelling (c) gazumping (d) gazundering
- Q10 When Seagate Technology went public, the giant drivemaker took an important stand: unlike most initial public offerings, it declined to offer any ..... shares, the coveted shares issuers and their bankers can quietly offer to whomever they choose.  
 (a) friends-and-family (b) friends-and-foes  
 (c) friends-and-neighbors (d) friends-and-relatives

*Business buzzwords: Dutch colonists*

- Q1 ..... was named after the wooden structure Dutch colonists built in this area in 1653 to defend themselves from the British and Native Americans.  
 (a) Fort Knox (b) Manhattan (c) Wells Fargo (d) Wall Street
- Q2 In early 2000, ....., the natural gas pipeline company turned online phenomenon, held a conference for Wall Street analysts and investors, who were particularly receptive when Jeffrey Skilling, its president, suggested that their money-losing broadband network business alone was worth \$29 billion, or an extra \$37 a share.  
 (a) Dynegy (b) Enron (c) Halliburton (d) Reliant
- Q3 A long ..... roll is a time value trade (involving the sale and purchase of options with different expiry months) and as such cannot be adequately plotted in terms of its risk/reward profile.  
 (a) crusty (b) drum (c) jelly (d) tootsie
- Q4 Boating Industry Magazine reports that demand for the new 4-stroke outboard has by far outpaced supply, and Mercury officials have implemented a ..... in production: they expect to reach maximum output within a month, and catch up with demands sometime later this year.  
 (a) hurry-up (b) ramp-up (c) step-up (d) wind-up
- Q5 Alan Greenspan, in a speech entitled 'The Challenge of Central Banking in a Democratic Society', posed a now-famous rhetorical question: "How do we know when irrational ..... has unduly escalated asset values, which then become subject to unexpected and prolonged contractions as they have in Japan over the past decade?"  
 (a) enthusiasm (b) excitement (c) exhilaration (d) exuberance
- Q6 The break-up of Equitable Life has moved closer following the launch yesterday of a ..... fund, Synesis, backed by some of the City's most powerful institutions, to buy out distressed annuity and pension liabilities.  
 (a) graverobber (b) hyena (c) scavenger (d) vulture
- Q7 ..... aren't concerned with the fundamentals of an investment; instead, they attempt to make a quick profit by selling to somebody else at a higher price.  
 (a) Gamblers (b) Punters (c) Raiders (d) Strikers
- Q8 In the U.K., the exchange may determine that ashare movement is so sharp that quotes cannot practically be kept current; under its Fast ..... Rule, it may permit trading outside quoted ranges where updating quotes is deemed impractical.  
 (a) Action (b) Margin (c) Market (d) Transaction
- Q9 Statements made that are not historical facts are forward-looking statements and made pursuant to the safe ..... provisions of the Securities Litigation Reform Act of 1995; in some cases, these forward-looking statements may be identified by the use of words such as 'may', 'should', 'expect', 'plan', or 'project', or their negatives, or other comparable words.  
 (a) harbor (b) haven (c) phrase (d) port
- Q10 This new publication incorporates all facets of trading technology for ..... organisations: each month, it will deliver up-to-date news and analysis on the business and technology trends, drivers and processes shaping the hedge fund and investment management industries.  
 (a) buy-side (b) cash-side (c) derivative-side (d) sell-side

*Business buzzwords: Online exchange*

- Q1 ..... , Inc., the nation's first government-regulated online exchange for binary options and futures, today announced that it has secured \$12.5 million from Norwest Venture Partners (NVP), a leading Silicon Valley venture capital firm.  
 (a) EasyStreet (b) HedgeStreet (c) MainStreet (d) WallStreet
- Q2 Confident that there was a healthy base of stockholders who would not sell out, the Walbro board created more shares and looked for a large capital base that could keep these new shares in friendly .....  
 (a) circumstances (b) hands (c) pockets (d) portfolios
- Q3 The ..... bond, essentially a Eurobond sold and listed in Asia, primarily in Hong Kong, Singapore and Taiwan, was pioneered by the Asian Development Bank, which saw in its own needs to raise money an opportunity to spur the development of capital markets for Asian borrowers in their own time zones.  
 (a) dragon (b) loong (c) panda (d) yuan
- Q4 Bloomberg News uses the ..... Box Index, which follows leading packaging and boxing stocks to predict manufacturing output; the reasoning is, if you manufacture something, you need something to put it in.  
 (a) Cardboard (b) Carton (c) Container (d) Corrugated
- Q5 The reason for the January ..... is debated among academics; the most common explanation is for tax reasons — individual investors sell their small stocks that have declined in December to offset capital gains taxes, and selling knocks down the prices.  
 (a) Effect (b) Factor (c) Phenomenon (d) Syndrome
- Q6 Before Google priced its \$1.9 billion IPO, Playboy magazine published an interview that the company's founders had given months earlier; because the interview occurred before Google filed its IPO registration statement, the interview could have been viewed as a ..... violation of the securities laws.  
 (a) gun-jumping (b) gun-running (c) gun-slinging (d) gun-toting
- Q7 On December 4, 2001, intending to execute a large amount of short sale of a stock, traders of Morgan Stanley Securities realized that such execution was difficult, inasmuch as buy orders were only placed at lower prices than the latest market price and short sale on a minus ..... is prohibited by a Cabinet Order.  
 (a) basis (b) day (c) sheet (d) tick
- Q8 In an article published in the Journal of Petroleum Technology titled 'Competitive bidding in high risk situations', by Capen, Clapp and Campbell of the Atlantic Richfield Company (ARCO) in 1971, the authors coined the term 'winner's .....'.  
 (a) choice (b) curse (c) loss (d) luck
- Q9 Christopher Cox, the SEC Chairman, recently testified that "hedge funds were too risky for ..... investors"; he even wants to increase the net worth threshold to be considered wealthy enough to invest in hedge funds.  
 (a) Mickey Mouse (b) Mom and Pop (c) Penny Ante (d) Ragtag and Bobtail
- Q10 In the ..... sector, OPEC Member Countries are planning nearly a 50% increase in distillation and condensate splitter capacity, which would bring the combined capacity to 17.7 mb/d by the end of 2011, a relatively short time span considering the usual lead times required for refinery projects.  
 (a) downline (b) downstream (c) upline (d) upstream

*Business buzzwords: Jack Be Nimble*

- Q1 While the big money trade over the past two years has been to buy both sheer optimism and extreme pessimism, now the hedge funds are back in the green for the year, they'll try to lay low and preserve capital — only the nimble ..... are likely to coin money in this tape.  
 (a) gainers (b) gamesters (c) grinders (d) gridders
- Q2 This company may be a disaster that has already happened, a walking corpse that doesn't yet know that it's dead — because it has created an insulated culture systematically excluding any information that contradicts its rosy picture of reality; companies that cultivate these positive qualities to excess become '..... businesses'.  
 (a) goblin (b) phantom (c) vampire (d) zombie
- Q3 New WTO Director General Pascal Lamy faces a ..... of fire at the WTO's conference on December 13, four months after he took the helm of the global trade body; Lamy will face a fierce test of his mettle that is likely to shape the Frenchman's reputation for the rest of his term.  
 (a) baptism (b) chariot (c) goblet (d) ring
- Q4 Smaller swings in the Dow Jones industrial average in the current quarter, compared to the swings of last quarter, will trigger stock market trading ..... under the NYSE's quarterly revision of the levels; the Big Board's new circuit-breaker and trading-collar trigger levels go into effect Monday, Oct. 1.  
 (a) barriers (b) curbs (c) guidelines (d) limits
- Q5 ..... money products and process continue to evolve as extensive progress is made in institutionalizing investment administration for individuals and households.  
 (a) Direct (b) Joint (c) Managed (d) Mutual
- Q6 The rule of thumb for the ..... indicator is that whenever its stock price fails to make a new high within any given four month period, it harbinger economic recession for the U.S.  
 (a) Coca-Cola (b) General Motors (c) Microsoft (d) Wal-Mart
- Q7 In a normal market the bid is less than the ask, and the difference (the bid-ask spread) would be the market maker's profit, so we would not expect to see ..... market with a single market maker; however, in a market with more than one market maker, one market maker may show the best bid and another the best offer, and these may be the same.  
 (a) a frozen (b) an even (c) an inert (d) a locked
- Q8 Massive ..... selling sparked by a criminal investigation of a high-profile Internet company and weaker-than-expected U.S. tech earnings forced the Tokyo Stock Exchange to suspend trading in the world's second-largest market.  
 (a) lunatic (b) manic (c) panic (d) spastic
- Q9 Despite the many changes in the tax system, there has been relatively little change in its role as an ..... stabilizer: we estimate that individual federal taxes offset perhaps as much as 8 percent of initial shocks to GDP.  
 (a) autocratic (b) automatic (c) automotive (d) autonomic
- Q10 ..... financing, the latest big thing in Japan's investment banking world, can raise money for cash-hungry companies but is also susceptible to abuse; the financing involves the issuance of 'moving strike convertible bonds' by Japanese firms to investment banks, who are allowed to convert the MSCBs into stock at a discount of about 10 percent.  
 (a) Black Vortex (b) Death Spiral (c) Last Chance (d) Vicious Circle

*Business buzzwords: Illegal trading activities*

- Q1 The rule currently being considered by the SEC to prevent illegal ..... trading activities is by no means foolproof: imposing a deadline that a trade must be received by 4 p.m. EST by the mutual fund company would not prevent it from conspiring with traders to manipulate the deadline.  
(a) after-hours (b) late-day (c) over-the-line (d) under-the-wire
- Q2 Predictions have prompted investors to take a ..... on all manner of podcasting businesses; more than \$40 million has gone into the sector in the last two years, yet many podcast businesses are trying to make a buck with a mostly untested business — selling airtime to advertisers in a medium that hasn't yet established a set of common measurement metrics.  
(a) beating (b) flier (c) hike (d) step
- Q3 In the investing world, the ..... instinct is often blamed for unsubstantiated rallies or sell-offs; but we are, after all, social animals, and many aspects of that mentality are beneficial.  
(a) ape (b) group (c) herd (d) sheep
- Q4 Defense stocks should continue to ..... in 2007: Lockheed Martin Corp., Boeing Co., Raytheon Co., and General Dynamics Corp. shares are all up around 33% over the year, and according to LMT spokesman Thomas Jurkowsky, they "certainly don't foresee any change".  
(a) outperform (b) outproduce (c) outsell (d) outsubscribe
- Q5 Today, we are living in a transition period to a new ..... defined by global competition, rampant change, faster flow of information, increasing business complexity, and pervasive globalization; the pace of change is so rapid that it has taken a different type of firm to be dominant and marks an entirely new era of business.  
(a) economy (b) effort (c) eon (d) existence
- Q6 In periods of depressed stock valuation and sluggish economic times, unscrupulous venture capitalists — often referred to as ..... capitalists — often take advantage of entrepreneurs.  
(a) advantage (b) adventure (c) virtual (d) vulture
- Q7 Proponents of the ..... effect argue that that is when some of the greatest crashes in stock market history, including 1929's Black Tuesday and the 1987 stock market crash, occurred; while statistical evidence doesn't support the phenomenon that stocks trade lower then, the psychological expectations of the effect still exist.  
(a) September (b) October (c) November (d) December
- Q8 Wall Street financial analysts are bullish on the proposed merger between auto maintenance giant Jiffy Lube and fast food bluechip McDonalds; this deal has ..... written all over it — just in economics of scale the merger is bound to increase the value of the combined stock by a factor of five.  
(a) satisfaction (b) sensation (c) signatures (d) synergy
- Q9 Product line ..... is a powerful technique to improve profits, free valuable resources, and simplify operations by examining product lines to eliminate or outsource products that are problem prone, have low sales, have excessive overhead demands, have limited future potential, or may really be losing money.  
(a) rationalization (b) ratiocination (c) realization (d) rehabilitation
- Q10 Six company and three gold ..... stocks, including Boeing, General Motors, and Pegasus Gold, have the potential of providing rewarding returns despite their lackluster performance in recent months; the market has danced on without them, but someday they could be the life of the party.  
(a) late bloomer (b) shy violet (c) sleeping beauty (d) wallflower

*Business buzzwords: A 'Non-institution'*

- Q1 The ..... Club has remained strictly informal; it is the voluntary gathering of creditor countries willing to treat in a coordinated way the debt due to them by the developing countries, and can be described as a 'non-institution'.  
(a) Benefactors (b) Christmas (c) Friars (d) Paris
- Q2 Arthur Levitt, the chairman of the SEC, says that Lebed seems to have mastered an age-old Wall Street swindle called the .....: buy, lie and sell high.  
(a) hype-and-snipe (b) poop-and-scoop (c) pump-and-dump (d) short-and-distort
- Q3 There are tens of thousands of desktop Java applications for all kinds of specialized tasks and specialized people; what we're not seeing from Java is just one gigantically successful, widely used, everyone has just got to have it, ..... application.  
(a) hyper (b) killer (c) major (d) super
- Q4 The drop in the stock market might have investors feeling sick, but they have yet to reach the '..... point', according to A. Gary Shilling, attributing the queasy phrase to Dennis Gartman, a Suffolk, Va., investment analyst.  
(a) barf (b) puke (c) retch (d) spew
- Q5 The franc gained nearly 100 points against the greenback and 60 points against the euro in tonight's Asian and European sessions, and news that European drug maker Merck was buying Zug-based Serono for 13 Billion also helped the .....  
(a) sacchi (b) sawbuck (c) sterling (d) swissie
- Q6 The ..... box is used by many by wirehouses as a way to share information about potential orders to people on the sales desk, but all of that information is supposed to be proprietary and, for the most part, not to be shared with anyone outside the firm.  
(a) black (b) squawk (c) tackle (d) witness
- Q7 It doesn't matter if demand is falsely created by a hedge fund taking the ..... (buying large amounts of a single stock to drain a market maker of its inventory, forcing them to buy it back at a higher price): demand is demand and that is what drives markets higher.  
(a) biscuit (b) cake (c) floor (d) street
- Q8 The Finance Ministry's monetary policy as a whole meets the market expectations: it is more of a guidance note laced with moral ..... rather than a regulator's prescription full of quantitative measures.  
(a) sentiments (b) suasion (c) outrage (d) values
- Q9 Valencia-based MannKind has estimated an ..... price of between \$13.00 and \$15.00 per share in an IPO filing with the SEC; for 5.5M shares of stock, it is expected to raise up to \$94.8M for the company.  
(a) inaugural (b) initial (c) offering (d) opening
- Q10 Cardiac Science argues that the real revenue generator in its line isn't the monitoring system, but the disposable electrodes which make the monitoring possible — the classic ..... model applied to medical devices; "Ultimately, we're a disposable defibrillator electrode company," says Cohen, and Powerheart becomes simply a vehicle to sell electrodes.  
(a) book-bookmark (b) paper-paperclip (c) razor-razorblade (d) shoe-shoestring

*Business buzzwords: Illegal profits*

- Q1 It is generally agreed that speculators can make profits from insider trading or from the release of false information, and both forms of stock-price ..... have now been made illegal.  
(a) amelioration (b) amendment (c) justification (d) manipulation
- Q2 Bush, on the other hand, has a very steep and consistent decline in his approval rating the longer he goes without a major event; it is notable that this trend has never been upward, not even following 9/11 when his approval rating took a tremendous positive ..... as the country rallied around their leader.  
(a) apex (b) peak (c) point (d) spike
- Q3 Millennium Bank, which purchased the building in a bankruptcy sale 'free and ..... of all liens and encumbrances' and subsequently resold the building to the sole lessee, did not thereby assume an obligation to pay a commission to a third-party broker under a lease provision providing for such commission upon a sale to the lessee.  
(a) clear (b) open (c) secure (d) unfettered
- Q4 The unlucky folks who bought shares at the peak almost certainly lost money — as does every other investor who buys into a collapsing market hoping the worst is over; but to the extent that most holders didn't sell, the ..... loss simply wiped out the apparent profit that was created by the inflating bubble.  
(a) artificial (b) bogus (c) paper (d) virtual
- Q5 Windows, Office, and the Internet Explorer Web browser all have greater than 90 percent share of their respective markets, and to protect these ....., Microsoft must do things that no other software company would be doing right now; it's a victim of its own success.  
(a) cash cows (b) coddled eggs (c) golden geese (d) pet kittens
- Q6 Under '.....', small government was both a fiscal imperative and a political belief; adopting supply-side economics, the White House believed that reducing taxes would free individuals and businesses to invest elsewhere, thereby maximizing economic gain.  
(a) Consensus economics (b) Ergonomics (c) Keynesian economics (d) Reaganomics
- Q7 Pinnacle Entertainment, Inc. (NYSE: PNK) announced that the underwritten public ..... of 10.0 million of its newly issued shares of common stock has been priced at \$32.00 per share, which will result in gross proceeds to Pinnacle of \$320 million.  
(a) notice (b) offering (c) presentation (d) purchase
- Q8 In late October and early November of last year, because Enron was changing the outside administrator of its 401(k) plan, employees' shares were ..... down in their 401(k) accounts for at least two weeks during a volatile period in the company's stock price, making them powerless to sell their Enron stock as it was dropping.  
(a) locked (b) nailed (c) stapled (d) tied
- Q9 Data security is an increasing priority for many CIOs, and for good reason: corporate databases contain the ..... — proprietary and sensitive information such as non-public financial data, trade secrets, and personal information about customers and employees.  
(a) cat's meow (b) creme de la creme (c) crown jewels (d) inner sanctum
- Q10 Disillusioned investors who bought the convertible bond specifically for the conversion feature will typically sell the bond at a lower price; therefore we can we buy a ..... convertible security at a discounted price.  
(a) battered (b) broken (c) burst (d) busted

*Business buzzwords: Animal markets*

- Q1 Neither a bull or bear market, a ..... market is characterized by low activity, with timid investors waiting for a sign of which way the market is going to end up moving.  
(a) deer (b) rabbit (c) snail (d) turtle
- Q2 Aggressive price cutting by Wal-Mart Stores, the world's biggest retailer, is likely to put ..... pressure on food manufacturers this year: with commodity prices rising, one would expect that manufacturers would pass their cost increases along — but not if Wal-Mart won't allow it.  
(a) economic (b) margin (c) profit (d) sales
- Q3 The NHS in England will be 750m in the ..... by the end of the financial year on 31 March, a BBC survey suggests: twenty predicted deficits total 799m, while a handful of surpluses brought the net deficit to 750m.  
(a) debt (b) red (c) soup (d) trouble
- Q4 In May 2000, Luminous had raised a \$60-million round of private financing that it expected to be its last, but market conditions forced the company to put off IPO plans indefinitely; should the company go public, they hoped ..... investors would buy the offering and continue to buy the company's shares.  
(a) crossover (b) diversified (c) inveterate (d) perennial
- Q5 Request a copy of the decedent's credit report and request that the report be flagged with a deceased .....: this should ensure that no fraudulent accounts are opened.  
(a) alert (b) banner (c) disclaimer (d) sticker
- Q6 'Derivatives' is rich in details about factual trading matters, something rarely found in textbooks; it includes a list of the major old tricks, such as cherry picking, chumming, and ..... (in which market makers collude to push a price in a given direction), something I have not seen in options books before.  
(a) covering (b) fishing (c) ghosting (d) hustling
- Q7 SupplierMarket.com was poised to go public, but in the meantime, it received a ..... offer it couldn't refuse from Ariba, a software maker; the all stock deal was worth \$581 million — not bad for a company that was around for 17 months.  
(a) godfather (b) guardian angel (c) samaritan (d) sugar daddy
- Q8 A ..... trap is a defense mechanism used by a company that has convertible securities outstanding to prevent an unfriendly takeover; it prohibits conversion into common stock of any convertible preferred stock or bonds if the owner of those securities would control 10% or more of the firm's common stock following conversion.  
(a) bear (b) lobster (c) mouse (d) tiger
- Q9 George Akerlof, Michael Spence and Joseph Stiglitz, who received the Bank of Sweden Prize in Economic Sciences in Memory of Alfred Nobel, 2001, extended economic theory when they augmented it with the realistic assumption of ..... information: agents on one side of the market have much better information than those on the other side.  
(a) asymmetric (b) biased (c) eccentric (d) imbalanced
- Q10 Jeffrey Saut, chief market strategist with Raymond James, described the current environment as a '.....' economy, meaning he expects several periods of strong economic and earnings growth to be followed by times where profits and the economy slow down a bit.  
(a) catch-as-catch-can (b) fox-trot (c) hurry-up-and-wait (d) traffic-jam

*Business buzzwords: Corporate sleuths*

- Q1 American Express's sleuths could not protect them against one of the biggest business frauds of all time — the Great ..... Oil Scandal, in which a subsidiary was conned into issuing warehouse receipts for the nonexistent oil of the Allied Crude Vegetable Oil Company and commodities speculator Anthony De Angelis, who is now appealing his 20-year jail sentence.  
 (a) Cooking (b) Corn (c) Safflower (d) Salad
- Q2 Our model predicts that people will exhibit what we call the ..... effect: given bad or ambiguous news, they optimally choose to avoid collecting additional information, while given favorable news, individuals will seek out definitive information about the value of their portfolio.  
 (a) onion (b) opposite (c) ostrich (d) outlaw
- Q3 Several top credit card issuers now slap penalty rates just shy of 30% on customers, including some who have made a single slip or even pay their bills on time; these modern-day versions of loan ..... won't endanger your kneecaps, but they may push you into bankruptcy court.  
 (a) loading (b) padding (c) ranging (d) sharking
- Q4 The U.S. Department of Labor enforces several major laws that directly protect ..... blowers or have provisions to shield employees from retaliation, for reporting violations of the laws, refusing to engage in any action made unlawful by the laws, or participating in any proceedings under the laws.  
 (a) cover (b) horn (c) scam (d) whistle
- Q5 In the case of the WorldCom-Sprint combination, the FTC charged that the merger would have increased concentration in long-distance telecommunications and created ..... to entry that would have excluded competitors, such as the Baby Bells that lobbied hard against the merger.  
 (a) barriers (b) blockades (c) obstacles (d) obstructions
- Q6 The Canadian dollar, also known as the 'loonie' for the beautiful bird on its one-dollar coins, has long been the weak ..... to the U.S. dollar; oh, how nice it is for Yanks to go shopping in Canada — but maybe not for much longer, because the loonie is in a stealth rally.  
 (a) excuse (b) link (c) sister (d) spot
- Q7 ..... trading is a trading strategy where you hold stock positions for a short duration of time, but longer than a day trade; positions can last anywhere from 2 to 30 days, and generally try to take advantage of short and mid-term movements in stock prices.  
 (a) Flexible (b) Fortnight (c) Shift (d) Swing
- Q8 The Joint Bookrunners will endeavor to procure purchasers for the Offer Shares not subscribed for through the exercise of PARs during the exercise period by way of private placements in the Netherlands and elsewhere, at a price per ..... Share which is at least equal to the total of the Issue Price and any expenses relating to procuring such purchasers.  
 (a) Red (b) Remainder (c) Remnant (d) Rump
- Q9 This paper develops a theoretical model to analyze a firm's incentives to preannounce its new products: we consider a two-period model where a single firm controls the market with one product in the first period and it introduces a new and better product in the second period, where a preannouncement ..... the sales of the old product in the first period.  
 (a) cannibalizes (b) negates (c) nullifies (d) offsets
- Q10 After an aggressive run, the markets gave up some of their gains Thursday to profit ....., which was not unexpected.  
 (a) grasping (b) seeking (c) sharing (d) taking

*Business buzzwords: Auditor's doubt*

- Q1 The auditor will normally reach substantial doubt that an entity can continue as a ..... concern if the entity is unable to meet its obligations as they become due without (1) substantial disposition of assets outside the ordinary course of business, (2) restructuring of debt, or (3) externally forced revisions of its operations or similar actions.  
 (a) functioning (b) going (c) living (d) standing
- Q2 Bankers in emerging markets often view treasury activities common in the developed world as ..... finance, so they have lagged behind developed-market competitors in managing risk and creating profitable treasury units; but high-performing treasuries seek out and profit from market risk, and emerging-market banks must commit themselves to a more aggressive posture.  
 (a) casino (b) daredevil (c) Las Vegas (d) Russian
- Q3 Each country established working groups to plan migration at national level, under the aegis of the banking and/or payment associations, to ensure that a ..... mass of national credit transfers and card payments migrate to SEPA payment instruments by the end of 2010, as demanded by the regulators and committed to by the European Payments Council.  
 (a) critical (b) general (c) large (d) reasonable
- Q4 After the first day Google's stock was publicly traded on the NASDAQ, approximately 1,000 (or almost 50 percent) of its employees were estimated to be ..... millionaires.  
 (a) ersatz (b) instant (c) paper (d) virtual
- Q5 On Black Tuesday, Reuben Thorson, 77, retired senior partner of Paine Webber, recalls, "The volume was so heavy that the ..... was late by hours; we had no idea what the prices were."  
 (a) crash (b) news (c) sale (d) tape
- Q6 The Nikko Cordial Corporation announced a stock consolidation to its common shareholders in Japan at the rate of one (1) new share to be issued for every two (2) existing ordinary shares held; the ..... of the ordinary shares in the local market will be effective September 1, 2005.  
 (a) affiliation (b) affirmation (c) assignation (d) assimilation
- Q7 Bill Nguyen is the subject of a story in The WSJ about how entrepreneurs are cautiously spending venture capital, especially compared to the last crop of Internet entrepreneurs in the 90s; the story includes some of the monthly ..... rates at Silicon Valley companies — about \$160,000 a month at Meebo, \$200,000 at LaLa and \$500,000 at Sharpcast.  
 (a) blow (b) burn (c) drain (d) drop
- Q8 Last week, the County announced that they no longer needed to consider Mandatory Time Off as a budget balancing device; some of the '.....' was a reallocation of about \$35k previously earmarked for the expensive (and unnecessary) study of raising Coyote Dam.  
 (a) found money (b) free money (c) hasty money (d) hidden money
- Q9 When a law firm that handled tons of sensitive legal matters for Valley startups and VC firms then goes belly up, what happens to all that information? — currently ..... Brobeck, Phleger & Harrison LLP notified clients that their digital files would be placed in a 'closed archive' managed by the Library of Congress.  
 (a) debriefed (b) deceased (c) defunct (d) despondent
- Q10 Filtronic, the telecoms equipment manufacturer, has got its house in order and is looking forward to the future with confidence: the banks have agreed new five-year facilities and the company's problem ....., a mobile phone antennae business, is to be sold off.  
 (a) child (b) point (c) source (d) zone

*Business buzzwords: Tight curbs*

- Q1 Tight curbs on money supply, enforced by Indonesian monetary authorities for more than a year to prevent the economy from over-heating, have driven domestic interest rates up to about 28 percent; analysts said this prolonged credit ..... is straining the repayment capacity of many Indonesian businesses.
- (a) drain (b) drought (c) squeeze (d) trap
- Q2 In 1983, the major success of ..... was serving to focus international attention on their ways of doing business: the Japanese corporate and political sectors were employing cooperative organizing strategies that produced the highest productivity and quality of work-life in the industrial world.
- (a) Japan, Inc (b) Keiretsu (c) MITI (d) Zaibatsu
- Q3 Companies which are incorporated and listed in Hong Kong but controlled by Chinese entities or have Chinese state-owned enterprises as their parent companies have been viewed as a major experimental tool in China's economic reform; in this paper we analyze the market performance of red ..... stocks in the first year following Hong Kong's reversion to China.
- (a) block (b) chip (c) line (d) yuan
- Q4 A sell of an overnight position and subsequent buy of the same security on the same day (which does not constitute a day trade) is treated as a same-day ..... and the customer can use the proceeds of the sale towards a new purchase.
- (a) exchange (b) repurchase (c) shuffle (d) substitution
- Q5 If we look at selling 500- to 550-lb. calves for 82-85 cents, and that's at your breakeven level, then it might make some sense to consider retained ownership; if all that can be had is ..... dollars and giving away your time for the year, profit demands looking for other opportunities before selling them.
- (a) matching (b) saving (c) stashing (d) trading
- Q6 The ..... Commission was formed in 1973 by private citizens of Japan, Europe (European Union countries), and North America (United States and Canada) to foster closer cooperation among these core democratic industrialized areas of the world with shared leadership responsibilities in the wider international system.
- (a) Economic (b) First World (c) Industrial (d) Trilateral
- Q7 A ..... fund is a mutual fund that tends to perform well in bear markets.
- (a) foul weather (b) grizzly (c) hibernating (d) winter coat
- Q8 John A. Thain, who took the New York Stock Exchange (NYSE) public earlier this year, is racing to keep the Big ..... competitive.
- (a) Apple (b) Board (c) Knicks (d) Wall
- Q9 Infoseek (NASDAQ:SEEK) may be close to selling a piece of the Web search engine to a large media firm, with Disney cited as the most likely buyer and Time Warner a close second; this ..... has sent SEEK up 8.3% to \$32.625.
- (a) arbitrage (b) garbage (c) rumortrage (d) subterfuge
- Q10 Currently, there are 10 ..... that cover the S&P 500, nine of which cover individual sectors of the index; this selection allows investors to place their money in an ETF that covers either the whole market or a specific segment of the market.
- (a) alligators (b) chameleons (c) spiders (d) vipers

*Business buzzwords: Confidence in Christmas*

- Q1 CEO Craig Barratt was very cautious in his interview with CNBC, where he went out of his way to say that this networking technology company with a big retail component could not feel confident going into Christmas; I think that he is ....., setting the bar low so the stock can advance, take the medicine now for a rally later.  
 (a) badmouthing (b) downgrading (c) sandbagging (d) undercutting
- Q2 The Direct Approach to estimating going ..... value is based on the direct costs of creating a business, excluding the costs of the tangible assets; it also includes the owner's investment in working capital to finance early year losses.  
 (a) bankrupt (b) business (c) concern (d) public
- Q3 Protus and Voice Shot have modified their voice broadcasting software to work seamlessly with Gold Calling's Automatic Response Management software to make Gold Calling the leading prospecting and lead generation contact management system currently available; the era of ..... and smiling is on its way out.  
 (a) dealing (b) dialing (c) scamming (d) surfing
- Q4 P&G Chief Executive A.G. Lafley discussed why his company is no longer dependant on mergers to continue sales and profit growth: "Our growth has been quality growth because of ..... growth," he said, adding that non-merger related growth has averaged 8 percent in recent years.  
 (a) internal (b) intrinsic (c) organic (d) orgasmic
- Q5 How long it will take for your money to double is easy to calculate using .....: simply divide 72 by the percentage of interest you earn on your savings. If you're not pleased with the answer, start investigating other options that pay a higher rate of return.  
 (a) Rule 72 (b) Rule 72(t) (c) Rule C-72 (d) the Rule of 72
- Q6 When you run out of credit and can't Top Up, you can get a 2 Call Credit ..... from Vodafone; so when you get that punctured tyre or absolutely have to respond to that special someone, you can!  
 (a) COD (b) DOA (c) FOB (d) IOU
- Q7 Basically, ..... public (or participating in an IPO) is the process in which a business owned by one or several individuals is converted into a business owned by many.  
 (a) going (b) making (c) offering (d) turning
- Q8 As for the Robertson and Armco transactions, Bilzerian engaged in '.....' shares of the two companies: Bilzerian 'sold' his stock in Robertson and Armco to a broker who held it for 30 days with the understanding that Bilzerian would buy the stock back for the purchase price plus interest and commissions.  
 (a) stock bending (b) stock lending (c) stock parking (d) stock shifting
- Q9 Unlike the credit ..... of the early 1990s, when homeowners had the fiscal life squeezed out of them by high interest rates and unemployment, this time it seems the young are in the firing line.  
 (a) crunch (b) crush (c) crutch (d) crux
- Q10 The ..... Lipstick Indicator is based on the theory that when a consumer feels less than confident about the future, she (or he) turns to less expensive indulgences such as lipsticks, and therefore, lipstick sales tend to increase during times of economic uncertainty or a recession.  
 (a) Lasting (b) Leading (c) Waxing (d) Wearing

*Business buzzwords: The old days*

- Q1 Investment banker Gary Lutin told the E-Commerce Times that in the old days when paper stock certificates were issued, some people used worthless stocks as ....., but that since the securities market had gone digital and stock certificates are no longer issued, that is no longer an option.  
 (a) tissue paper (b) toilet paper (c) wallpaper (d) writing paper
- Q2 An employee embezzles millions of dollars from his company, but he doesn't know his firm is on to him; to combat his schemes, the company brings in ..... accountant, a professional with a combination of financial expertise and investigative prowess, to determine exactly what's going on.  
 (a) a criminal (b) a detective (c) a forensic (d) an audit
- Q3 The acquisition of Corus will propel Tata Steel into the ..... list, making it one of the eight steel companies globally that figure in this elite list.  
 (a) CIL (b) Fortune 500 (c) SEDOL (d) Stainless
- Q4 Managers are looking to cut costs, and one way to do it that's currently gaining favor is to go ..... for all or parts of the project; for example, one of the Intranet Design Annual 2001 winners was headquartered in the United States, but hired a firm in Mexico to design its intranet.  
 (a) abroad (b) offshore (c) overseas (d) pelagic
- Q5 Almost 1 million British adults are still living with their parents even though they are approaching 40, a study says; while this may not be a problem in itself, the real worry is how much these ..... cost — and the extent to which they eat into parents' retirement savings.  
 (a) freeloaders (b) kippers (c) neets (d) parasites
- Q6 Second only to the Saudi Arabia reserves, Alberta's oil ..... deposits were described by Time Magazine as 'Canada's greatest buried energy treasure' and 'could satisfy the world's demand for petroleum for the next century'.  
 (a) casing (b) chalk (c) sands (d) shale
- Q7 Ronald Reagan made supply-side economics a household phrase, and promised an across-the-board reduction in income tax rates and capital gains tax rates; when vying for the Republican party presidential nomination for the 1980 election, George H.W. Bush derided Reagan's supply-side policies as '..... economics'.  
 (a) Bonzo (b) dummy (c) surprise-side (d) voodoo
- Q8 A 2-minute preview of the investment ..... for a new feature film by Borderstop Filmed Entertainment called 'Urban Renewal' is now available on the official film site urbanrenewal.com and borderstop-studios.com; the production is scheduled for 2009.  
 (a) feeler (b) flyer (c) teaser (d) trailer
- Q9 Reacting with horror to a huge proposed pay package for GlaxoSmith-Kline's chief executive JP Garnier, shareholders blocked the ..... deal; by doubling his share option grant and trebling his allocation of free performance-related shares, the plan would have almost doubled his remuneration to an estimated \$18 million.  
 (a) angel (b) shady (c) sweetheart (d) wheeler
- Q10 As costs of energy and other commodities soar, investors should be on the hunt for companies with ..... power; the ability to pass along higher product costs to consumers gives such outfits an edge and, in the long run, boosts returns.  
 (a) advertising (b) marketing (c) pricing (d) selling

*Business buzzwords: A basket of goods*

- Q1 Purchasing power parity theory states that the exchange rate between two countries should ultimately move toward the rate that equalizes the prices of an identical basket of goods and services in each country; the Economist has suggested that the 'basket' is a ....., which is produced in about 120 countries.  
 (a) Big Mac (b) Coca-Cola (c) Hershey bar (d) Yankees cap
- Q2 The Bond Market Association has long promoted greater ..... and has worked hard to provide actual price data to investors, supplying all MSRB price data free of charge on its website [www.investinginbonds.com](http://www.investinginbonds.com).  
 (a) accuracy (b) legibility (c) lucidity (d) transparency
- Q3 ..... Rules may be Weakened: Federal banking regulators in the Bush administration are poised to weaken the nation's primary law requiring small banks to serve low-income residents in their own back yards through housing investments and development projects.  
 (a) Bottom Lining (b) Redlining (c) Silver Lining (d) Streamlining
- Q4 The next time somebody taunts you for being a gold ....., tell them that the International Monetary Fund believes in gold: from its website, we read that one of its principles is, "As an undervalued asset held by the IMF, gold provides fundamental strength to its balance sheet; any mobilization of IMF gold should avoid weakening its overall financial position."  
 (a) bug (b) card (c) mine (d) rush
- Q5 If you want to maximize the amount of money that you are investing (which in turn leads to higher returns), then a ..... mutual fund is for you: more of your money will go directly toward working for you, rather than finding its way into someone else's pocket.  
 (a) no-bite (b) no-load (c) no-slice (d) no-toll
- Q6 A '..... share' is a stock or security that appears to be of high quality and worth, although the company that issued it is actually worth very little.  
 (a) fool's-gold (b) goldbrick (c) golden goose (d) goldleaf
- Q7 The Dow Jones Industrial Average is the oldest and most widely recognized stock market index, and the Dow ..... (\$104.37) is an exchange-traded fund that holds the 30 stocks that comprise the venerable index.  
 (a) Bluechips (b) Corpus (c) Cow (d) Diamonds
- Q8 Although inventory data indicates that U.S. crude and product stocks are at above-average levels, market ..... remain over the possibility that international oil supplies could be disrupted further as a result of political problems in both Iran and Nigeria.  
 (a) jitters (b) nerves (c) spasms (d) twitches
- Q9 The ..... stalwarts have money to burn: cash generation in the UK's major listed companies is at record levels, and over the next three years, the FTSE350 will generate close to 200bn in surplus cash, according to new research by KPMG.  
 (a) Booty (b) Brokerage (c) Fleet Street (d) Footsie
- Q10 I'm just on my way out to work when a sudden headache gripped me — could've been one of those migraines that one gets when stock markets fall, which has been coined the '..... Count Theory'.  
 (a) Aspirin (b) Body (c) Head (d) Zero

*Business buzzwords: Investment leverage*

- Q1 In the case of Oanda they offer you leverage of 50 times your good ..... money: if you put \$1000 into your account, you may buy or sell currencies up to an amount that would require \$50,000 cash to actually buy at the time.  
 (a) buy (b) faith (c) luck (d) times
- Q2 The upcoming Google IPO contains a two-tier voting structure that gives Class B shareholders (primarily company founders Larry Page and Sergey Brin) 10 votes for each share while each Class A share being offered only carries one vote; this provision is shark ....., intended to make it difficult for outsiders to take over Google or influence the company's operations.  
 (a) attack (b) bait (c) jaws (d) repellent
- Q3 Altria has long been considered a classic widow-and-..... stock: great for its stability and big annual dividend, currently about 4.1 percent.  
 (a) homeless (b) orphan (c) spinster (d) widower
- Q4 Central Canada Foods Corporation has agreed to lease terms for its Timberlea plant from 1469818 Ontario Inc., a company controlled by George Michaels, Central's president and majority shareholder in ..... party transaction.  
 (a) a concerned (b) an inside (c) an interested (d) a related
- Q5 Around Wall Street, the talk is that the U.S. economy is not too hot, not too cool, but just right — the fabled '.....' economy that means corporate profits can continue to grow, while inflation stays tame  
 (a) Goldilocks (b) Hansel and Gretel  
 (c) Heidi (d) Little Red Riding Hood
- Q6 The opening up of new markets and the development from the craft shop to such concerns as U.S. Steel illustrate the same process of industrial mutation that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one; this process of Creative ..... is the essential fact about capitalism.  
 (a) Destruction (b) Insurgency (c) Permutation (d) Transformation
- Q7 In financial markets here in London we call it 'The ..... Trade' — a trader who has lost big and has so far managed to cover up the fact puts on a huge trade, enough to cover all his losses, and buys a first class ticket to Brazil, where there is no extradition to the UK, just in case the trade goes wrong.  
 (a) Carnival (b) Lambada (c) Rio (d) Terminator
- Q8 Today's online video market is stuffed full of entrants with names like Broadsnatch, Eyeka, and Gkko, but video company CEOs like Tom McInerney of Guba agree that a ..... is coming: "There'll be a lot of casualties in the next year," McInerney predicts.  
 (a) shakedown (b) shakeoff (c) shakeout (d) shakeup
- Q9 A huge number of investors think they are buy-and-holders, but in fact they use a peculiar form of market ....., the ICSIA or 'I can't stand it anymore' system; this is probably the most widely used system in the world, and it relies on emotional reactions to market fluctuations.  
 (a) lagging (b) pacing (c) shadowing (d) timing
- Q10 A successful price war was the one Philip Morris began on ..... Friday, 2nd April 1993: the company cut the price of the world's best-selling cigarette by almost 20% — and in the process knocked almost \$10 billion off the market value of the company.  
 (a) Generic (b) Marlboro (c) Nicotine (d) Red

*Business buzzwords: Takeover remedy*

- Q1 A ..... bond is designed to prevent unwanted takeovers by having a maturity that is activated once a takeover is complete; the idea is that companies will be less inclined to take over a company if they know that afterward they will immediately be forced to pay bondholders.  
(a) casualty (b) causality (c) charity (d) chastity
- Q2 The flow of ..... capital in India has increased substantially since 2000, but over 90 percent of the money is invested in late-stage initiatives by mature firms; even the remainder mostly finances new firms replicating proven business ideas, and as a result, very few innovative startups are funded.  
(a) free (b) risk (c) share (d) surplus
- Q3 A syndicate desk employee, sales representatives or sales traders entered customers' indications of interest in the IPO into the IPO institutional ..... book, the computer database where all of the institutional indications of interest in the IPO and allocations were recorded.  
(a) ante (b) bid (c) pot (d) tender
- Q4 The ..... card option is, for example for bond futures, the option to initiate delivery between 2 p.m. and 8 p.m. in the afternoon during the delivery month of the contract; the point here is that the futures price is settled at 2 p.m. but the trade in the underlying bonds goes on until 8 p.m.  
(a) ace (b) face (c) hole (d) wild
- Q5 The nucleus accumbens kicked into action two seconds before subjects made a risk-seeking choice that was a mistake (investing in a stock with a bad history); in contrast, the anterior insula was activated just before the volunteers made a less than optimal ..... choice prompting them to invest in a safe but low-return bond instead of the good stock.  
(a) risk-adept (b) risk-adverse (c) risk-averse (d) risk-avoidance
- Q6 If a business division falls into the '.....' quadrant — stagnant or shrinking industry growth and poor business unit performance — management usually sells it off or slashes it to a bare minimum.  
(a) cow (b) dog (c) skunk (d) slug
- Q7 ..... affects many individual investors, who simply have too many stocks (often, too many or the wrong type of mutual funds) in their portfolio; a company's share value could shoot to the moon, but it would have very little impact on the fund's overall performance because of its very small exposure.  
(a) Diworsification (b) Portfoliosis (c) Shallowshare (d) Thinpliance
- Q8 The ..... approach is the staple of professional investors worldwide: it involves picking stocks for reasons specific to particular companies, regardless of the prospects of their sector or market — no matter how markets are performing, some stocks have more value than others.  
(a) base-worth (b) bottom-up (c) close-view (d) focus-in
- Q9 The 'ring .....' around the profits of North Sea companies is designed to prevent losses from non-North Sea activities from being set against profits of North Sea activities; one of the rules is that interest can only be deducted from North Sea profits if the capital has been borrowed for a North Sea oil purpose.  
(a) chain (b) fence (c) road (d) wall
- Q10 One remedy, Walden says, would be to index the state tax rates to inflation: "That would tend to reduce bracket ....., and in fact this is what the federal government does with the federal income tax."  
(a) creep (b) lag (c) leap (d) shift

*Small-business salaries*

- Q1 Mary Crane at Forbes.com says, "Which way is the economy going? — if executive salaries at smaller companies are any ....., the answer is sideways at best."  
(a) inclusion (b) indication (c) solution (d) substitution
- Q2 According to a new small-business compensation survey released today by Salary.com, ..... base salaries for most executives at small firms increased this year over last.  
(a) median (b) medium (c) moderate (d) modicum
- Q3 The average paycheck for marketing managers rose 4.7% to \$136,100; head ..... counters got a 3% bump, up to \$155,000; and plant managers took home \$80,000, or 1.8% more.  
(a) bean (b) corn (c) nut (d) pea
- Q4 The annual survey ..... 11 job functions (not including 'owner') at more than 1,800 organizations, both privately and publicly held, employing one to 500 employees.  
(a) spaced (b) spanned (c) spread (d) sprawled
- Q5 Ken Kerr, chief executive and financial officer of Kettley Publishing, a small consumer-education company ..... in Newport Beach, Calif., has filled out the www.Salary.com survey for the past two years.  
(a) based (b) domiciled (c) premised (d) stationed
- Q6 He says the survey results ..... with what he's seen in the California small-business community and in his own 30-person firm.  
(a) meld (b) melt (c) merge (d) mesh
- Q7 "In this region, we're seeing the economy coming back strong; the tide raises all ..... — small businesses have really felt the impact of that," he says.  
(a) boats (b) coasts (c) costs (d) hopes
- Q8 Bill Dunkelberg, chief economist for the National Federation of Independent Business is optimistic, too; he says the labor market is the ..... it's been in thirty years, sans the dot-com years.  
(a) fastest (b) highest (c) slackest (d) tightest
- Q9 The bad news: while salaries have been on the rise, ..... too has inflation.  
(a) but (b) when (c) so (d) though
- Q10 For the trailing 12 months ended in August, the Consumer Price Index ticked up nearly 4% — ..... salary gains in real-dollar terms.  
(a) castrating (b) disembowelling (c) eviscerating (d) neutering

*Various views of accounting*

- Q1 Commercial, financial and taxation accounting rules ..... their own purposes and, as a consequence, differences in the results should be expected and accepted.  
(a) control (b) guide (c) protect (d) serve
- Q2 Commercial accounting rules are used to determine the commercial results of a single entity, and establish, in particular, whether a profit or a loss has resulted for ..... period.  
(a) a given (b) an account (c) an economic (d) an isolated
- Q3 The rules are intended to protect the rights of shareholders and creditors and, as a consequence, the ..... principle occupies an important place.  
(a) continence (b) diligence (c) prudence (d) temperance
- Q4 Financial accounting and reporting rules are part of a country's capital ..... regulations.  
(a) acquisition (b) asset (c) gains (d) market
- Q5 Their objective is to give investors and other stakeholders a reliable and as accurate as possible picture of the financial situation of the economic entity (group); the guiding principle is '.....'.  
(a) fair play (b) fair position (c) fair presentation (d) fair projection
- Q6 Other important rules in this respect are 'substance over form', 'market value measurement', and the factual prohibition of hidden .....  
(a) reserves (b) reservoirs (c) returns (d) revenues
- Q7 Taxation rules are used to determine taxable profits, and their objective is to define the tax liability of enterprises to the .....  
(a) Country (b) Nation (c) Precinct (d) State
- Q8 The rules must be susceptible to ..... by taxpayers and control and enforcement by tax authorities.  
(a) comparison (b) complaints (c) complaisance (d) compliance
- Q9 Taxation rules for companies are usually designed to preserve economic neutrality, so that business decisions are not ..... influenced by fiscal measures.  
(a) unduly (b) unilaterally (c) usually (d) utterly
- Q10 Tax laws reflect general principles of taxation, such as non-discrimination or taxation according to economic capacity, but also ..... such as availability of funds for payment of the liability and long-term profitability.  
(a) practicabilities (b) practicalities (c) practices (d) pragmatics

*Corporate communications*

- Q1 Paul Chin, in his 'The Evolution of Corporate Communications', realizes that communicating to hundreds, sometimes thousands, of employees within an organization is no ..... feat.  
(a) mean (b) meant (c) mere (d) more
- Q2 This challenge is further complicated in organizations with a global ....., where corporate headquarters is responsible for delivering the same message to satellite offices in geographically dispersed locations.  
(a) industry (b) location (c) outlook (d) presence
- Q3 And don't fool yourself in thinking that there's some long process of ..... when they receive one of these messages; most corporate communications will grab the attention of an employee for no more than a few seconds — if at all.  
(a) delegation (b) deliberation (c) disarticulation (d) dissertation
- Q4 It's within that very narrow ..... of opportunity that they will decide whether to read something or toss it aside.  
(a) moment (b) option (c) passage (d) window
- Q5 Communication is a two-way .....; it requires a sender and a receiver: if no one is listening, you're just a crazy person talking to yourself.  
(a) handle (b) radio (c) street (d) wire
- Q6 Anyone involved with corporate communications needs to be aware of their receivers' habits and ..... before deciding on message and medium.  
(a) druthers (b) ideologies (c) idiosyncrasies (d) peccadillos
- Q7 It wouldn't make sense to use technology-based communications with an audience who's not ..... without first providing them with adequate training.  
(a) tech-nerdy (b) tech-ready (c) tech-savvy (d) tech-wary
- Q8 In the '90s, the IT industry was ..... with the concept of push technology, a method of delivering content to users' desktop without requiring them to actively seek it out.  
(a) abuzz (b) adrift (c) aghast (d) aloud
- Q9 The technology, however, never lived up to its hype and communications fell back to old .....: the intranet and e-mail.  
(a) stalemates (b) stalwarts (c) standings (d) stewards
- Q10 Momentum is also growing in the corporate environment for RSS, where organizations are beginning to see that RSS can be used to pick up where e-mail ..... off as an internal corporate communicator.  
(a) came (b) dropped (c) fell (d) left

*Business buzzwords: Whiplash*

- Q1 Market ..... are nursing a bad case of whiplash: most of the 42 strategists surveyed by 'Business Week' a year ago saw their yearend forecasts surpassed in the first few months of 1996 — the consensus view then was for the Dow Jones to rise 5% and end the year at 5430, but the Dow passed 5430 in early February.  
 (a) adepts (b) Einsteins (c) mavens (d) virtuosos
- Q2 Long-struggling Randall Park Mall now is in the hands of a Raleigh, N.C., real estate investor who specializes in buying ailing malls and who, until earlier this year, owned Euclid Square Mall; investor Haywood Whichard bought Randall Park for the type of price that gives spice to the life of real estate .....  
 (a) bottom-diggers (b) bottom-dwellers (c) bottom-feeders (d) bottom-fishers
- Q3 One reason traders are moving to the Forex is the momentum and longevity of trends: currencies tend to trend 1,000 pips or more in a direction, and then move back 1,000 pips or more within a 4- to 6-week period, and this type of movement gives the position trader a great opportunity for ..... the market.  
 (a) chasing (b) pacing (c) racing (d) tracing
- Q4 If the total asset value of your portfolio averaged \$1 million and the total value of assets sold during the year equals \$200,000, then the portfolio ..... is 20% or one fifth.  
 (a) rate (b) return (c) trend (d) turnover
- Q5 The purchase of YouTube by Google for \$1.65bn (883m) is just the latest in a series of high-profile, high-value deals among internet firms, but does it mean that we are entering another ..... boom era, like the one in the late 1990s that ended in a stock-market collapse?  
 (a) dotcom (b) online (c) podcast (d) webnet
- Q6 The 1980s was a decade of corporate ..... as companies sought to buy out or build strategic alliances with competitors; nearly \$1.3 trillion was spent on corporate mergers in the 1980s, more than the annual economic output of the UK.  
 (a) cannibalism (b) hyperactivity (c) megalomania (d) predation
- Q7 The Act also restores the power of local governments to issue ..... bonds, which are general obligation bonds payable from enterprise funds or from a special revenue source or both, with the general obligation of the local government acting as a back-up security.  
 (a) double-barreled (b) double-handled (c) double-sighted (d) double-troubled
- Q8 Dennis N. Abbott, a former trader at BP, admitted that he carried out a strategy to buy large quantities of February 2004 TET propane to become the dominant long-holder of TET propane; he intended that the purchasing strategy would ..... the market by reducing the supply, permitting him to sell propane at an artificially inflated price.  
 (a) cage (b) carry (c) corner (d) crate
- Q9 Almost 10 years after Telefonos de Mexico (TMX), Mexico's 800-pound ....., was privatized, Mexicans still find reasons to hate the phone company; although the Mexican market has been open to competition for four years, the company is still a quasi-monopoly.  
 (a) canary (b) directory (c) gorilla (d) tortilla
- Q10 Since it is nearly Christmas, I thought I would write something about the Boston Snow .....: the theory is that if there is snow in Boston on Christmas day then the price of stocks will go up for the coming new year.  
 (a) Barometer (b) Benchmark (c) Forecaster (d) Indicator

*Business buzzwords: Unregistered securities*

- Q1 An unregistered security may be sold by a broker, but specific documentation must be completed by the owner and presented to a broker before a sell order can be placed; moreover, this ..... security may not be sold for at least two years from the date of purchase.  
 (a) letter (b) paper (c) unoffered (d) unofficial
- Q2 ..... violations involve a brokerage house or bank keeping a client's stock in its own name in disregard of its reporting requirements; such an act may allow the client to temporarily bypass his margin requirements, keep secret his position in a company, or stay within limits imposed by other rules.  
 (a) Loitering (b) Mooring (c) Parking (d) Standing
- Q3 Now that investors are loath to believe anything good about a public company, con artists are finding that a new tactic, the ' ..... ' scam, is working better; with this strategy, scammers profit by selling while gambling that a stock will decline — and subsequently forcing shares down by spreading nasty rumors about the company.  
 (a) doom and gloom (b) poop and scoop (c) pump and dump (d) short and distort
- Q4 Plug Power (NASDAQ: PLUG) Long Recommendation: Seems to be reaching stops — weak ..... shaken out — may hold \$4 — add \$3.50.  
 (a) elves (b) gnomes (c) hands (d) knees
- Q5 In the 1960s and 1970s, a group of bond dealers known as the Memphis Bond Daddies were notorious for their unscrupulous methods of selling tax-exempt bonds to the elderly; eventually closed down by regulators, their role was to dispose of the ..... generated as Collateralized Mortgage Obligations were sliced into more and increasingly complex tranches.  
 (a) garbage cans (b) polluted soil (c) raw sewage (d) toxic waste
- Q6 Government ..... shares have their risks and their costs: the full benefits of privatization will not be realized, for example, if management is completely protected from every sort of takeover, and the device could be abused by less scrupulous governments in order to maintain political control over an enterprise while nominally privatizing it.  
 (a) golden (b) lion's (c) master's (d) power
- Q7 I personally favour, as long as it is open, what is called the '.....', all the cards on the table, everybody in the whole world knows what you are auctioning; the market will adjust immediately at that point and people will pay the price of it.  
 (a) casino trade (b) foldout trade (c) sunshine trade (d) upfront trade
- Q8 My first experience as an investor looking at companies trading below ..... value was to buy the stock: how could I lose? — one could liquidate the company and make money at the very least.  
 (a) board (b) cash (c) share (d) true
- Q9 The NYSE and the Chicago Mercantile Exchange agreed to impose restrictions when prices begin falling out of control; one safeguard is a shock ....., a half-an-hour price floor that goes into effect on the S&P's 500 index whenever it drops on the Merc by the equivalent of about 96 points on the Dow Jones average.  
 (a) absorber (b) adjustor (c) tactic (d) treatment
- Q10 The human genome may go down in history as the biggest ..... for humanity: it cost a lot and is useless, it does not work, and is so expensive to maintain and grows so big so fast that it will bankrupt the industry as well as entire nations.  
 (a) golden goose (b) purple cow (c) red herring (d) white elephant

*Business buzzwords: Spin tour*

- Q1 Shell Oil and a bunch of its friendly top executives are bringing a genuine old-fashioned dog and ..... show to 50 towns this summer, and their goal is to convince angry consumers that Big Oil is not ripping them off; it's sure to be complete with photo ops and baby kissing, and it ought to be called the Web Minus Zero spin tour.  
(a) cart (b) cat (c) frog (d) pony
- Q2 The ..... indicator gets attention at this time every year due partly to the fact that there are so many fans on Wall Street trading desks; even Bob Stovall, who helped popularize it in the 1970s when he served as investment policy director at Dean Witter Reynolds, admits there's not a lot of logic or validity behind it.  
(a) Stanley Cup (b) Super Bowl (c) World Cup (d) World Series
- Q3 A newer trading strategy is the ..... spread, which is intended to simulate the profits from a power plant; it was possible from 1996 to 2002 to hedge or sell such a spread on Nymex by shorting electric power and buying the fuel used for generation fuel oil, natural gas, or coal.  
(a) juice (b) shock (c) spark (d) watt
- Q4 Dunlop Standard Aerospace Holdings plc announced today that it will make an optional ..... redemption of US\$ 23.6 million aggregate principal amount of its 11-7/8% Senior Notes due 2009; the outstanding principal amount of the Senior Notes remaining after this redemption will be US\$ 321.4 million.  
(a) flexible (b) irrevocable (c) partial (d) serial
- Q5 The critical piece of this puzzle, the element that made it all work, was a transaction called a 'price ..... derivative' between Enron and Raptor, in which Enron committed to give stock to Raptor if Raptor's assets declined in value; but the more Raptor's assets declined, the more of its own stock Enron was required to post.  
(a) shift (b) shuffle (c) swap (d) switch
- Q6 In a number of ..... marketing cases, a company has approved an email campaign because the marketer promised that it would send only to people who opted in to receive stock announcements; then the company is surprised to learn that the so-called 'opt-in list' is just a standard bulkmailer's list of addresses scraped from Usenet and the Web.  
(a) barrelhouse (b) bulldozer (c) cowboy (d) yahoo
- Q7 Six-year futures for light sweet oil and natural gas are among the most important indicators of value for oil and gas producers; such a far-sighted view, imperfect as it may be, is not widely available for the refining ....., the margin between crude oil and refined products.  
(a) crack (b) gap (c) spill (d) split
- Q8 In a ..... takeover, iBank was suddenly history, and its blue, white and yellow marquee will soon be replaced by the blue and white of Unionbank, following the former's multibillion buy-out of the latter's majority shareholders concluded Friday; "The speed in which it was consummated really caught us off guard," quipped an iBank executive.  
(a) blitzkreig (b) formula one (c) Speedy Gonzales (d) split second
- Q9 Technology is better than ever and more people than ever before are using it, but still, technology stock prices keep falling, and Wall Street is overcompensating by giving these stocks the cold shoulder: this is where we've gone astray. and it has more to do with the happenings on Wall Street than with problems on ..... Street.  
(a) Geek (b) Sim (c) Tech (d) Web
- Q10 Federal Reserve Chairman Alan Greenspan said yesterday that the U.S. economy is 'going through a ..... patch,' but that it won't hold back a 'broadening' economic expansion that has gained momentum this year.  
(a) slow (b) soft (c) weak (d) wet

*Business buzzwords: Food stocks*

- Q1 Food stocks aren't as exciting as some of the tech names, but they don't go up nearly as much when the market is going crazy and they also don't go down as much because they're not as dependent on the economy; they're steady stocks, which is why Kraft could be a good ..... holding to diversify your portfolio.  
(a) anchor (b) base (c) core (d) staple
- Q2 "Much of what happens in history," Nassim Taleb notes, "comes from Black ..... dynamics, very large, sudden, and totally unpredictable outliers, while much of what we usually talk about is just noise; our track record in predicting those events is dismal, yet by hindsight bias we think that we understand them."  
(a) Box (b) Hole (c) Maria (d) Swan
- Q3 The Small Order Execution System allows small investors near-instant execution of trades of 1,000 or fewer shares on the Nasdaq, and these SOES ..... are a growing force in the market, accounting for about 15% of the trades on the Nasdaq Stock Market.  
(a) bandits (b) desperados (c) pirates (d) raiders
- Q4 When the CEO or minister announces the agency is going to ..... in the name of operational efficiencies or an expanded range of services, public sector managers suspect they are really hearing "The last approach didn't work, so let's try another".  
(a) redesign (b) reform (c) renovate (d) restructure
- Q5 'Why Bill Gates?' — this is the question for a small clique of ..... — Scott McNealy of Sun Microsystems, Larry Ellison of Oracle, Steve Jobs of Pixar; a decade ago, the four geek tycoons were all stumbling around an industry as small as their pocket protectors, but Gates graduated into the history books, while the other three seem headed for footnote status.  
(a) compupreneurs (b) iMagnates (c) siliconaires (d) valleynerds
- Q6 The director of a funds management company says that smaller companies focusing on a single service like sustainable living, alternative energy, etc. are less likely to be involved in big ..... like the defense industry and oil.  
(a) dirties (b) filthies (c) piggies (d) uglies
- Q7 The OS/400 high availability market was a ..... market before the merger of one-time foes iTera and Vision, and that intense competitiveness continues following the merger.  
(a) dog-bite-dog (b) dog-chase-dog (c) dog-eat-dog (d) dog-fight-dog
- Q8 Typically Wal-Mart and other retailers debut the eagerly awaited day-after-Thanksgiving specials a few days in advance; Wal-Mart hasn't officially debuted its Black ..... ads, but the information appears to have been leaked to a few Web sites.  
(a) Monday (b) Friday (c) Saturday (d) Sunday
- Q9 A dividend ..... is an arrangement under which sponsors of a project agree to contribute as equity any prior dividends received from the project to the extent necessary to cover any cash deficiencies.  
(a) catchup (b) clawback (c) shakedown (d) stakeout
- Q10 Since 1975, the number of money management firms that provide research and other products and services in exchange for commissions has grown; the total value of third-party research purchased annually with ..... dollars is estimated to exceed \$1 billion.  
(a) elastic (b) paper (c) soft (d) weak

*Business buzzwords: China's mass media*

- Q1 Driven by increasing investments and consumption, China's mass media industry will grow into ..... industry with high profits and investment potential in future years; within the industry, newspaper, audio and video products and online games are the fields seeing the fastest growth potential, the blue paper said.  
(a) an outburst (b) a phoenix (c) a spring (d) a sunrise
- Q2 At some point, investors will recognize that Wal-Mart stock is poised for a rebound, but what's needed to speed up that process is ....., and sales of generic drugs may give Wal-Mart just the boost it needs.  
(a) a calamity (b) a catalyst (c) an incentive (d) an incitement
- Q3 In his book, 'The Logical Trader', author Mark Fisher discusses techniques for identifying potential market tops and bottoms; one, the '.....', has nothing to do with food, except that it was conceived over lunch where a number of traders were discussing market set-ups.  
(a) burger bun (b) hot tamale (c) petit four (d) sushi roll
- Q4 Microsoft has an interesting, if dubious, ..... accounting scheme where profits from successful quarters aren't reported so that less successful quarters can be padded; this creates a false growth curve that is smooth and steady, not the typical up and down earnings you'd expect from a company that relies on periodic product rollouts.  
(a) cookie jar (b) mattress pad (c) petty cash (d) piggy bank
- Q5 Perhaps the most famous example of a speculative ..... is the 'tulipmania' that struck 17th century Holland: Dutch collectors devised a hierarchy of values for the various flowers, the tulip became an object of speculation, and people mortgaged their homes and industries in order to buy the bulbs for resale at higher prices.  
(a) bandwagon (b) bubble (c) lunacy (d) pyramid
- Q6 Matlock allegedly made or retained no record of having received individual orders from customers, how many shares each had ordered, or when the orders were placed; ..... the orders allowed Matlock to grant preferential treatment to certain customers, and to himself.  
(a) banding (b) binding (c) bunching (d) bundling
- Q7 Golden ..... are to be offered across the ranks in a desperate bid by defence chiefs to stop the haemorrhaging of British troop numbers; the Ministry of Defence is drawing up plans for a massive expansion of a multi-million-pound programme offering bonuses of up to 5,500 if personnel promise to stay in the forces for at least two years longer.  
(a) bindings (b) chains (c) handcuffs (d) leashes
- Q8 ETFs (Exchange-Traded Funds) do not sell individual shares directly to investors and only issue their shares in large blocks (blocks of 50,000 shares, for example) that are known as ..... units.  
(a) action (b) creation (c) traction (d) sanction
- Q9 Several Democratic groups have already begun spending large donations on advertising and get-out-the-vote activities, but Republicans had asked the Federal Election Commission to stop the activities under the campaign law that broadly banned big checks known as '.....' from federal elections.  
(a) easy money (b) funny money (c) lobby money (d) soft money
- Q10 Investments that glittered, but turned into ..... gold: the metal industry has been tarnished by several high-profile scandals in recent years that have left City banks owed millions of pounds and politicians red-faced.  
(a) fool's (b) karat (c) pyrite (d) solid

*An economic profile of the Pacific Rim*

- Q1 James V. Koch, in *Business Horizons* (March 1989), explains that it is now ..... to talk of the Asian economic miracle, a phenomenon that has provided certain countries with the highest real rates of economic growth and the most rapidly rising per capita incomes in the world.
- (a) common ground                      (b) commonplace                      (c) common sense                      (d) commonwealth
- Q2 The beneficiaries of this miracle are only part of a larger, economically ..... area known as the Pacific Rim, and the World Bank predicts that the Pacific Rim will be the fastest growing region in the world over the next five years, averaging a real growth rate of 4.3 percent annually compared to an average of only 3.5 percent for all industrialized nations.
- (a) fallow                                      (b) febrile                                      (c) fertile                                      (d) fetid
- Q3 The Pacific Rim ..... a group of extremely diverse countries that are united by their common access to the Pacific Ocean and their export-oriented economies.
- (a) completes                              (b) composes                              (c) comprises                              (d) compromises
- Q4 The United States and Japan dominate the Pacific Rim from an economic standpoint, while the economically immature People's Republic of China, by ..... of its more than one billion citizens, is a force of growing importance.
- (a) light                                      (b) means                                      (c) rights                                      (d) virtue
- Q5 Together, these three countries constitute the economic giants of the region; by comparison, the remainder of the countries of the Pacific Rim are economic .....
- (a) dwarfs                                      (b) fairies                                      (c) mice                                      (d) motes
- Q6 Others in the region, the ASEAN group (Indonesia, Malaysia, the Philippines, Thailand, and Singapore), generally exhibit lower levels of per capita GDP than the NICs (Hong Kong, South Korea, and Taiwan) but are more fully ..... economically and have had high rates of economic growth in recent years.
- (a) instigated                              (b) instituted                              (c) integrated                              (d) investigated
- Q7 The British Commonwealth nations of Australia, Canada, and New Zealand are prosperous in terms of their per capita incomes, although they have exhibited only ..... rates of economic growth in recent years.
- (a) major                                      (b) minor                                      (c) moderated                              (d) modest
- Q8 The so-called 'Island Countries', such as Fiji, French Polynesia, Papua New Guinea, and Vanuatu, exhibit traditional native ..... economies that are small in size and seldom based upon organized markets.
- (a) agrarian                                      (b) barbarian                                      (c) pagan                                      (d) unitarian
- Q9 Finally, the considerable physical presence of the Soviet Union, Southeast Asian states such as Vietnam, and Spanish-speaking Central and South American countries such as Mexico and Peru ..... their relatively insignificant economic role in the area to date.
- (a) begets                                      (b) belays                                      (c) belies                                      (d) besets
- Q10 There are surprisingly few common ..... among the countries on the Pacific Rim; they are exceedingly diverse ethnically, politically, socially, religiously, and geographically.
- (a) cords                                      (b) lines                                      (c) strings                                      (d) threads

*Cross-border corruption*

- Q1 Bribery has been the leading ethical issue in business activities, and international bribery is more complicated and has greater ..... than bribery within one country.  
 (a) repercussions (b) restitutions (c) retributions (d) revelations
- Q2 Cross-border corruption has become a serious issue in international business especially in Asia's commercial activities, and is threatening the ..... of all cross-border business transactions.  
 (a) entirety (b) entity (c) integration (d) integrity
- Q3 Cross-border bribery is bribery aimed at manipulating business decisions made by a public official or a corporate employee across the national border in such a way that they are no longer motivated by the ..... of the employer.  
 (a) interest (b) principal (c) principles (d) salary
- Q4 The issue of cross-border bribery by American companies was first brought to public attention by the Foreign Corrupt Practices Act in 1977; it was recognized that many American companies were involved in questionable foreign payments in order to gain ..... over their competitors.  
 (a) a foothold (b) a lead (c) an edge (d) a point
- Q5 It remains unclear, however, whether the Act has had any ..... effect on the competitiveness of American companies in international business.  
 (a) detrimental (b) exponential (c) incremental (d) supplemental
- Q6 Cross-border corruption exists also in business activities between mainland China and Hong Kong: according to the Independent Commission Against Corruption, in ..... 50 Hong Kong companies with a production base on the mainland, payments intended to bribe accounted for three to five per cent of their operating costs.  
 (a) all (b) even (c) some (d) under
- Q7 While the Prevention of Bribery Ordinance in Hong Kong gave the ICAC the power to ..... corruption in Hong Kong, there has been no legislation similar to the FCPA that deals with cross-border corruption.  
 (a) combat (b) condemn (c) contain (d) control
- Q8 Mainland Chinese authorities too show much concern about the issue; the Premier's Office has issued Corruption Prevention Directives to ..... the problem.  
 (a) nail (b) secure (c) tackle (d) uncover
- Q9 The influence of ethical norms on cross-border business transactions can be examined from three different .....: cultural relativism, ethical imperialism (universalism), and the development of contextualized hypernorms.  
 (a) expectations (b) insights (c) perspectives (d) prospects
- Q10 Education can be used to shape people's attitudes towards corruption, but this is a time-consuming process; an ..... alternative would be to pass legislation to deter business executives from giving or receiving bribes.  
 (a) expedient (b) expeditious (c) experiential (d) exponential

*Management of transboundary fishing*

- Q1 In 'The Management of Transboundary Fishery Resources and Property Rights', Gordon R. Munro tackles one of the ..... questions in the field of rights-based fishing.  
(a) knottiest (b) slightest (c) spiniest (d) tightest
- Q2 His paper concerns itself with the difficult issue of managing transboundary fishery resources, in which state, ..... alone individual, property rights may be poorly defined.  
(a) and (b) but (c) let (d) not
- Q3 The paper aims to ..... new ground, in that the consequence for the management of transboundary fishing resources of establishing fishermen/company based property rights has never been properly dealt with.  
(a) break (b) dig (c) plow (d) seed
- Q4 The paper begins with a brief history of the legal position of national ownership over ..... fishery resources.  
(a) coastal (b) deepwater (c) offshore (d) overseas
- Q5 Munro reminds us that it is now established by the 1982 UN Convention on the Law of the Sea (CLS) that coastal states have property rights to the fishery resources contained within their Exclusive Economic Zones extending 200 ..... miles offshore.  
(a) linear (b) marine (c) maritime (d) nautical
- Q6 This principle established, coastal states such as Canada quickly discovered that the stocks ..... refused to stay within their EEZ, and hence international management issues arise.  
(a) seldom (b) straight (c) stubbornly (d) suddenly
- Q7 Two issues concern us here: one is the issue of 'shared stocks', which are fish stocks shared by two or more coastal states whose EEZs are .....  
(a) contiguous (b) contingent (c) continuous (d) contrapuntal
- Q8 The CLS ..... coastal states to cooperate in the management of shared fishery resources, but provides little or no guidance as to how the cooperation is to be effected.  
(a) admonishes (b) castigates (c) chides (d) reprimands
- Q9 The second issue is that of 'straddling stocks', or those that move back and forth between a country's EEZ and the ..... seas.  
(a) broad (b) deep (c) high (d) vast
- Q10 The new element which is introduced into resource management when the resource is transboundary is the fact that the resource is subject to ..... by one, two, or more states which can be expected to interact with one another.  
(a) expedition (b) exploitation (c) exploration (d) exposure

*Technology licensing*

- Q1 Technology licensing is a contractual arrangement in which the licensor's patents, trademarks, service marks, copyrights, trade secrets, or other ..... property may be sold or made available to a licensee for compensation that is negotiated in advance between the parties.
- (a) corporate (b) goodwill (c) intellectual (d) intransigent
- Q2 This compensation, or royalties, may be a ..... sum royalty, a running royalty (royalty that is based on volume of production), or a combination of both.
- (a) block (b) front (c) lump (d) simple
- Q3 A technology licensing agreement usually enables a firm to enter a foreign market quickly, and ..... fewer financial and legal risks than owning and operating a foreign manufacturing facility or participating in an overseas joint venture.
- (a) avoids (b) endures (c) poses (d) stands
- Q4 Licensing also permits U.S. firms to overcome many of the tariff and nontariff barriers that frequently ..... the export of U.S. manufactured products.
- (a) bottle (b) expedite (c) hamper (d) impose
- Q5 Technology licensing can also be used to acquire foreign technology, such as ..... agreements awarding rights to improved technology developed by a licensee.
- (a) back-licensing (b) cross-licensing (c) mutual-licensing (d) reverse-licensing
- Q6 Franchising is also an important form of technology licensing used by many service industries, where the franchisor (licensor) permits the franchisee (licensee) to employ its trademark or service mark in a contractually ..... manner for the marketing of goods or services.
- (a) categorized (b) demanded (c) specified (d) underwritten
- Q7 As a form of 'exporting', technology licensing has certain potential .....: one negative aspect of licensing is that control over the technology is weakened because it has been transferred to an unaffiliated firm.
- (a) breakdowns (b) carryovers (c) drawbacks (d) screwups
- Q8 In considering the licensing of technology, it is important to remember that foreign licensees may attempt to use the licensed technology to manufacture products in direct ..... with the licensor or its other licensees.
- (a) collusion (b) competition (c) compliance (d) cooperation
- Q9 In many instances, U.S. licensors may wish to ..... territorial restrictions on their foreign licensees, depending on U.S. and foreign antitrust laws as well as the licensing laws of the host country.
- (a) compose (b) dispose (c) impose (d) repose
- Q10 Also, U.S. and foreign patent, trademark, and copyright laws can often be used to bar unauthorized sales by foreign licensees, provided that the U.S. licensor has valid patent, trademark, or copyright protection in the United States or the other ..... countries.
- (a) appointed (b) impugned (c) pertinent (d) poignant

*International accounting standards (1)*

- Q1 With the activities and interests of investors, lenders and companies becoming increasingly global, the Securities and Exchange Commission is increasing its involvement in a number of forums to develop a globally accepted, high quality financial reporting .....
- (a) bulwark (b) framework (c) outline (d) scaffold
- Q2 Our efforts, at both a domestic and international level, consistently have been based on the view that the only way to achieve fair, liquid and efficient capital markets worldwide is by providing investors with information that is ....., transparent and reliable.
- (a) commensurate (b) commercial (c) comparable (d) compatible
- Q3 That is why we have pursued a dual objective of upholding the quality of financial reporting domestically, while encouraging ..... towards a high quality global financial reporting structure internationally.
- (a) convention (b) convergence (c) conversion (d) conveyance
- Q4 Over the last two decades, the global financial ..... has undergone a significant transformation.
- (a) landscape (b) panorama (c) prospect (d) scenery
- Q5 These developments have been ....., in part, to dramatic changes in the business and political climates, increasing global competition, the development of more market-based economies, and rapid technological improvements.
- (a) accountable (b) amenable (c) answerable (d) attributable
- Q6 Our efforts to develop a global financial reporting structure have been guided by the ..... principle underlying our system of regulation — pursuing our mandate of investor protection by promoting informed investment decisions through full and fair disclosure.
- (a) bedrock (b) cornerstone (c) keynote (d) landmark
- Q7 In 1988, we issued a policy statement that noted that all securities regulators should work together ....., to create sound international regulatory systems that will enhance the vitality of capital markets.
- (a) definitively (b) desultorily (c) diligently (d) distinctly
- Q8 Currently, issuers wishing to access capital markets in different jurisdictions must comply with the requirements of each jurisdiction, which differ in many .....
- (a) angles (b) respects (c) senses (d) views
- Q9 Throughout this effort, we have been ..... in advocating that capital markets operate most efficiently when investors have access to high quality financial information.
- (a) headstrong (b) heavyhanded (c) singleminded (d) steadfast
- Q10 While the accounting standards used must be high quality, they also must be supported by an infrastructure that ensures that the standards are ..... interpreted and applied, and that issues and problematic practices are identified and resolved in a timely fashion.
- (a) righteously (b) rightfully (c) rigidly (d) rigorously

*International accounting standards (2)*

- Q1 High quality accounting standards are critical ..... the development of a high quality global financial reporting structure.  
(a) of (b) over (c) to (d) under
- Q2 Different accounting traditions have developed around the world in response to varying needs of users for whom the financial information is prepared; in some countries, accounting standards have been ..... primarily by the needs of private creditors, while in other countries the needs of tax authorities or central planners have been the predominant influence.  
(a) drawn (b) shaped (c) sketched (d) written
- Q3 Establishing and maintaining high quality accounting standards are critical to the U.S. approach to regulation of capital markets, which depends on providing high quality information to facilitate ..... investment decisions.  
(a) advised (b) advisory (c) informational (d) informed
- Q4 High quality accounting standards are essential to the efficient functioning of a market economy because decisions about the allocation of capital rely heavily on ..... and understandable financial information.  
(a) accredited (b) credence (c) credible (d) creditable
- Q5 When issuers prepare financial statements using more than one set of accounting standards, they may find it difficult to explain to investors the accuracy of both sets of financial statements if significantly different operating results, financial ..... or cash flow classifications are reported under different standards for the same period.  
(a) decisions (b) operations (c) positions (d) transactions
- Q6 Questions about the believability of an entity's financial reporting are likely where the differences highlight how one approach ..... poor financial performance, lack of profitability, or deteriorating asset quality.  
(a) dwells on (b) masks (c) skims over (d) underscores
- Q7 Also, the audit is an important element of the financial reporting structure because it subjects information in the financial statements to independent and objective ....., increasing the reliability of those financial statements.  
(a) autonomy (b) calumny (c) legality (d) scrutiny
- Q8 Recent events in the United States have highlighted the importance of high quality auditing standards and, at the same time, have ..... questions about the effectiveness of today's audits and the audit process.  
(a) asked (b) assumed (c) mounted (d) raised
- Q9 Audit firms should have a responsibility to ..... to the highest quality auditing practices, on a world-wide basis, to ensure that they are performing effective audits of global companies participating in the international capital markets.  
(a) abide (b) adhere (c) cohere (d) comply
- Q10 Historically, audit firms have developed internal quality control systems based on their domestic operations; however, as clients of audit firms have shifted their focus to global operations, audit firms have followed ..... and now operate on a world-wide basis.  
(a) along (b) practice (c) precedent (d) suit

*Optimal hedging*

- Q1 The article, 'Optimal Hedging and Foreign Exchange Risk', by Nancy Beneda, illustrates the technique of computerized optimization and ..... modeling to manage foreign exchange risk, and the results indicate that a lower level of risk can be achieved, given a specified level of expected hedging cost, from using optimization modeling.
- (a) simulacrum                      (b) simulation                      (c) stimulation                      (d) stimulus
- Q2 The focal point of the technique is its ability to identify optimal combinations of hedging ..... (i.e. futures, options, forward contracts, leaving the position open).
- (a) corridors                      (b) ingredients                      (c) utensils                      (d) vehicles
- Q3 An optimal combination is one which minimizes the ..... of the expected cost of the commodity (i.e. foreign currency), given a desired level of hedging cost.
- (a) variance                      (b) varicosity                      (c) variety                      (d) variousness
- Q4 This paper examines optimal hedging strategies for a ..... position in the Japanese yen/US\$ foreign exchange market.
- (a) long                      (b) post                      (c) set                      (d) vertical
- Q5 In the ..... of this paper, the expected hedging cost is the expected cost of the commodity (i.e. foreign currency) using a specified hedging strategy minus the expected cost of the foreign currency when the position is left open.
- (a) composition                      (b) contents                      (c) context                      (d) course
- Q6 The technique is similar to achieving optimal portfolios: portfolio theory suggests that optimal allocations of ..... of money exist which minimize the standard deviation of the portfolio for any targeted expected return.
- (a) an account                      (b) an asset                      (c) a pool                      (d) a purse
- Q7 The optimization methodology increases the hedger's range of choices, and in this way risk managers will have the information needed to choose the desired level of foreign exchange risk which fits ..... the firm's overall risk strategy.
- (a) in with                      (b) on to                      (c) throughout                      (d) up for
- Q8 Being able to more accurately measure the total risk which a firm faces will result in a better understanding of the extent to which the firm will be able to handle new ..... projects.
- (a) specialized                      (b) specialty                      (c) spectacular                      (d) speculative
- Q9 Risk-return analysis suggests that the amount of gain expected from investing is ..... related to the level of risk incurred.
- (a) absolutely                      (b) affirmatively                      (c) inversely                      (d) positively
- Q10 If this concept is applied to hedging, the more risk a hedger is willing to ....., the more gain potential from favorable market conditions there will be for the hedger, and the lower the expected hedging cost.
- (a) immure                      (b) imply                      (c) incur                      (d) infer

*Top 10 online marketing predictions for 2007*

- Q1 Social networking (like YouTube and MySpace) will get more and more .....; people use specific tools to connect, recommend, rate and communicate within their groups, and for this reason, there are many types of social media now and there will be five times this many by the end of next year.  
 (a) generic (b) neat (c) niche (d) tight
- Q2 ..... campaign websites (initiated by Spent2000.com) will have a purpose; next year will feature more substantial sites, like Philips's ShaveEverywhere, PassportToFlavor from Kettle Foods, and Snakes on a Plane.  
 (a) Bacterial (b) Cyclical (c) Spiral (d) Viral
- Q3 ..... content (which enables customers to co-create with their brands) will be a component on most new websites; ultimately, allowing users to post their stories through text, images and video helps to build community and long-term brand loyalty.  
 (a) User-approved (b) User-friendly (c) User-generated (d) User-sought
- Q4 Email marketers will demand to know more advanced strategies for their email programs by asking questions like these: How does this email ..... in the default settings of the different email environments (AOL, Yahoo, Gmail, Hotmail, etc.)? What content shows up above and below the fold on the email preview?  
 (a) perform (b) present (c) realize (d) render
- Q5 Quality content is more important now than ever before; there is a ..... of content, and it's only going to get more crowded.  
 (a) belly (b) blurb (c) glut (d) gust
- Q6 Most successful companies will become media companies: more and more companies are starting their own blogs, stepping into their customers' shoes and providing them with more industry knowledge and news rather than simply ramming products down their .....  
 (a) screens (b) socks (c) throats (d) tubes
- Q7 The Democrat majority in Congress swings the tide of online marketing: marketers will push the ..... far more aggressively in 2007 now that the fear of death by Republican firing squad has been reduced.  
 (a) bandwagon (b) bubble (c) customer (d) envelope
- Q8 Greater integration of video into all websites; the ShaveEverywhere site proves that the use of video is hugely ..... and effective in converting sales.  
 (a) enchanting (b) engaging (c) entangling (d) enthralling
- Q9 eROI published an email study in early 2006 showing a direct correlation between smaller, more relevant lists and higher open and ..... through rates; updating email content and starting a conversation will be more important as people move toward seeing their inboxes as sacred places that they don't want violated by one-way advertising messages.  
 (a) click (b) flick (c) pick (d) tick
- Q10 Thoughtful, ..... marketing is the biggest winner in 2007: ask your company what one nonprofit they want to support, and throw a lot of energy behind it, and you'll see that your employees, customers, and prospects will help you take this cause, and indirectly your company, to the next level.  
 (a) cause-related (b) effort-related (c) health-related (d) peace-related

*Apple advertising philosophy*

- Q1 It was on September 30, 1997 that Steve Jobs revealed Apple's new marketing strategy, which would entail focusing on Apple's brand; Steve cited Nike commercials that left people with a feeling of physical excellence without ever showing the .....
- (a) ad (b) shoe (c) swish (d) Tiger
- Q2 The problem with Steve's ..... is, of course, that Nike doesn't just advertise with television ads, Nike also sponsors athletes, tons of them.
- (a) anagram (b) analogue (c) analogy (d) anatomy
- Q3 Undoubtedly Apple would have pursued the sponsorship idea, but since people won't willingly watch other people use computers, they were unable to ..... themselves of that option.
- (a) address (b) avail (c) disenchant (d) relieve
- Q4 Apple's strategy may have been mistaken, incomplete or a ..... of genius depending on your perspective.
- (a) blow (b) brand (c) stab (d) stroke
- Q5 In any event, Apple held the ..... for years: if you were to take any particular television ad produced between the date of Steve's speech and the most recent July you'll note that they share a common theme.
- (a) course (b) field (c) ground (d) plot
- Q6 What could a TV spot featuring Einstein, Gandhi, Picasso and a Richard Dreyfuss voiceover have in common with G4 towers surrounded by tanks? — rest assured the common theme is there, but it takes a moment to ..... the thing out.
- (a) badger (b) ferret (c) gopher (d) mole
- Q7 Once it ..... though, it becomes impossible not to notice it in every subsequent ad.
- (a) hits (b) plays (c) runs (d) spots
- Q8 The theme isn't one of some hidden message or even a ..... background but rather something that is omitted: specifically, you never see the Apple products actually working.
- (a) clear (b) cool (c) known (d) shared
- Q9 You'll be treated to spinning Macs, slovenly snails, or silhouettes dancing, but never an actual product doing what it was designed to do: the most ..... example of this is the spot introducing Airport.
- (a) immeasurable (b) incredulous (c) irremediable (d) unfathomable
- Q10 While the technology has become commonplace today it was Apple who first ..... onto the wireless future, yet they never showed Airport operating wirelessly.
- (a) clutched (b) glommed (c) wangled (d) yanked

*Quebec tourism*

- Q1 Between now and 2010 the ..... for growth in international tourism in French Canada appears excellent.  
(a) outcome (b) outlook (c) oversight (d) overview
- Q2 Around the world, international tourist arrivals will ..... from 702 million in 2000 to 1.18 billion in 2010, an increase of 45%.  
(a) accelerate (b) elevate (c) escalate (d) replicate
- Q3 Tourist clienteles travelling to foreign destinations will become increasingly diversified as a result of the emergence of new ..... markets.  
(a) denominator (b) instigator (c) originator (d) stimulator
- Q4 The outlook for domestic tourism is interesting: retirees during this period (especially between 2005 and 2010) will be wealthier than their .....  
(a) precedents (b) precursors (c) predeceasers (d) predecessors
- Q5 Contrary to the past decade, the active population should benefit from more ..... income with a lowering of income tax rates; therefore, people will have more money to travel.  
(a) dispensable (b) dispersible (c) displaceable (d) disposable
- Q6 The increasing number of Canadian retirees will have an impact on travel behaviour, with the emphasis likely to be placed on short trips during the .....  
(a) in-season (b) off-season (c) post-season (d) pre-season
- Q7 Finally, the population of ....., who tend to travel little in Qubec, is growing.  
(a) allophones (b) anglophobes (c) francophiles (d) heliotropes
- Q8 However, competition will continue to be ..... on all markets.  
(a) febrile (b) feral (c) fierce (d) fiery
- Q9 Under the pressure of demographic, social and technological changes, clienteles are becoming diversified and demanding, which is having a major impact on tourism behaviour: interests are multiplying, leading to a rising number of ..... trips and an upsurge in products and activities.  
(a) long (b) group (c) return (d) theme
- Q10 More and more often, tourists are seeking ....., personalized trips that feature better integrated products and services; currently, the most successful businesses are those that organize their products in the form of experiences (for example, cruises).  
(a) immemorial (b) memorable (c) memorial (d) memories

*Business buzzwords: Worst investments*

- Q1 Investment ..... of 2002: the three worst-performing funds of the year — Aberdeen Fund of Investment Trusts, Exeter High Income and Aberdeen Progressive Growth — are all invested in split capital trusts.  
(a) bimbos (b) dodos (c) donkeys (d) turkeys
- Q2 Buying and selling stock rather than looking for dividend income was seen as a new form of entertainment for women in 1720: "Stock-..... is now become so laudable, that many great ladies forsake their tea to go to Change Alley", reported one paper, while another announced that "several great ladies repair into the city, and pawn their jewels to buy South Sea".  
(a) floating (b) jobbing (c) passing (d) trebling
- Q3 In its effort to thwart the takeover attempts of Campeau Corp., FDS unveiled a restructuring plan to sell off its discount chain and other non-department store assets; the retailer said it may also seek a 'white .....' by issuing new preferred stock with a value of 15 percent of total outstanding shares in the company.  
(a) horse (b) knight (c) squire (d) unicorn
- Q4 On one side, double-..... offer fund-of-fund vehicles for hedge fund investors and on the flip side they offer contract marketing agreements on the hedge fund side, so it is possible for them to not only make money from their own investors but also clip a marketing fee for putting their fund-of-funds investment with a manager in any given strategy.  
(a) dealers (b) dippers (c) teasers (d) troublers
- Q5 Most specialty drug companies obtain product rights only for one or two national markets and so cannot fund clinical development and sales expansion by sub-licensing or partnering; they must sell equity to finance 100% of development & marketing costs, resulting in highly ..... founders and lower returns for all their investors.  
(a) depressed (b) diluted (c) disillusioned (d) distraught
- Q6 Instead of benefitting the company, the defendants have saddled it with a risky and costly share repurchase program, in order to dispose of its cash and make it less attractive to potential buyers; the plan was designed as a defensive barrier akin to a '.....', decreasing the likelihood of any potential acquirer making an offer for the company.  
(a) bear trap (b) brick wall (c) cellar door (d) suicide pill
- Q7 The ICF is a new private-public partnership, focused on improving the continent's investment .....; our mission is to make Africa an even better place to do business, by removing obstacles to domestic and foreign investment and by promoting Africa as an attractive investment destination.  
(a) attraction (b) climate (c) pool (d) status
- Q8 Since 2000, Market Harmonics has been dedicated to giving traders and investors an edge through an understanding of what truly drives markets — investor psychology; in the research area, we have specialized in tracking market ..... as the key to successful and profitable trading.  
(a) intuition (b) logic (c) nostalgia (d) sentiment
- Q9 IRC has agreed to pay \$37.4 million to acquire a sliding-scale NSR royalty on the Pascua Lama gold project, expected to become Barrick's third largest gold operation; the acquisition is expected to provide significant growth in cash flow, and by having the world's largest gold producer as its operator, long life and low cash costs, this is truly a ..... asset.  
(a) marquee (b) mezzanine (c) Midas (d) midwife
- Q10 Back in the far off days of the early 1980's the general view was that, when battered by a financial market ....., investor risk-aversion increased and that it tended to take about a decade for the pain experienced from severe financial loss to ebb.  
(a) collapse (b) crash (c) depression (d) recession

*Business buzzwords: Penny stock*

- Q1 A small group of speculators will accumulate a large number of shares in a penny stock, and once their positions are in place, they will release positive financial ..... — news so unexpected and titillating it can drastically affect people's perception of the stock; the intent is to get small time investors to start trading irrationally.  
 (a) fiction (b) gossip (c) noise (d) porn
- Q2 We are downgrading Brady Corp. to ..... perform from outperform, as we believe the issues the company is facing in its OEM business may take several quarters to resolve, which will likely limit stock appreciation until visibility improves.  
 (a) lukewarm (b) market (c) neutral (d) under
- Q3 When she hears stirrings of a corporate takeover by the family's archrival, North Grayhawk, Jocelyn heads to North's ranch to offer a valuable commodity — herself — if he will call off his plans: "He's the man my shark ..... says is our anonymous corporate raider," she explained.  
 (a) baiter (b) fighter (c) repeller (d) watcher
- Q4 To many, perhaps most, observers of today's legal scene, a 'white .....' law firm is nothing more than a large, prominent firm serving a primarily corporate clientele; but those who entered the profession before the 1980s can remember a time when there were those firms and there were the Jewish firms, and the former worked to keep it that way.  
 (a) collar (b) shirt (c) shoe (d) tie
- Q5 When you 'pay ..... first', you send 10% of your paycheck (your take-home pay) to a separate account before you have a chance to spend it; combined with your tax-deferred savings, this monthly contribution to your long-term savings will make you wealthy over time.  
 (a) your bills (b) your dues (c) yourself (d) yours truly
- Q6 Stop ..... is a practice by traders and/or market makers whereby they move prices intentionally to hit a specific level in order to trigger the stop orders they know are piled up there; the reason for doing so is to be able to take the other side of those trades and profit by the short-term move the flurry of activity creates.  
 (a) fishing (b) hunting (c) preying (d) stalking
- Q7 This is a good place to start if your company isn't one of the elite investment banks that pay their top traders to attend; this information is critical to trading success, and if you want to make a ..... a year (\$US1million in trading terms) you better start here.  
 (a) buck (b) clam (c) note (d) skin
- Q8 Any 'stock .....' is subject to detailed fundamental analysis using a framework based on four key factors of quality, value, growth and change; if detailed analysis demonstrates the opportunity for a stock to achieve a significant return, it becomes a conviction recommendation and is swiftly communicated to product managers for consideration in portfolios.  
 (a) idea (b) plan (c) scheme (d) thought
- Q9 At a time when your career is reaching a peak and you are looking ahead to your own retirement, you may find yourself in the position of having to help your children with college expenses while at the same time looking after the needs of your aging parents: squeezed in the middle, you've joined the ranks of the '..... generation'.  
 (a) hourglass (b) sandwich (c) sponge (d) toothpaste
- Q10 The Rule of ..... is a rule whereby the sum of the inflation rate and the P/E ratio of the Dow Jones Industrial Average is an indicator of the direction of the stock market.  
 (a) 18 (b) 72 (c) 144 (d) 147

*Business buzzwords: Stale inventory*

- Q1 Some companies allow inventory to become stale through product obsolescence or inattention; it sits on balance sheets, consumes capital to maintain, and is unattractive to potential buyers, and analysts get a good picture of ..... accounting when inventory turns are slowing over time and consistently below industry averages.  
(a) FAIL (b) FIFO (c) FISH (d) FLOP
- Q2 For widely held, publicly traded firms, dividends are taken as a signal that the firm is financially healthy; but this 'signaling .....' is not applicable to closely held firms, where communication between management and shareholders is more direct and signals are not required.  
(a) approach (b) method (c) strategy (d) tactic
- Q3 New brokers got the desks nearest the noise of the quote board, but as a broker gained experience and stature he got to move further away from the board; most brokers moved out of the ..... to a private office when they had enough experience and customers to justify the move to management.  
(a) bear garden (b) bear pit (c) bullpen (d) bullring
- Q4 Should the U.S. stock market rally falter, some analysts may try to blame it on the ..... spread, which measures the gap between the prices of U.S. Treasury bills and Eurodollar deposits; this has lately been at its lowest level ever, and that, to some, is an ill omen for interest rates and share prices.  
(a) TBED (b) TED (c) TRED (d) USED
- Q5 Apple is in the .....: Apple Computer is riding a wave that shows no sign of breaking; on March 6, the Cupertino, CA-based computer pioneer celebrated its highest stock price in over three years, buoyed by the popularity of Apple's iPod portable music player and the company's iTunes downloadable music service.  
(a) black (b) green (c) pink (d) red
- Q6 Missouri's commitment to openness in government is clearly stated in Section 610.011 of the ..... Law: "It is the public policy of this state that meetings, records, votes, actions, and deliberations of public governmental bodies be open to the public unless otherwise provided by law."  
(a) Open Door (b) Show Me (c) Sunshine (d) Transparency
- Q7 Ours is an era when huge increases in home values and stock prices make people feel richer and cause them to buy more; they spend more of their regular incomes, borrow more or sell something, most likely stocks, so you can imagine this 'wealth .....' as a powerful afterburner that's boosted the economy for roughly 20 years.  
(a) driver (b) effect (c) engine (d) result
- Q8 Inventory ....., a combination of employee theft, shoplifting, vendor fraud and administrative error, cost United States retailers over \$31 billion last year according to the latest National Retail Security Survey report on retail theft, which analyzed theft incidents from 118 of the largest U.S. retail chains.  
(a) arbitrage (b) drainage (c) shrinkage (d) triage
- Q9 In the London equities markets, both the FTSE 100 and the FTSE 250 finished both the day and the week on a positive note; volume was a very high 4.1 billion shares traded, explained by a double ..... hour in which both stock options and index futures on the main index expired.  
(a) dealing (b) dying (c) witching (d) wrapping
- Q10 With the SMTP forwarding feature, Fetchmail pulled far enough in front of the competition to potentially become a ..... killer, one of those classic programs that fills its niche so competently that the alternatives are not just discarded but almost forgotten.  
(a) category (b) class (c) slot (d) spot

*Business buzzwords: 2007 market decline*

- Q1 The market decline on Tuesday, February 27th, 2007, was triggered by the 'Shanghai .....', a steep fall in stock prices on China's Shanghai market, which triggered big declines in other stock markets around the world.  
(a) Snarl (b) Sneeze (c) Sniffle (d) Snort
- Q2 Style ..... is a serious problem for clients because it distorts asset allocation and undermines performance when styles rotate; value managers who have slowly changed over the past three years toward more favored growth stocks are regretting those moves, but not as much as their clients.  
(a) drift (b) shift (c) tack (d) track
- Q3 On a recent Friday, the foreign currencies and exchange floor looked like a large frat party without beer: runners in yellow jackets gave each other backrubs, frisked each others' pockets for bid cards, and flung waste paper aside while traders flung themselves around the ....., conducting their business by the time-honored means of 'open outcry.'  
(a) dais (b) ditch (c) pit (d) stage
- Q4 Traders often times will adopt a simple buy low, sell high' range bound approach, but when we strive to pick the next major top or bottom, we may encounter a fairly frustrating event: our trade is stopped ..... as the market continues to slightly new highs or lows.  
(a) down (b) out (c) over (d) up
- Q5 China has just announced that it is going to come off the dollar peg currency arrangement, but in fact this is a very ..... float, since the trading price of the US dollar against the renminbi will now float within a trading band of plus or minus 0.3 per cent, while the band of other currencies against the renminbi will be set by the central bank.  
(a) dirty (b) flabby (c) mangy (d) sleazy
- Q6 The appropriate procedure in evaluating returns adjusted for risk is to subtract from a fund's return the risk-..... return (here taken as the return on United States government money market funds), and to divide the surplus return by the fund's beta, the measure of risk.  
(a) base (b) free (c) rule (d) run
- Q7 Many start-up companies issue stock warrants or options under one of two scenarios: (1) as a ..... to induce potential investors to purchase stock in an offering or (2) as compensation for executives, directors or other service providers; when these situations are distinct, the tax treatment is very straightforward.  
(a) carrot (b) hook (c) magnet (d) sweetener
- Q8 When he was a U.S. attorney, Rudolph Giuliani is credited with patenting the ..... walk for white-collar defendants: when three prominent Wall Street traders and bankers were accused of insider trading, Giuliani had the defendants arrested at their offices, handcuffed and escorted from the building to a mob of press that had been previously alerted.  
(a) cake (b) coke (c) perp (d) prep
- Q9 The markets that consistently show the largest amounts of inefficiency are the dollar-pound-yen, dollar-mark-yen, and dollar-yen-franc markets; inefficiencies in ..... arbitrage imply that risk-free profitable opportunities exist, and attentive traders can take advantage of these.  
(a) forex (b) market (c) swap (d) triangular
- Q10 Energy exchanges offer ..... spreads as futures, where both legs of the combination (crude oil and an oil product) can be traded in one single transaction; these derivatives help refineries to offset or manage their risks, but investors can also use these instruments.  
(a) crack (b) petro (c) sandwich (d) split

*Business buzzwords: Lost horizons*

- Q1 An investor with a short horizon should buy stocks in ..... markets, thus chasing general trends; an investor with a long horizon should reduce her commitment to stocks in the same markets.  
(a) bear (b) bull (c) thick (d) thin
- Q2 Markets are full of ..... dogs — stocks of unprofitable companies that at some point fly through the roof, defying gravity: each dog has its day in the sun before reality sets in.  
(a) cats and (b) reservoir (c) seeing eye (d) sleeping
- Q3 Marty Lipton and Joseph Flom's first big tender fight was the \$84 million Colt (Flom) takeover of Garlock (Lipton), where the term 'Saturday Night .....' was coined to describe Colt's lightning raid.  
(a) Fever (b) Live (c) Poker (d) Special
- Q4 With regard to the share transfer document, if the handwriting expert opinion is accepted, it would show that Kokabi was a ..... shareholder, who was used to secure the allocation of a school plot to a company controlled by Parastaran which would otherwise not have qualified to be allocated.  
(a) dumbbell (b) dumbo (c) dumdum (d) dummy
- Q5 In a troublesome stock market, many investors seek out something that gives them confidence that a stock will pay off big over the next five or 10 years, allowing them to ignore the bumps and bruises that might come over the short run; typically, these kinds of ..... stocks have glowing potential, but some things that glow could be radioactive.  
(a) holy (b) rosy (c) story (d) sunny
- Q6 Despite all the hand-wringing about the dangers of hedge funds, regulators have been reluctant to clamp down; the President's Working Group said that concerns about hedge funds' impact on average investors "can be best addressed through sound practices on the part of the fiduciaries that manage such vehicles." — in other words, .....  
(a) caveat emptor (b) non compos mentis (c) non sequitur (d) sine qua non
- Q7 Rather than quoting a specific price, a fast ..... will give a range of prices for an investment marked by the word 'fast' to indicate that the market is moving rapidly.  
(a) board (b) pit (c) ring (d) tape
- Q8 The leading ..... bracket banks are US firms Goldman Sachs, Morgan Stanley Dean Witter and Merrill Lynch; these three are regarded as being in a super league of their own, because of the scale and quality of their work across the full range of investment banking business sectors and geographical regions.  
(a) blue (b) bulge (c) whopper (d) world
- Q9 Much controversy surrounds the question of whether the victim of a breach of contract may seek, as an alternative to the claim for damages, the remedy of ..... of the profits secured through breach by its perpetrator.  
(a) disengagement (b) disfigurement (c) disgorgement (d) distribution
- Q10 Wall Street heads toward Christmas sitting on healthy gains for 2006 after another solid week, and some analysts say the so-called Santa Claus ..... may not be over yet: the blue-chip Dow Jones Industrial Average vaulted to a new all-time closing high Friday of 12,445.52 with a weekly gain of 1.12 percent.  
(a) rally (b) reaction (c) recovery (d) revival

*Business buzzwords: Platinum blonde*

- Q1 By the 1930s, platinum blonde hair was in vogue, and actresses Marian Davies and Jean Harlow personified the look of the early 1930s; oddly, hemlines went down again after the Stock Market Crash of 1929, helping to create the ..... theory of economics.  
 (a) Charleston (b) flapper (c) haut couture (d) skirt length
- Q2 A ..... attack succeeds when a user is tricked into forming an inaccurate mental model of an online interaction and thus takes actions that have effects contrary to the user's intentions.  
 (a) flack (b) phishing (c) stealth (d) terrorist
- Q3 'The Mail on Sunday' called Andy Gilchrist, the fire union leader, a 'fat .....' for his 82,000 salary, but its editor-in-chief, Paul Dacre, receives a basic yearly salary of 690,000 — so who's fat?  
 (a) boy (b) cat (c) head (d) slob
- Q4 The Companies Act defines '..... equity shares' as equity shares issued by the company to employees or directors at a discount or for consideration other than cash for providing know-how or making available rights in the nature of intellectual property rights or value additions.  
 (a) staff (b) stiff (c) sweat (d) sweet
- Q5 A European-type payer ..... gives the owner the right to enter a swap at a predetermined fixed rate, where s/he pays the fixed leg of the contract and receives the floating leg, i.e. the Libor rate, at the expiration (maturity) of the option.  
 (a) fixation (b) floption (c) legation (d) swaption
- Q6 Dell bucked the upward trend in hardware manufacturers by closing lower; like Apple and Gateway, the company saw ..... initiated by Needham & Co. though the Austin, Tx. based company was rated a 'Hold', which is a somewhat negative rating.  
 (a) analysis (b) assessment (c) coverage (d) evaluation
- Q7 Stock prices used to have a fractional component, which was generally quoted in sixteenths of a dollar (called a ..... by stock market insiders), but there are no major stock markets that trade in sixteenths nowadays — The NYSE converted to the decimal system on January 29, 2001.  
 (a) cent (b) chipper (c) sextile (d) teenie
- Q8 The report filed with the SEC added details of the 'corporate .....' Black and Radler created at Hollinger: it said they treated the company as a 'piggybank' and fashion accessory, with Black using the prestige of the newspapers to gain access to the wealthy, powerful and royal.  
 (a) execracy (b) hypocrisy (c) kleptocracy (d) monarchy
- Q9 ..... is based on an assumption that most stocks will complete the first stage of a movement; some of the stocks will cease to advance and others will continue, and the dealer intends to take as many small profits as possible, not allowing them to evaporate.  
 (a) Scalping (b) Scraping (c) Skimming (d) Skimping
- Q10 It was agreed that in response to the clamor of the outside public, Daniel Drew was to be officially ousted, and a ..... director put in his place, while he remained in actual charge of their mutual affairs; this was done at the stockholders' meeting of October 18, 1867.  
 (a) cardboard (b) dummy (c) facade (d) phony

*Business buzzwords: Odd auction*

- Q1 ..... auction is characterized by its decreasing price mechanism: the auction starts at a relatively high price and repeatedly decreases the price until a bid is announced by one of the auction participants; the auction is then terminated and the bidder wins the auction.  
 (a) A Dutch (b) An Irish (c) A Jewish (d) A Scottish
- Q2 ..... workers were your company's onetime peak performers who left your employ for advancement opportunities elsewhere, for more salary or other reasons; with the scarcity of qualified workers, workplace demographics are putting pressure on companies to woo these former workers back.  
 (a) Boomerang (b) Pendulum (c) Seesaw (d) Yo-yo
- Q3 ..... is the hobby of collecting scrip such as securities, documents and ephemera issued by firms and governments in the past; usually these securities have no value as financial claims, though they may have considerable value for their artistic merit or historical interest.  
 (a) Scripbundling (b) Scripomania (c) Scripophily (d) Scripping
- Q4 Futures traders frequently manipulated prices: from the end of the Civil War until 1879, ..... (control of enough of the available supply of a commodity to manipulate its price) allegedly occurred with varying success in wheat (1878/9), corn (1868), oats (1874), rye (1868) and pork (1868).  
 (a) caches (b) corners (c) stockpiles (d) warehouses
- Q5 Each quarter, the NYSE publishes circuit ..... levels at 10 and 20-percent of the average value of the Dow from the prior month: if the market drops beyond these points, trading is stopped for a specified time based on the time of day when the drop occurred.  
 (a) bender (b) breaker (c) shorter (d) switcher
- Q6 A ..... bond is a bond that is not denominated in yen and is issued in any market by a Japanese financial institution; this type of bond is often bought by Japanese institutional investors.  
 (a) samurai (b) shibosai (c) shogun (d) sushi
- Q7 The investing method known as the ..... of the Dow, is simply to buy equal dollar amounts of the ten Dow stocks with the highest yield and hold them for one year; for the last 25 years, this canine approach has compounded at an annual rate of 18%, beating the market (15%) soundly.  
 (a) Dogs (b) Fangs (c) Teeth (d) Wolves
- Q8 The SEC has accused the former CFO of Lantronix Inc. of engaging in a scheme to overstate financial results for personal gain through artificially boosting sales by offering distributors special terms to induce them to purchase more product than they needed, which is called channel .....  
 (a) changing (b) dredging (c) flooding (d) stuffing
- Q9 GM has terminated customer leases of the EV-1 high-tech vehicle and sent the cars to the crusher, and it has waged its ..... earth policy against a technological threat before: in the 1940s, it bought out the electric street car industry and burned all the cars so it could replace them with diesel buses.  
 (a) scorched (b) scratched (c) seared (d) serrated
- Q10 The survivorship ..... problem has increased in recent years as mutual fund families try to bury poor performance; in 1998 alone, 387 stock and bond funds were merged out of existence, an increase of 43% over the previous year.  
 (a) bent (b) bias (c) scam (d) slant

*Business buzzwords: Taking delivery*

- Q1 When used of deliveries on futures contracts, the term '..... hands' usually means that the receiving party will probably take delivery and retain ownership of the commodity; when speaking of futures positions, the term usually means positions held by trade interests or well-financed speculators.  
(a) large (b) long (c) open (d) strong
- Q2 ..... option is an option that has the ability to change its structure, should certain pre-determined terms of the contract be met: an example would be a put option that automatically changes into an identical call option after the price of the underlying exceeds a certain price.  
(a) A catalyst (b) A chameleon (c) An ambivalent (d) An isotope
- Q3 Normally, a firm's earnings and dividends grow at some constant rate forever; one category of nonconstant growth stock is ..... growth stock, which has one or more years of growth above that of the economy as a whole, but at some point the growth rate will fall to the normal rate.  
(a) an extraordinary (b) an outperforming (c) an overachiever (d) a supernormal
- Q4 ..... securities are those held by an affiliate of the issuing company — a person, such as a director or large shareholder, who has the power to direct the management and policies of the company in question, whether through the ownership of voting securities, by contract, or otherwise.  
(a) Control (b) Majority (c) Restrictive (d) Super
- Q5 In less than 40 years, the ..... economies together could be larger than the G6; by 2025 they could account for over half the size of the G6, though their growth may slow significantly toward the end of the period, with only India seeing growth rates significantly above 3% by 2050.  
(a) BIRCs (b) BRICs (c) CIRBs (d) CRIBs
- Q6 When Enron ..... the books, there were rightly no end of indignant columns and talk shows condemning these high-paid fraudsters who massaged the numbers to fit their agenda and bolster their bank accounts.  
(a) boiled (b) cooked (c) jockeyed (d) shuffled
- Q7 A prestigious ..... on the New York Stock Exchange is plummeting in value, and industry experts blame the decline on slower volume on the exchange, which shrinks fees, as well as thinner spreads between bid-and-ask prices for stocks traded.  
(a) bench (b) floor (c) pit (d) seat
- Q8 ..... involves pooling and structuring predictable cash flows, derived from the transfer and sale of assets, to an entity that is 'bankruptcy remote'; among other benefits, this is an efficient source of off-balance-sheet financing.  
(a) Capitalization (b) Centralization (c) Securitization (d) Synchronization
- Q9 This \$1,000 compromise undermines the principle of campaign finance reform and is awkward to implement: it leads to a situation using dollars to chase ....., because significant staff resources are used to try to verify that corporate subsidiaries, for example, are not being used to violate the \$1,000 rule.  
(a) dimes (b) nickels (c) pennies (d) quarters
- Q10 The SEC alleged that George Motz, the President of MFA, engaged in fraudulent trade allocation or '.....': Motz allegedly unfairly allocated trades that had appreciated in value to MFA's proprietary trading account and allocated purchases that had depreciated in value to the accounts of his advisory clients.  
(a) apple-picking (b) cherry-picking (c) peach-picking (d) plum-picking

*Business buzzwords: Listed for destruction*

- Q1 With the approval of the SEC, the DTCC will be taking the first steps of a multi-year initiative to eliminate non-transferable certificates and help lower expenses for holding such certificates in custody; once an issue is listed for destruction, DTC said it would ..... all activity on that issue.  
 (a) cease (b) chill (c) freeze (d) gel
- Q2 ..... stripping is a type of predatory lending brought on by the housing boom: as housing prices and property taxes skyrocket, many homeowners are forced into default; the stripper, in one way or another, satisfies the loan and usually takes the title.  
 (a) Equity (b) Mortgage (c) Property (d) Wallet
- Q3 The Minister of Finance pays the Royal Canadian Mint to produce and distribute all coins; it costs the Mint about 12 cents to produce and distribute a dollar coin, which generates for the government approximately 88 cents in ..... on each \$1 coin sold to financial institutions at face value.  
 (a) emoluments (b) numismatics (c) remuneration (d) seigniorage
- Q4 Reminiscent of the 'Asian .....' triggered by Thailand in 1997, which became a full-blown financial crisis, other Asian stock indices reacted to the Thai news with sharp falls on Tuesday: the Bombay Stock Exchange's Sensitive Index dropped 2.5% and Indonesia's Jakarta Composite Index lost 2.9%.  
 (a) contagion (b) domino (c) epidemic (d) plague
- Q5 Yoshiaki Murakami flouted convention once again by launching a hostile takeover bid against Shoei Co., a little-known electronics and real estate company; this ..... Knight, who heads his own M&A consulting firm, MAC Corp., lambasted Shoei's managers for the company's sluggish stock price.  
 (a) Black (b) Grey (c) White (d) Yellow
- Q6 These organizations may award ..... capital for especially promising projects that meet their guidelines: this money can be used for initial investment in a project or startup company, for proof-of-concept, market research or initial product development.  
 (a) birth (b) egg (c) growth (d) seed
- Q7 For a company, being '.....' means that it is of high enough quality to have the respect of the financial district; although individuals are the ones who come to eventually own companies, a company must first impress the investment bankers and those on Wall Street to make it to the market.  
 (a) marketable (b) stockable (c) streetable (d) wallable
- Q8 A ..... is a situation in which two events or actions have the effect of nullifying each other; in terms of investment, this could be when the gains in a portfolio equal the losses.  
 (a) deadend (b) stalemate (c) tie (d) wash
- Q9 ..... companies build and sell or lease commercial real-estate, software, or applications for wide-scale commercial use; they are also referred to as business-to-business (B2B) companies.  
 (a) Biz-con (b) Com-dev (c) Con-biz (d) Dev-com
- Q10 Joe invests in XYZ Corp. because the stock is undervalued; it doubles in price in two months, but Joe holds on to the whole investment, hoping it will double again in the next two months, instead of selling a portion to realize a gain — Joe is a ..... investor because he is greedy for huge gains and allows his greed to supersede his original investment strategy.  
 (a) bullish (b) piggish (c) sheepish (d) swinish

*Business buzzwords: The best valuator*

- Q1 We believe that owner/managers are the best valuers of their business, so when one is willing to trigger a ..... clause, the best indication of value has been given — an insider has declared his price, and we're ready to respond quickly: we can close transactions in less than 5 days of first making contact.  
 (a) beartrap (b) buyout (c) shotgun (d) suicide
- Q2 Moral ..... is the risk that the presence of a contract will affect on the behavior of one or more parties; the classic example is in the insurance industry, where coverage against a loss might increase the risk-taking behavior of the insured.  
 (a) endangerment (b) hazard (c) jeopardy (d) peril
- Q3 ..... Processing (STP), a solution that automates the end-to-end processing of transactions for all financial instruments from initiation to resolution, is set to revolutionize the financial industry; it will streamline back office activities, leading to reduced failures, lower risks, and significantly lower costs per transaction.  
 (a) Safe Tape (b) Short Transfer (c) Single Time (d) Straight Through
- Q4 To complain about abusive ..... callers, write down the name of the caller, the name of the firm, the date and time of the call or calls, what the caller said to you, and what you said to the caller; you can send your complaint to either the SEC or your state's securities regulator.  
 (a) cold (b) crank (c) joke (d) junk
- Q5 A market dominated by program trading offers lots of sharp, short-term volatility but not much in the way of long-term direction, and the short ..... is well-suited to this kind of volatility, resting as it does on reading the bets that short sellers are making that specific stocks will fall and then buying the very stocks that the shorts are selling.  
 (a) squeak (b) squeeze (c) squelch (d) squint
- Q6 The two greatest traders that ever lived, Bertram J. Seligman and Jesse Livermore, taught that a successful manipulation must always be in the direction that the market wants to take; any other manipulation not only fails, but will also create a ..... market that goes further in the direction of its intention than it would have gone in the first place.  
 (a) coiled (b) rebound (c) sprung (d) wound
- Q7 When a market order arrives, the NYSE specialist can offer a price one tick better than the limit orders on the book and trade for his own account; alternatively, the specialist can '.....' the market order, which means he guarantees execution at the current quote but provides the possibility of price improvement.  
 (a) mark (b) match (c) stall (d) stop
- Q8 Commodity markets are beginning to show early signs of inflationary trends: the Producer Price Index for October showed the largest gain in 22 months, and in addition to the ..... in producer prices, the Commodity Research Bureau Index (CRB) has surged 11% since July.  
 (a) balloon (b) bloat (c) bubble (d) bulge
- Q9 Prudential's new chief executive Mark Tucker is to receive a ..... hello of almost 500,000; Tucker, who was poached from his position as finance director at retail bank HBOS earlier this year, will be paid a special guaranteed bonus of 475,000, which the Prudential declared is a 'one-off'.  
 (a) golden (b) hearty (c) hefty (d) mellow
- Q10 The three traders were accused of the long-forbidden practice of '.....', where a broker takes a customer's order to buy or sell soybeans or other commodities but, instead of making the transaction on the open market, the trader arranges a private rigged deal that can bring him an illegal profit.  
 (a) backstabbing (b) barricading (c) browbeating (d) bucketing

*Science and marketing (1)*

- Q1 Gitte Meyer of the Copenhagen Business School notes that during the past decades, swarms of scientists from a wide range of fields have migrated from their ..... and descended onto the marketplace, adapting themselves to marketing practices in the process.
- (a) ivory towers                      (b) leaning towers                      (c) towering infernos                      (d) towers of Babel
- Q2 With surprising ease, science journalism seems to be adapting too; penduling comfortably between old-fashioned enlightenment, aimed at promoting science as a ....., and PR exercises, aimed at selling science on behalf of private interests.
- (a) common good                      (b) common ground                      (c) commonplace                      (d) commonwealth
- Q3 This development provides ..... for thought in more than one sense.
- (a) food                      (b) grist                      (c) meal                      (d) meat
- Q4 In one respect, it prompts a critical question regarding conventional science journalism, marked by a lack of distinction ..... science popularization: does this kind of science writing in fact differ significantly from marketing practices?
- (a) in lieu of                      (b) per se                      (c) versus                      (d) vis-vis
- Q5 At first ..... at least, there does not appear to be a big difference — if any at all — between promoting and selling.
- (a) glance                      (b) glare                      (c) glimpse                      (d) glint
- Q6 Moreover, it prompts ..... on what kind of practices journalists, who are committed to enlightenment ideals about the rule of reason — ambiguous as those ideals are — should pursue in modern societies in order to keep the ideals alive.
- (a) deflection                      (b) dejection                      (c) reflection                      (d) rejection
- Q7 Should they ..... to conventions and simply continue to promote or to sell science?
- (a) bond                      (b) clasp                      (c) fix                      (d) stick
- Q8 Or should they acknowledge that to promote what is seen, navelly perhaps, but nevertheless as a general benefit, is a far ..... from selling the same thing, in much the same way, on behalf of vested interests?
- (a) cry                      (b) shout                      (c) sight                      (d) view
- Q9 The fundamental convention of science journalism is the convention of science transmission; that is, the ..... that journalists should relate to science by way of transporting scientific facts from scientists to a lay public for consumption.
- (a) constriction                      (b) contradiction                      (c) prediction                      (d) prescription
- Q10 The convention also contains the ..... that journalists should not interfere in any way with the scientific facts.
- (a) permutation                      (b) predilection                      (c) promulgation                      (d) proscription

*Science and marketing (2)*

- Q1 Gitte Meyer of the Danish Centre for Bioethics explains that the fundamental convention of science journalism is that of science transmission; science journalists should not concern themselves with questions of knowledge; reflection on such questions should be strictly confined within the scientific .....
- (a) community                      (b) enclave                      (c) faction                      (d) method
- Q2 From this description, it is fairly easy to spot what is similar between the convention and marketing: neither allows for sceptical and critical questions to be .....
- (a) posed                      (b) posited                      (c) positioned                      (d) posted
- Q3 The convention may be seen as an ..... to an old, unwritten contract between science and society.
- (a) affix                      (b) annal                      (c) annex                      (d) apex
- Q4 That is, the at the same time ..... and pragmatic agreement that science was a valuable part of society by not being part of society: science was agreed to be, somehow, situated outside society.
- (a) diabolical                      (b) incongruous                      (c) oxymoronic                      (d) paradoxical
- Q5 Residing in a remote spot, supposed to be above moral disagreement and conflicts of ....., science was expected to produce 'pure' knowledge, and this knowledge everybody could rely upon — exactly because it was understood to be disconnected from society.
- (a) interest                      (b) opinion                      (c) politicians                      (d) warfare
- Q6 ..... of information had, however, to be established in order for the rest of society to share in the pure light of science; scientific results, thus, had to be transmitted, by scientists themselves, or by journalists.
- (a) Lines                      (b) Nets                      (c) Threads                      (d) Webs
- Q7 In the early 18th century, science was energetically promoted amongst the public: in London's ..... houses, lecturers offered demonstrations with globes, orreries and other instruments displaying the marvels of the clockwork universe, while performing chemical, magnetic, and electrical experiments.
- (a) coffee                      (b) port                      (c) sherry                      (d) tea
- Q8 In the spring of 1713, Newton's protg William Whiston was holding ..... on mathematics and science at both Douglas's in St. Martin's Lane and at the Marine near the Royal Exchange.
- (a) class                      (b) court                      (c) fast                      (d) forth
- Q9 In the journal 'The Spectator', Joseph Addison and Richard Steele in 1711 foresaw with delight those times "when Knowledge, instead of being ..... up in Books, and kept in Libraries and retirement, is thus obtruded upon the Publick; when it is canvassed in every Assembly, and exposed upon every Table."
- (a) bound                      (b) covered                      (c) sealed                      (d) tied
- Q10 So the convention and the practice of science transmission has quite a long history; it has been motivated by aims of 'pure' enlightenment and of spreading the ..... of the scientific worldview, but probably it has always been a mixed-purpose enterprise.
- (a) gospel                      (b) gossip                      (c) grant                      (d) grasp

*Science and marketing (3)*

- Q1 To a varying degree the convention and the practice of science transmission has been motivated by aims of promoting and providing support for individual scientists, or by straightforward marketing aims — mirroring the fact that the attitude of science towards the marketplace always was one of .....
- (a) ambidexterity                      (b) ambience                      (c) ambition                      (d) ambivalence
- Q2 In the 1940s, Robert K. Merton, the American sociologist, described the values of science in this way: "Four sets of institutional imperatives — universalism, communism, disinterestedness, organized scepticism — comprise the ..... of modern science."
- (a) ethane                      (b) ether                      (c) ethnics                      (d) ethos
- Q3 By 'communism' he meant that scientific knowledge was regarded as common .....
- (a) ground                      (b) knowledge                      (c) property                      (d) sense
- Q4 He remarked that "the institutional conception of science as part of the public domain is linked with the imperative for communication of findings; secrecy is the ..... of this norm; full and open communication its enactment."
- (a) antecedent                      (b) anterior                      (c) antipathy                      (d) antithesis
- Q5 Thus, clashes between ideals about knowledge as a common good on the one hand and knowledge as an instrument and as the private property of ..... interests on the other hand is not a new phenomenon.
- (a) divested                      (b) invested                      (c) reinvested                      (d) vested
- Q6 The case can, indeed, be made that modern science was born with a ..... of being connected to and alienated from the market-place at the same time.
- (a) chasm                      (b) cleavage                      (c) schism                      (d) selvage
- Q7 H. Butterfield refers to the end of the 17th century when stating: "The passion to extend the scientific method to every branch of thought was at least equalled by the passion to make science serve the ..... of industry and agriculture, and it was accompanied by a sort of technological fervour".
- (a) case                      (b) cause                      (c) plate                      (d) plight
- Q8 Francis Bacon always laid stress on the immense utilitarian possibilities of science, and it is difficult to separate the interest shown in pure scientific truth from the curiosity in respect of useful inventions on the one part, or the inclination to ..... in fables and freakishness on the other.
- (a) dabble                      (b) dabble                      (c) double                      (d) dribble
- Q9 A ..... conclusion from this brief discussion would be that ambiguity towards marketing is inherent to the convention of science transmission in the same way as ambiguity towards the marketplace is inherent to science.
- (a) tentative                      (b) tenuous                      (c) torturous                      (d) tortuous
- Q10 The convention is a product of ideals about knowledge as a common good, but it encompasses, at the same time, the complicated relationship between science and private interests in the marketplace; it was, so to speak, ..... with frustrations regarding the issue of public and private interests in relation to knowledge.
- (a) bad to the bone                      (b) born and bred                      (c) cast in stone                      (d) cradle to grave

*Group influences on the consumer*

- Q1 Dr. Lars Perner of the Marshall School of Business reminds us that humans are ..... social animals, and individuals greatly influence each other.  
(a) incorrigibly (b) incredulously (c) inevitably (d) inherently
- Q2 A useful framework of analysis of group influence on the individual is the so-called 'reference group' — the term comes ..... because an individual uses a relevant group as a standard against which oneself is compared.  
(a) about (b) from (c) out (d) up
- Q3 Reference groups come in several different forms: the ..... reference group refers to those others against whom one would like to compare oneself; for example, many firms use athletes as spokespeople, and these represent what many people would ideally like to be.  
(a) aspirational (b) deferential (c) experiential (d) potential
- Q4 ..... reference groups include people who more realistically represent the individuals' current equals or near-equals — e.g., coworkers, neighbors, or members of churches, clubs, and organizations.  
(a) Aligned (b) Associative (c) Sociable (d) Societal
- Q5 Finally, the ..... reference group includes people that the individual would not like to be like.  
(a) antisocial (b) dissociative (c) unaligned (d) unsociable
- Q6 For example, the store named 'The Gap' was created because many younger people wanted to actively be distinguished from parents and other older and '.....' people.  
(a) elderly (b) hippy (c) uncool (d) unsquare
- Q7 The Quality Paperback Book specifically suggests in its advertising that its members are '.....' from conventional readers of popular books.  
(a) a breed apart (b) a globe apart (c) a page apart (d) a race apart
- Q8 Another ..... divides reference groups into the informational kind (influence is based almost entirely on members' knowledge), normative kind (members influence what is perceived to be 'right', 'proper', or 'responsible'), or identification kind.  
(a) topicality (b) topology (c) typicality (d) typology
- Q9 In case of the normative reference group, the individual tends to comply largely for ..... reasons-dressing according to company standards is likely to help your career, but there is no real motivation to dress that way outside the job.  
(a) arcane (b) mundane (c) unitarian (d) utilitarian
- Q10 In contrast, people comply with identification groups' standards for the ..... of belonging—for example, a member of a religious group may wear a symbol even outside the house of worship because the religion is a part of the person's identity.  
(a) plan (b) point (c) sake (d) state

*Fixed annuities*

- Q1 In a fixed annuity, the insurance company guarantees the principal and a minimum rate of interest; in other words, as long as the insurance company is financially ....., the money you have in a fixed annuity will grow and will not drop in value.
- (a) soluble (b) sound (c) solved (d) suited
- Q2 The growth of the annuity's value and/or the benefits paid may be fixed at a dollar amount or by an interest ....., or they may grow by a specified formula.
- (a) payment (b) premium (c) rate (d) term
- Q3 And the growth of the annuity's value and/or the benefits paid does not depend directly or entirely on the ..... of the investments the insurance company makes to support the annuity.
- (a) planning (b) performance (c) sale (d) security
- Q4 Some fixed annuities credit a higher interest rate than the minimum, via a policy dividend that may be ..... by the company's board of directors, if the company's actual investment, expense and mortality experience is more favorable than was expected.
- (a) declaimed (b) declared (c) promised (d) proposed
- Q5 Money in a variable annuity is invested in a fund-like a mutual fund but one ..... only to investors in the insurance company's variable life insurance and variable annuities.
- (a) given (b) legal (c) open (d) opted
- Q6 The fund has a particular investment objective, and the value of your money in a variable annuity and the amount of money to be paid out to you-is determined by the investment performance (..... of expenses) of that fund.
- (a) except (b) less (c) net (d) not
- Q7 An equity-indexed annuity is a type of fixed annuity, but looks like a .....: it credits a minimum rate of interest, just as a fixed annuity does, but its value is also based on the performance of a specified stock index — usually computed as a fraction of that index's total return.
- (a) combo (b) hybrid (c) mutt (d) variety
- Q8 A market-value-adjusted annuity is one that combines two desirable features-the ability to select and fix the time period ..... which your annuity will grow, and the flexibility to withdraw money from the annuity before the end of the time period selected.
- (a) by (b) over (c) toward (d) with
- Q9 A fixed period annuity pays an income for a specified period of time; the payments depend on the amount paid into the annuity, the length of the payout period, and (if it's a fixed annuity) an interest rate that the insurance company believes it can ..... for the length of the pay-out period.
- (a) supplement (b) support (c) suppose (d) supply
- Q10 A lifetime annuity provides income for the remaining life of a person (called the .....); no other type of financial product can promise to do this.
- (a) annuitant (b) beneficiary (c) policyholder (d) survivor

*Business buzzwords: The street goes nuts*

- Q1 Coburn operates what they call a 'reverse .....' — his firm purchases a small amount of the stock, then starts selling it off through various Wall Street brokers, and when word gets out that SAC is selling, the Street goes nuts and also starts unloading big blocks; then Coburn swoops to buy.
- (a) desk (b) exit (c) portfolio (d) whammy
- Q2 The retired chairman of furniture maker Herman Miller, Max has long been noted for innovative management practices; for example, he instituted a silver ....., for employees at his company so that they would be protected if they lost their jobs as a result of a hostile takeover.
- (a) goodbye (b) life jacket (c) parachute (d) sofa
- Q3 ..... may be more correctly defined as the total guestroom revenue per available room per day; it is typically calculated simply by multiplying a given hotel's average daily room rate (ADR) by its occupancy rate.
- (a) GRARd (b) GuesOC (c) HOTunit (d) RevPAR
- Q4 I think you only need two kinds of people to create a ....., rich people and nerds: they're the limiting reagents in the reaction that produces startups, because they're the only ones present when startups get started.
- (a) Big Apple (b) Silicon Valley (c) Wall Street (d) Web Site
- Q5 In the world of penny stocks, '.....' are infamous for causing chaos in internet forums as they attempt to disseminate false or misleading information about companies to lower a stock's price.
- (a) bashers (b) bloggers (c) bonkers (d) burglars
- Q6 Search engines argue that nobody clicks on an ad unless they're interested; however, a lead that takes no action and leaves no contact information can't be considered more than just an advertising ....., and that's the basis for a meaningful comparison to publisher CPM rates.
- (a) admission (b) concession (c) expression (d) impression
- Q7 War ..... is a slang term for the stocks and bonds of corporations in the defense industry.
- (a) babies (b) medals (c) mongers (d) widows
- Q8 There are losses because of the lost opportunities when a ..... deal just doesn't make it through; some of the common causes stem from the areas of under-funded pension plans or tax liabilities that may have originated from a prior restructuring of the target company or prior acquisition.
- (a) shady (b) slimy (c) sneaky (d) sticky
- Q9 One Night ..... investment is buying a security with the intention of holding it for the long term, but subsequently panicking and selling it the following day.
- (a) Affair (b) Fling (c) Kiss (d) Stand
- Q10 The private mezzanine debt securities used to fund middle-market companies include debt with an equity ....., which is usually a contingent common equity interest, either by a way of warrants or a conversion option to which registration rights are typically attached.
- (a) kicker (b) leader (c) packer (d) stringer

*Business buzzwords: Unethical investment*

- Q1 Unlike socially responsible investors who hold strong convictions against ..... stocks, socially irresponsible investors, in their focus on making significant returns, are indifferent to the unethical actions of corporations.  
(a) dirty (b) draconic (c) sinful (d) sodomitic
- Q2 On February 25, 1862, Congress passed the first Legal Tender Act, which authorized the printing of \$150 million in Treasury notes; these bills were printed on only one side and soon became known as '.....', and they proved to be universally popular and remarkably sound.  
(a) greenbacks (b) sawbucks (c) simoleons (d) wampum
- Q3 The best way to profit from the trend is to swap back and forth from silver to gold with the rise and fall in the gold/silver ratio; that strategy will convert a ..... investment into one that pays dividends, and possibly double the ounces you own over the life of the bull market.  
(a) stable (b) stagnant (c) sterile (d) sterling
- Q4 Smurfit Kappa, Europe's largest cardboard box manufacturer, defied stock market jitters to open at a 6 percent premium to its initial public offering price; the shares yesterday traded at 17.50 in the ..... market ahead of its official listing next Tuesday.  
(a) grey (b) insider (c) off (d) shadow
- Q5 Bache & Co. offers only a 25% reduction to ..... traders who are willing to make at least two transactions-one buy and one sell-in any 35-day period, and the cut applies only to the second trade, while most brokerage houses still charge about the same fees as before on small trades on a take-it-or-leave-it basis.  
(a) come-and-go (b) in-and-out (c) on-and-off (d) up-and-down
- Q6 Like so many others who tried to ..... the tide of the oncoming Depression, Overton made some injudicious and even some unsavory investments; he lost a chunk of his business empire as he fought off bankruptcy, but managed to weather the storm and lived out his final years in financial comfort.  
(a) catch (b) halt (c) stem (d) turn
- Q7 In an open ..... lease, you run the risk of owing extra money depending on the value of the property when you return it; this payment is often called a 'balloon payment'.  
(a) case (b) door (c) end (d) face
- Q8 Using ..... pricing, the producer-processor starts with the sales price of the processed gas or products, and then subtracts certain costs (such as capital, operating, processing, taxes and transportation) to determine value of the gas when production is complete.  
(a) crack spread (b) netback (c) well head (d) wildcat
- Q9 Banks surged 3.21 percent, Leasing soared 8.0 percent, Industrials were 0.84 percent up, Construction ended 2.83 percent higher, Miscellaneous rose 1.05 percent, Holding jumped 3.66 percent, but Insurance and Investment ..... the trend to end 0.56 and 0.85 percent down respectively.  
(a) backed (b) bucked (c) stalled (d) stilled
- Q10 The rumor of the weekend, of course, was that Cisco was hanging out in Finland kicking the ..... on a huge potential merger with Nokia, but it seems unlikely that Nokia would ever agree to such a deal unless the asking price is too good to be true.  
(a) bucket (b) dust (c) habit (d) tires

*Business buzzwords: Phone rules*

- Q1 The NYSE will approve the maintenance of such telephone lines only at the ..... location of a member or member organization; the Exchange will not approve the use of a portable telephone on the Floor.  
(a) booth (b) box (c) cage (d) carrel
- Q2 In financial markets, they call it 'the Greenspan .....' — a belief that if stock or bond prices fall too much, the FRB will help prop them up with quick interest rate cuts to pump more cash into the system; but this confidence is a worrisome legacy after his nearly 18 years helping to steer the economy.  
(a) call (b) hedge (c) option (d) put
- Q3 Mark Mobius, who manages one of the biggest emerging markets stock mutual funds for FT Investments, said he has bought shares across the ..... because of opportunities created by a recent slump in global markets; Mobius said he bought shares in Taiwan, Turkey, Brazil, Mexico, Russia and India.  
(a) board (b) border (c) table (d) water
- Q4 The Peter Lynch strategy, based on John Reese's analysis of Lynch's writings, considers SC a true '.....' company, as its earnings growth of 14.71 percent lies within the moderate 10 percent to 19 percent range and its annual sales of \$129.3 billion are in the multi-billion dollar level.  
(a) solid (b) stable (c) stalwart (d) stolid
- Q5 The yen and the Swiss franc were the big winners, with both currencies surging as global equities took a pounding; David Woo at Barclays Capital said the '..... to quality' had had a limited impact on risky assets, but that a sell-off in Asian equities suggested that risk reduction was becoming more widespread.  
(a) flight (b) return (c) run (d) turn
- Q6 The ..... call price is calculated by assigning pre-determined Government of Canada yield plus a specified number of basis points to the bond; these issues are at a higher risk of being retired during a falling interest rate and when improvements in the issuing company's fiscal situation lead to a re-evaluation of liabilities.  
(a) apocalypse (b) Armageddon (c) D-day (d) doomsday
- Q7 Frederick Mates, whose \$32 million Mates Investment Fund has risen 153% in per-share asset value since the beginning of 1968, the highest growth rate of any fund, is the personification of self-confidence: on one wall of his office, he keeps a framed parody of an old Wall Street slogan: 'Invest, Then .....'.  
(a) Interest (b) Investigate (c) Reinvest (d) Rest
- Q8 The term 'mortgage ..... roll' covers a variety of transactions that involve an agreement to transfer a mortgage pass-through security in exchange for cash, generally at some future date.  
(a) dollar (b) jelly (c) sushi (d) tootsie
- Q9 I do not think it premature to conclude that the entire financial industry of this country is riddled with fraud; as Newsweek observed, this is not a case of a few bad apples, it's the ..... Theory — you see one, you know there's a whole nest of the disgusting Dictyoptera.  
(a) Buzzard (b) Cockroach (c) Termite (d) Vulture
- Q10 Permanent Insiders are prohibited from purchasing or selling Company securities except as specifically permitted by this Policy; permanent insiders consist of the Company's (a) directors, (b) executive officers and (c) those employees who will be deemed to have ongoing exposure to ..... insider information because of the nature of their jobs.  
(a) consequential (b) material (c) perceptible (d) substantive

*Business buzzwords: Compensation*

- Q1 A golden ..... is an exceptional compensation package offered by an acquiring company to the top executives of the company being bought, meant to keep them interested in retaining their positions; but it may not be in the best interests of shareholders.  
(a) hello (b) life jacket (c) parachute (d) pillow
- Q2 The ..... policy combines commercial discretion with legally enforceable mandatory controls; it is required in the operation of many financial services organizations and is, therefore, perhaps as significant to the financial world as Bell-LaPadula's policies are to the military.  
(a) Chinese Wall (b) Escape Hatch (c) Lobster Trap (d) Vow of Silence
- Q3 In the first quarter of fiscal 2007, Adobe achieved revenue of \$649.4 million and earnings per share were \$0.30; the consensus estimates were for \$655 million in revenue and \$0.29 in eps, which means that for the quarter Adobe missed on the ..... line but more than made it up by controlling expenses.  
(a) black (b) bottom (c) red (d) top
- Q4 Securities held by a brokerage firm that meet specific qualifications are used as collateral for securing brokers' loans or customers' margin positions; they are held in safekeeping for clients of a broker/dealer or for the broker/dealer itself in a physical location known as the 'active .....'.  
(a) box (b) case (c) desk (d) safe
- Q5 The Commission's Order finds that various NYSE specialists repeatedly engaged in unlawful proprietary trading, which took various forms, including ..... the firms' dealer accounts between customer orders and trading ahead for their dealer accounts in front of executable agency orders on the same side of the market.  
(a) interpellating (b) interpolating (c) interposing (d) interpositioning
- Q6 A ..... economy has left many private golf clubs desperate for new members; stagnant growth of golf participation during the past five years, a surplus of private courses and the recession are prime reasons this is one of the best buyer's markets for private golf in recent memory.  
(a) comatose (b) lethargic (c) sluggish (d) torpid
- Q7 The inter-relation of economic empire ....., both in terms of control over overseas markets and enterprises, is closely linked to domestic policies: tax cuts for the corporation and rich increase capital for export, and privatized social security adds billions in profits for Wall Street investment banks.  
(a) building (b) making (c) raising (d) shaping
- Q8 Given that we approach the holiday season and that ANZ has potential further upside, a trading strategy referred to as ..... may be an appropriate strategy for this stock; this option strategy involves buying a call option and selling two call options all with different strike prices.  
(a) a Christmas Tree (b) an Easter Egg  
(c) a Thanksgiving Turkey (d) a Valentine
- Q9 This book highlights advanced technologies that might help you make decisions on when to buy or sell stocks, track their ups and downs, and analyze your portfolio, while you're at it; but don't forget, though they might give a bit of techie buzz to investing, there are limits to what ..... science can do to help investors.  
(a) computer (b) mental (c) rocket (d) silicon
- Q10 ..... up is a process where the company's assets will be gathered and will be used to pay all debts, and the balance for the cost of this process will be distributed among the shareholders according to their interests in the company.  
(a) Sealing (b) Shutting (c) Winding (d) Wrapping

*Business buzzwords: Last increment bidding*

- Q1 The data clearly illustrate that some of the participants in the PJM market are bidding their capacity at well above production costs; the bids include prices approaching 1,000 \$/MW, and they also show the so-called '..... stick' bidding of the last increment of capacity at a very high price.  
(a) carrot (b) hockey (c) popsicle (d) swizzle
- Q2 I tell my broker, "Buy Soybeans at 662.50," but then I find out I was filled at 663.00, two ticks off my price: the two ticks is called .....  
(a) luggage (b) overage (c) selvage (d) slippage
- Q3 When the pot is ....., the underwriter has no more of the issue to sell to interested investors; if there is still interest in the issue and nothing left for an underwriter to offer, it is probable that the issue was underpriced and oversubscribed.  
(a) burnt (b) clean (c) dry (d) gone
- Q4 A leader in sales & contact management since 1995 with over 1 million users worldwide, ..... Sales Contact Manager makes it easy to succeed by effectively managing your time, customers, and sales.  
(a) Maximizer (b) Optimizer (c) Organizer (d) Qualitizer
- Q5 The All Industry index may spark some interest, but the most meaningful event will not come from the calendar but rather from the completion of the G-20 meeting: if the ..... make any aggressive comments about yen weakness, USD/JPY may be in for more selling as the week progresses.  
(a) FinMins (b) ForMins (c) LabMins (d) LanMins
- Q6 Here, we emphasize the reaction of holders of preferred stock to the call announcement, and examine their decision to sell the convertible rather than convert it; this ..... effect explains the increase in trading volume and also has important spillover effects into the market-making activity in the underlying common stock.  
(a) clientele (b) cumulative (c) rebound (d) redound
- Q7 Firms are throwing millions of dollars at university IP portfolios without regard to what is actually in the portfolio — are we seeing another ..... investment strategy that will take us to another nanotech bubble bursting because they are ill-informed and believe nanotech is still so far off for ROI that only IP is available?  
(a) copycat (b) daydream (c) deadend (d) lemming
- Q8 A Pork ..... is an arrangement on the floor of the NYSE whereby clerks cover the booth of a floor broker and accept orders, phone calls, and associated tasks; this arrangement is beneficial to the floor brokers as it allows them to handle business outside the floor while still taking orders and maintaining trading requirements.  
(a) Barrel (b) Chop (c) Pie (d) Rind
- Q9 Section 13(d) of the Securities Exchange Act of 1934 stipulates that once someone obtains five percent of a firm's stock, that person has 10 days to file a disclosure form; but during this period, the potential bidder can continue to make open market purchases, so ..... purchases may be larger than 5% of a target firm.  
(a) knife edge (b) pintail (c) toehold (d) wedge end
- Q10 RBC Dominion Securities is accused of ..... trading in shares of the firm's parent, Royal Bank of Canada; four of its traders are accused of buying and selling \$33 million worth of shares at the same time — improperly taking both sides of the trades — to cut risks they faced because of a series of trading errors and misunderstandings.  
(a) back (b) flipside (c) offset (d) wash

*Statistical modeling for decision-making*

- Q1 Dr. Hossein Arsham of the University of Baltimore explains that in this diverse world of ours, no two things are exactly the same, and a statistician is interested in both the differences and the similarities; i.e., both ..... and patterns.
- (a) departures (b) detractions (c) disorders (d) distractions
- Q2 The ..... tables published by insurance companies reflect their statistical analysis of the average life expectancy of men and women at any given age.
- (a) actuarial (b) calculation (c) demogogic (d) graduated
- Q3 From these numbers, the insurance companies then calculate the appropriate ..... for a particular individual to purchase a given amount of insurance.
- (a) charges (b) fees (c) gratuities (d) premiums
- Q4 The more widely used descriptive statistical techniques are: Frequency Distribution, ....., Boxplot, Scattergrams and Error Bar plots, and diagnostic plots.
- (a) Histograms (b) Holograms (c) Picograms (d) Pictograms
- Q5 In examining distribution of data, you should be able to detect important characteristics, such as shape, location, variability, and unusual values, and from careful observations of patterns in data, you can generate ..... about relationships among variables.
- (a) conjectures (b) conjunctions (c) junctures (d) juxtapositions
- Q6 The notion of how one variable may be associated with another ..... almost all of statistics, from simple comparisons of proportions through linear regression.
- (a) penetrates (b) peregrinates (c) permeates (d) permutates
- Q7 From the data collection plan, a statistical model can be formulated from which inferences can be .....
- (a) drawn (b) implied (c) penned (d) sketched
- Q8 As an example of statistical modeling with managerial implications, such as 'what-if' analysis, ..... regression analysis.
- (a) acknowledge (b) consider (c) ponder (d) regard
- Q9 Frequently, for example, the marketing managers are faced with the question, 'What sample size do I need?' — this is an important and common statistical decision, which should be given ..... attention, since an inadequate sample size invariably leads to wasted resources.
- (a) all (b) apt (c) due (d) long
- Q10 Your organization database contains a wealth of information, yet the decision technology group members can usually ..... only a fraction of it.
- (a) tap (b) taste (c) tell (d) try

*A very brief history of management theories*

- Q1 Carter McNamara explains that views on management have changed ..... over the past century — particularly in the past few decades.  
(a) abundantly (b) bountifully (c) objectively (d) substantially
- Q2 The Scientific Management Theory (1890-1940): At the ..... of the century, the most notable organizations were large and industrialized, and often they included ongoing, routine tasks that manufactured a variety of products.  
(a) term (b) tip (c) top (d) turn
- Q3 The United States highly ..... scientific and technical matters, including careful measurement and specification of activities and results, so management tended to be the same.  
(a) achieved (b) awarded (c) prized (d) won
- Q4 Frederick Taylor developed the 'scientific management theory', which ..... this careful specification and measurement of all organizational tasks.  
(a) engendered (b) engineered (c) espoused (d) exposed
- Q5 Tasks were standardized as much as possible, and workers were rewarded and punished; this approach appeared to work well for organizations with ..... lines and other mechanistic, routinized activities.  
(a) assembly (b) command (c) control (d) picket
- Q6 The Bureaucratic Management Theory (1930-1950): Max Weber ..... the scientific management theory, focussing on dividing organizations into hierarchies to establish strong lines of authority and control; he suggested organizations develop comprehensive and detailed standard operating procedures for all routinized tasks.  
(a) embattled (b) embellished (c) emblazoned (d) embodied
- Q7 The Human Relations Movement (1930-today): Eventually, unions and government regulations reacted to the rather ..... effects of these theories, and more attention was given to individuals and their unique capabilities in the organization.  
(a) degenerating (b) degrading (c) dehumanizing (d) denigrating
- Q8 A major belief included that the organization would prosper if its workers prospered as ....., and Human Resource departments were added to organizations. well much before possible  
(a) before (b) much (c) possible (d) well
- Q9 The behavioral sciences played a strong role in helping to understand the needs of workers and how the needs of the organization and its workers could be better .....  
(a) aligned (b) alleviated (c) assigned (d) assuaged
- Q10 Various new theories were ....., many based on the behavioral sciences (some had names like theory 'X', 'Y' and 'Z').  
(a) bred (b) hatched (c) laid (d) spawned

*Contemporary theories in management*

- Q1 Carter McNamara explains that contemporary theories of management tend to account for and help interpret the rapidly changing nature of today's organizational environments; as before in management history, these theories are ..... in other sciences as well.
- (a) precious                      (b) precocious                      (c) preserved                      (d) prevalent
- Q2 Contingency theory asserts that when managers make a decision, they must take into ..... all aspects of the current situation and act on those aspects that are key to the situation at hand: basically, it's the approach of 'it depends'.
- (a) account                      (b) concern                      (c) effect                      (d) focus
- Q3 For example, if one is leading troops in the Persian Gulf, an ..... style is probably best, but if one is leading a hospital or university, a more participative and facilitative leadership style is probably preferred.
- (a) autistic                      (b) autocratic                      (c) automatic                      (d) autonomic
- Q4 In systems theory, a system is a collection of parts ..... to accomplish an overall goal; if one part of the system is removed, the nature of the system is changed as well.
- (a) unified                      (b) unionized                      (c) united                      (d) unitized
- Q5 For example, a pile of sand is not a system, because if one removes a sand particle, you've still got a pile of sand; on the other hand, a functioning car is a system because if you remove the ....., you've no longer got a working car.
- (a) carburetor                      (b) cartridge                      (c) combustor                      (d) compressor
- Q6 Systems theory has brought about a significant change, or ..... shift, in the way management studies and approaches organizations.
- (a) paradigm                      (b) paradox                      (c) parallax                      (d) parallel
- Q7 Chaos theory recognizes that events indeed are rarely controlled; theorists suggest that systems naturally go to more complexity, and as they do so, these systems become more ..... (or susceptible to cataclysmic events) and must expend more energy to maintain that complexity.
- (a) versatile                      (b) vertiginous                      (c) volatile                      (d) voluble
- Q8 As they expend more energy, they seek more structure to maintain stability, and this trend continues until the system splits, combines with another complex system or falls ..... entirely.
- (a) apart                      (b) asunder                      (c) down                      (d) through
- Q9 The main ..... behind this theory is the underlying notion of small occurrences significantly affecting the outcomes of seemingly unrelated events.
- (a) precept                      (b) preview                      (c) pursuit                      (d) purview
- Q10 Related to financial markets, proponents of chaos theory believe that price is the very last thing to change for a stock, bond, or some other security, and that price changes can be determined through ..... mathematical equations.
- (a) plangent                      (b) pungent                      (c) stringent                      (d) tangent

*The entrepreneurial life cycle (1)*

- Q1 Robert W. Price writes that the entrepreneurial life cycle repeats itself in businesses of all sizes, from start-ups in a ..... to corporate entrepreneurship activities in global Fortune 500 companies.  
(a) garage (b) garden (c) toolbox (d) trailer
- Q2 It starts with an entrepreneur who perceives an opportunity, creates an organization to pursue it, assembles the required resources, implements a practical plan, and ..... the risks and the rewards, all in a timely manner for all involved.  
(a) assumes (b) consumes (c) presumes (d) resumes
- Q3 This is the significant difference that ..... entrepreneurial management apart from other business management practices: in almost all cases, the person making the decisions has personal risk at stake.  
(a) draws (b) makes (c) puts (d) sets
- Q4 The worst-case ..... for folks 'at work' is getting fired; the worst case for entrepreneurs is losing their home, personal credit, and lifestyle, as well as the destruction of family relationships.  
(a) imbroglio (b) intaglio (c) portfolio (d) scenario
- Q5 We define entrepreneurial management as the practice of taking entrepreneurial knowledge and utilizing it for increasing the effectiveness of new business ..... as well as operating small- and medium-sized businesses.  
(a) instigating (b) invigorating (c) venturing (d) verifying
- Q6 The heart of entrepreneurial management is continually ..... these vital management issues: the mission and values statement, the goals and objectives, growth strategy, people and resources, organizational capabilities, financing strategy, and its vision of success.  
(a) belaying (b) bobbling (c) jousting (d) juggling
- Q7 These vital management issues and activities play ..... in what we call the entrepreneurial life cycle.  
(a) about (b) on (c) out (d) through
- Q8 It was once said that entrepreneurship is a lot like driving fast on an icy road, but we prefer to think of entrepreneurship as less ..... and more methodical.  
(a) feckless (b) intuitive (c) prohibitive (d) reckless
- Q9 Entrepreneurship is a continual problem-solving process; it is like putting together a huge ..... puzzle; at first pieces will seem to be missing, obscure, or not clearly recognizable.  
(a) anacrostic (b) crossword (c) jigsaw (d) sudoku
- Q10 Size, profitability, commitment, complexity, scale of organizational structure, decrease in risk, increase in value, and decrease in ..... involvement characterize each stage of the entrepreneurial life cycle.  
(a) builders' (b) creators' (c) founders' (d) progenitors'

*The entrepreneurial life cycle (2): The seven stages*

- Q1 Opportunity Recognition: This ..... period is quite literally the 'pre-start' analysis; it often occurs over a considerable period of time ranging from one month to ten years.  
(a) degustation (b) digression (c) generation (d) gestation
- Q2 Opportunity Focusing: This is a 'sanity check', a go/no-go stage gate for part-time entrepreneurs because it ..... out shaky ideas and exposes gaping holes.  
(a) fades (b) fixes (c) fleshes (d) forms
- Q3 It is important to include objective, ..... viewpoints because different people can investigate the same opportunity and come to opposite conclusions.  
(a) exterior (b) extraneous (c) outer (d) outside
- Q4 Commitment of Resources: Most entrepreneurs see commitment as incorporating their business or quitting their ..... job.  
(a) day (b) good (c) only (d) real
- Q5 But this stage actually starts with developing the business plan; the process will take between 200 to 300 hours, so squeezing that amount of time ..... evenings and weekends can make this stage stretch over three to twelve months.  
(a) into (b) out of (c) over (d) through
- Q6 Market Entry: The entrepreneur is committed with a very simple organization, the resources were correctly ..... according to the business plan, and the first sales were made.  
(a) allocated (b) disbursed (c) reimbursed (d) relocated
- Q7 If the business model was profitable, reasonable objectives were met, and the venture is on track for attaining true economic health, then the entrepreneur can chose between a capital ..... for growth or remaining small with self-financing.  
(a) infusion (b) insertion (c) insurgence (d) intrusion
- Q8 Full Launch and Growth: Or the venture could remain small, for the simple fact that not all small ventures can or will become big companies; they are not fast growth potential because there is not enough room in the market for growth or their production and management systems are not .....  
(a) feasible (b) forcible (c) saleable (d) scalable
- Q9 Maturity and Expansion: Now the venture is a market leader at cruising altitude; this professional management team is implementing the venture's growth strategy through global expansion, acquisitions, and mergers as cash is plentiful and inefficiencies are completely ..... out.  
(a) flushed (b) rinsed (c) washed (d) wrung
- Q10 Liquidity Event: This ..... stage is focused on capturing the value created in the previous stages through a business exit; typical exits are an initial public offering or being acquired by a larger publicly traded corporation.  
(a) cultivating (b) harvesting (c) harrowing (d) seeding

*Business Buzzwords: The 'Book'*

- Q1 On the NYSE and ASE, the specialist determines the ..... price by looking at his 'book'; he is supposed to select the one price that clears out the maximum number of orders; i.e. by looking at the buy and sell offers and choosing a single price that will execute the most orders (shares).  
 (a) buying (b) closing (c) opening (d) selling
- Q2 UBS Warburg strategist George Vasic said conversations with soccer moms are good places to gather anecdotal research; "typically, it's a lagging .....,," he says, "if they're asking me about resource or tech stocks, you know the phenomenon has run its course and has already peaked."  
 (a) factor (b) indicator (c) market (d) strategy
- Q3 Traditionally, there is a premium in which the leading television station gains a bigger share of the advertising market than its audience share — hence the name of this effect among media buyers, 'the power .....'.  
 (a) house (b) pack (c) ratio (d) share
- Q4 The stock market has done a remarkable swoon, reducing some sectors to '..... bit' stocks (you know... 3/8, 1/2, 3/4) and it would appear (if you read, watch or listen to much of the media reports) that we are in for even more troubling times.  
 (a) drill (b) inch (c) little (d) part
- Q5 Michael Lee Davis of Plano was convicted Wednesday of felony charges that identified him as the ringleader of a 'clean .....' scam that led insurance companies to issue more than \$5 million worth of life insurance policies to people with life-threatening illnesses.  
 (a) screening (b) sheeting (c) slating (d) sweeping
- Q6 Nuclear investigators from the US and other nations now believe that the ..... market network run by the Pakistani scientist A. Q. Khan was selling not only technology for enriching nuclear fuel, but also some of the darkest of the bomb makers' arts: the engineering secrets needed to fabricate nuclear warheads.  
 (a) black (b) cellar (c) gray (d) underground
- Q7 I do have a big problem with the fact that Yahoo! has failed to articulate a clear strategy about how the company will be dominant for years to come independently; doing lots of ..... acquisitions is not a strategy (although I like and use MyBlogLog, Flickr, del.icio.us).  
 (a) ankle-biter (b) back-biter (c) nail-biter (d) over-biter
- Q8 To announce that a forex trader wants to buy he/she may say or type '.....'; this would also be known as taking the offer.  
 (a) Aye (b) Here (c) In (d) Mine
- Q9 I've been trying to understand why General Motors is so oppressed by ..... costs, and I think I finally have got it: GM, a company with 300,000 employees, is supporting the number of retirees appropriate for a company with a workforce of 800,000, almost triple the size.  
 (a) legacy (b) overrun (c) perquisite (d) sunk
- Q10 The ..... for the Google IPO appeared in 'The Wall Street Journal' on September 15, 2004; it showed an IPO date of August 18, 2004, the day the issue was priced, and a total sale of 22,534,678 Class A shares, somewhat less than the full over allotment would have produced.  
 (a) advert (b) benchmark (c) obituary (d) tombstone

*Business Buzzwords: A Rounding Bottom*

- Q1 Traders like the rounding bottom in ..... stock pattern because it can be an indication of a positive market reversal, meaning expectations are gradually shifting from bearish to bullish.  
 (a) a J. Lo (b) an L.L. Bean (c) an L.S./M.F.T. (d) an S.R.O
- Q2 Given the very limited number of buyers for such a large block, Gates would be in a weak bargaining position; he might have to sell the stock diffusely in the market or accept a ..... price for the block, but in either scenario, he would not achieve full value for his block of shares.  
 (a) bargain-sale (b) fire-sale (c) garage-sale (d) seat-sale
- Q3 Less than a year ago, Gary B. Pruitt, the head of the McClatchy Company, was hailed as the ..... knight of newspapers; while others saw the industry headed for the dinosaur graveyard, Mr. Pruitt rode in to buy the Knight Ridder papers, or some of them anyway.  
 (a) gold (b) grey (c) silver (d) white
- Q4 The American democracy has been stolen by a new class of ..... barons, the CEOs of our big corporations: a political system dependent on charity from rich men in hand-tailored suits with \$100 million retirement packages is no democracy; it is a kleptocracy and is not what our founding fathers envisioned.  
 (a) billionaire (b) building (c) red (d) robber
- Q5 When starting for the first time, should you invest all your money at once, or ..... feed it into your portfolio? — one study shows that anyone investing a lump sum in one go would have done better up till now than someone making regular staged payments because the capital would have had longer to grow.  
 (a) bottom (b) drip (c) filter (d) force
- Q6 As suggested by Michael and Womack (1999), analysts may commit to provide a ..... shot by increasing the strength of their recommendation in the face of an unfavorable market response to the IPO.  
 (a) booster (b) long (c) parting (d) slap
- Q7 Government regulations prevent tips from ....., like corporate executives and board members, for the purpose of profiting off virtually guaranteed changes in a stock's price once the news hits the street; anyone with decent insider information is prevented from profiting from it on the open market.  
 (a) dips (b) drops (c) taps (d) tops
- Q8 In the early 1990s, Anglamark was the first organic alternative in all food categories, covering 80% of products, and this gave Coop a ..... advantage, but not for very long — because some competitors complied with the minimum environmental requirements only, they were soon able to offer products at lower prices.  
 (a) first-claimer (b) first-comer (c) first-maker (d) first-mover
- Q9 ..... spread is a position consisting of a combination of put options and call options that collectively create commissions so high that it is almost impossible to turn a profit regardless of which direction the underlier moves; the term originates from the idea of the spread 'eating the investor alive'.  
 (a) A cannibal (b) An alligator (c) An anteater (d) A sashimi
- Q10 Nick Kochan, investigative reporter, describes techniques used by the launderers, such as '.....', where large sums of money are broken up into small amounts that can be deposited into banking systems without arousing suspicion.  
 (a) slurping (b) smurfing (c) spilling (d) splitting

*Business Buzzwords: Largest Vendor*

- Q1 SAP tech ..... Agassi resigns: The world's largest enterprise software application vendor announced on Wednesday that Shai Agassi is departing at the end of the week as president of SAP's product and technology group.  
(a) honcho (b) macho (c) nacho (d) poncho
- Q2 True investors will look beneath the surface before they risk their hard earned capital — I mean, really do you expect that I'd dump years' worth of research & DD so I could get into the latest ..... play?  
(a) fifo (b) info (c) momo (d) papa
- Q3 D-day finally arrived last week for the Washington Public Power Supply System: with its coffers almost empty, ....., as everyone now calls the agency, formally declared that it could not repay \$2.25 billion in bonds used to finance partial construction of two now abandoned nuclear power plants in Washington State.  
(a) Poops (b) Spews (c) Whoops (d) Yipes
- Q4 Robert Rubin, the US treasury secretary, is making contingency plans for a possible government funding crisis later this month; the word is that he's planning to issue a new tranche of paper — the Gingrich bond, which has no maturity, the Dole bond, with no interest, and the ..... bond, with no principal.  
(a) Bush (b) Carter (c) Clinton (d) Obama
- Q5 Although the transition from a regulated, inflation-ridden environment to a low-inflation free market provided a ..... to investors that may be difficult to extend into the future, it does show us the economic conditions that are conducive to high investor returns.  
(a) beam (b) bean (c) boom (d) boon
- Q6 There is still a compelling case for ....., as they offer more room for growth than larger companies and greater safety and stability than smaller companies.  
(a) mid-bizzes (b) mid-caps (c) mid-corps (d) mid-incs
- Q7 Because this is not an exact science, most investment managers work with several risk categories; these categories are summaries of how the investor feels about investment risk, how much ..... market fluctuations can be tolerated, and how much they expect to profit when the markets are going up.  
(a) downside (b) offside (c) outside (d) upside
- Q8 EXFO Electro-Optical Engineering Inc. announced today it has filed a registration statement with the United States Securities and Exchange Commission and a preliminary ..... with the securities commissions in each Canadian province relating to a proposed initial public offering of 6,000,000 shares of its subordinate voting shares.  
(a) draft (b) mission statement (c) prospectus (d) synopsis
- Q9 A financial ..... is an online journal that provides news and information on the finance industry, commenting on news and information, also providing stock analysis based on both fundamental and technical principles; the style is more casual than an article and often reflects the personal opinion of the its writer.  
(a) blog (b) forum (c) home page (d) web
- Q10 Energy is Regent's largest industry ....., at 27 percent of assets, including hydroelectric power companies in Kyrgyzstan.  
(a) ante (b) bet (c) gamble (d) wager

*Business Buzzwords: Currency Trading*

- Q1 Banks and trading platforms are competing to get a bigger slice of the rapidly expanding business of ..... currency trading, where investors buy and sell without revealing their identity to the market.  
(a) anonymous (b) generic (c) ninja (d) pseudonym
- Q2 The dot-com ..... ended when the NASDAQ Composite index peaked at 5,048, more than double its value a year earlier, and what followed was a bloodbath of layoffs and consolidation caused by 'dot bombs' — companies launched with great exuberance to grab as much Internet real estate as they could without mounting a successful revenue model.  
(a) bubble (b) dream (c) landmine (d) massacre
- Q3 The 1929 stock market crash itself, though large in its own right, was nothing compared to the ensuing ..... market and devastating depression.  
(a) boneyard (b) cemetery (c) funeral (d) graveyard
- Q4 General Motors Corp. Chief Executive G. Richard Wagoner would love to snare stylish Italian sports car maker Alfa Romeo from its floundering parent, Fiat Auto, in which GM has a 20% stake: "The Alfa brand is like a sleeping .....", says one Fiat senior executive, "We can reactivate it with new models."  
(a) baby (b) beauty (c) giant (d) pill
- Q5 A Euroland corporate raised financing for a power station project, but the gas-fired plant was exposed to the risk of a rise in gas prices, and the power tariff was linked to the European inflation index; so ABN AMRO structured and traded a ..... swap with the corporate, matching the profile of the corporate's loan.  
(a) bumper car (b) ferris wheel (c) merry-go-round (d) roller-coaster
- Q6 Georgia Pacific was especially frustrating to bondholders, as the \$2.6 billion of post-junk rated issues were tendered, while the legacy investment-grade fallen ..... bonds dropped by 12 points after double-A plus rated (buyer) Koch Industries said it would not guarantee the Georgia Pacific bonds.  
(a) angel (b) arch (c) hero (d) idol
- Q7 More than a hundred companies in America are seeking to redefine the ..... line — moving away from conventional corporate accounting, where the only consideration is profit, to one that also includes the social and environmental impact the company is having.  
(a) bottom (b) fine (c) green (d) red
- Q8 Financial News USA news distribution services will get your Virtual ..... Show in front of potential investors, both retail and institutional: our press release enhancement services give you expanded coverage on the wires as well as the ability to target specific groups via our EmailWire and FaxWire services.  
(a) Side (b) Slide (c) Road (d) Trade
- Q9 No image better represents the United States stock markets than the .....: the little one-inch-wide strip of paper is as synonymous with following the performance of stocks and their markets as it is with heroes' welcomes and parades.  
(a) bid slip (b) bookmark (c) post-it note (d) ticker tape
- Q10 If you're about to launch into the world of ....., or want to boost an existing site's revenue in the coming months, this article is for you.  
(a) ebusiness (b) ecommerce (c) ibusiness (d) icommerce

*Business Buzzwords: Price Fixing*

- Q1 The US Congress passed the Sherman ..... Act in 1890, and most if not all states have comparable statutes prohibiting monopolistic conduct, price fixing agreements, and other acts in restraint of trade having strictly local impact.  
(a) Antitrust (b) Guild (c) Oligopoly (d) Syndicate
- Q2 Both parents in a ..... household want to work fewer hours, but that kind of cutback can mean jeopardizing advancement, so usually one partner works to maintain a career (usually the man) while the other parent scales back the career to provide child care (usually the woman).  
(a) chav (b) dewk (c) dink (d) neet
- Q3 The broker has to know when to accept a counterparty's price quotation and get the trade done: there are times when a broker just has to lift the offer or ..... the bid, particularly if the futures market is rocking and rolling — if a glance at the board shows the numbers continually changing, it's not the time to try to finesse the prices.  
(a) hit (b) spot (c) strike (d) take
- Q4 Known as 'the Oracle of Omaha', ..... is Chairman of Berkshire Hathaway and arguably the greatest investor of all time; his wealth fluctuates with the performance of the market, but for the last few years he has been reported to be worth over \$30 billion, making him the second richest man in the world.  
(a) Kenneth Thomson (b) Paul Allen (c) Sheldon Adelson (d) Warren Buffett
- Q5 We can feast away on stocks that the big boys might like but don't bother with since a few grams of profit won't help them at all; our goal is to find the most promising small companies that one day will grow large enough to attract the ..... investors.  
(a) colossal (b) elephant (c) humongous (d) jumbo
- Q6 Most 'sell-side' active management investment firms produce long term excess returns of zero, blurred by a short term noise band which is sometimes positive, and sometimes negative; in George A. Akerlof's terms, these firms are .....  
(a) bagmen (b) burglars (c) lemons (d) losers
- Q7 Under normal operation environment, the ..... price of a stock on the HKE is determined by taking the median of 5 nominal prices in the last minute of the trading hours: the system will take up 5 snapshots on the nominal prices at 15-second interval starting from 3:59:00 p.m.  
(a) average (b) closing (c) opening (d) transaction
- Q8 The ..... effect is related to the weekend market analysis performed by millions of investors and traders: many people think 'linearly', and they believe in trends.  
(a) Friday (b) Saturday (c) Sunday (d) Monday
- Q9 The more drastic poison pill methods involve taking on large debts that the acquiring company would have to pay off; in rare cases, a company decides that it would rather go out of business than be acquired, so they intentionally rack up enough debt to force bankruptcy — this is known as the ..... Defense.  
(a) Baghdad (b) Jonestown (c) New Orleans (d) Waco
- Q10 Kellogg Company has a rich history of corporate ..... responsibility, a history that has grown and evolved to meet the complexities of today's business world and the challenges of a global society; our founder, W.K. Kellogg, sought to "invest my money in people", and that legacy continues to guide our company and our people.  
(a) communal (b) neighborhood (c) social (d) welfare

*Elements of Organizational Behavior (1)*

- Q1 Donald R. Clark explains that the organization's base ..... on management's philosophy, values, vision and goals.  
(a) reclines (b) rests (c) sets (d) sits
- Q2 This in turn ..... the organizational culture, which is composed of the formal organization, informal organization, and the social environment.  
(a) drives (b) forces (c) leads (d) whips
- Q3 The culture determines the type of leadership, communication, and group ..... within the organization.  
(a) dynamics (b) kinetics (c) physics (d) psychics
- Q4 The workers perceive this as the quality of work life which directs their degree of motivation, and the final outcomes are performance, individual ....., and personal growth and development.  
(a) salutation (b) satiation (c) satisfaction (d) saturation
- Q5 In the autocratic organizational model, the basis is power with a managerial orientation of authority, while the employees are oriented towards ..... and dependence on the boss.  
(a) obduracy (b) obedience (c) obeisance (d) observance
- Q6 The employee need that is met is subsistence, and the performance result is .....
- (a) median (b) menial (c) minimal (d) modest
- Q7 In the custodial organizational model, the basis is economic resources with a managerial orientation of ....., while the employees are oriented towards security and benefits and dependence on the organization.  
(a) finances (b) funds (c) money (d) wages
- Q8 The employee need that is met is security, and the performance result is ..... cooperation.  
(a) passive (b) pensive (c) penurious (d) persuasive
- Q9 In the supportive organizational model, the basis is leadership with a managerial orientation of ....., while the employees are oriented towards job performance and participation.  
(a) success (b) succession (c) support (d) supposition
- Q10 In the collegial organizational model, the basis is partnership with a managerial orientation of teamwork, while the employees are oriented towards responsible behavior and .....
- (a) self-awareness (b) self-consciousness (c) self-control (d) self-discipline

*Elements of Organizational Behavior (2)*

- Q1 Clark's 'Big Dog's Leadership Page' remarks that although there are four separate organizational models, almost no organization operates exclusively in one; there will usually be a ..... one, with one or more areas overlapping in the other models.  
(a) nominal (b) normal (c) predominant (d) prejudicial
- Q2 The first model, autocratic, had its roots in the industrial revolution, and the managers of this type of organization ..... out of McGregor's Theory X.  
(a) elucidate (b) emerge (c) operate (d) originate
- Q3 The next three models begin to build on McGregor's Theory Y; they have each evolved over a period of time and there is no ..... 'best' model.  
(a) one (b) simple (c) singular (d) very
- Q4 A social system is a complex set of human relationships interacting in many ways; within an organization, the social system includes all the people in it and their relationships to each other and to the ..... world.  
(a) entire (b) outside (c) public (d) real
- Q5 Also, the social system does not have .....; it exchanges goods, ideas, culture, etc. with the environment around it.  
(a) boundaries (b) containment (c) isolation (d) parameters
- Q6 Culture is the conventional behavior of a society that ..... beliefs, customs, knowledge, and practices.  
(a) delimits (b) describes (c) encloses (d) encompasses
- Q7 It influences human behavior, even though it seldom enters ..... their conscious thought.  
(a) at (b) in (c) into (d) to
- Q8 People depend on culture, as it gives them stability, security, understanding, and the ability to ..... to a given situation.  
(a) react (b) reflect (c) reply (d) respond
- Q9 Individualization is when employees successfully ..... influence on the social system by challenging the culture.  
(a) excite (b) exempt (c) exert (d) exhort
- Q10 The match that organizations want to create is high socialization and high individualization for a creative environment, but this can become quite a balancing .....  
(a) act (b) board (c) show (d) stunt

*Asset Allocation*

- Q1 Ope Agbaje, an ABS analyst at CSAM, comments that traditional approaches to asset allocation have tended to focus on packaging together risk and return into one portfolio in the pursuit of .....
- (a) maxiperformance      (b) megaperformance      (c) outperformance      (d) overperformance
- Q2 However, there has more recently been a gradual shift towards separating out these two key components into ..... strategies, whereby the portfolio is composed of highly risk-controlled 'core' products, combined with more flexible satellite' products that are focused on alpha generation.
- (a) distinct      (b) diffused      (c) unequal      (d) unique
- Q3 This asset allocation strategy is typically composed of a core portfolio that incorporates strategies invested against liquid benchmarks and managed within very ..... risk parameters.
- (a) lax      (b) slack      (c) taut      (d) tight
- Q4 Such core strategies include traditional equity and fixed income products that are either passively or actively managed against benchmarks such as the S&P 500 and the JP Morgan Government Bond Index, .....
- (a) formally      (b) formerly      (c) respectfully      (d) respectively
- Q5 The satellite portion allows the investor to select more aggressive and often less liquid strategies that have ..... correlations with the core component and provide the portfolio manager with the flexibility to generate attractive returns.
- (a) faster      (b) finer      (c) lesser      (d) lower
- Q6 Within this space, investors have the opportunity to add more specialist asset classes, including absolute return products, hedge funds, commodities and property depending on individual risk .....
- (a) agendas      (b) budgets      (c) itineraries      (d) tables
- Q7 Within the fixed income world, a broad range of innovative alpha generating strategies can be employed as the satellite component of a ..... portfolio.
- (a) disbursed      (b) distended      (c) distributed      (d) diversified
- Q8 However, while investors are becoming more familiar with asset classes such as convertibles, high yield and emerging ..... debt, a number of new credit products also make attractive satellite components.
- (a) class      (b) interest      (c) market      (d) nation
- Q9 One asset class that is beginning to receive more ..... is asset backed securities (ABS).
- (a) attention      (b) brokerage      (c) effort      (d) pressure
- Q10 These products have been developed from a financing technique called ....., whereby a company will pool its assets together to guarantee the issuance of bonds, which are then sold to investors.
- (a) amalgamation      (b) securitization      (c) synchronization      (d) unitization

*Asset Backed Securities*

- Q1 Ope Agbaje, the ABS analyst at CSAM, goes on to explain that there are a number of important advantages for investors ..... asset backed securities.
- (a) filing (b) holding (c) keeping (d) seeking
- Q2 Firstly, they gain exposure to a liquid, fixed income investment in a diversified pool of assets, such as auto loans, which make ..... alternative to a corporate bond or other fixed income investment.
- (a) a lucrative (b) an attractive (c) an elective (d) a seductive
- Q3 In some cases ..... assets, or assets which investors would not ordinarily have access to, such as loans to small and medium enterprises, make up the pool of assets.
- (a) bound (b) fixed (c) illiquid (d) restricted
- Q4 However, unlike unsecured bonds, which are fully dependent on the operating, payment ability and ultimately bankruptcy risk of a company, asset backed securities to various degrees tend to be ..... (fully or partly) from those risks.
- (a) excluded (b) exclusive (c) remote (d) removed
- Q5 Typically, they are legally separated from the originator and rely entirely on the performance of the ring-fenced assets, transferred and ..... as bond collateral.
- (a) guaranteed (b) pledged (c) sworn (d) vowed
- Q6 Simply put, the investor buying the securities is not ..... to the credit risk associated with originator of the assets and, thus, ABS bonds represent one of the more secure forms of fixed income securities from a credit quality standpoint.
- (a) engaged (b) entailed (c) exposed (d) extended
- Q7 A number of ABS issues also benefit from external protection in the form of insurance, such as a credit enhancement provider that ensures the quality of the issue, as well as a liquidity provider that covers certain cashflow  
.....
- (a) overruns (b) shortcomings (c) shortfalls (d) windfalls
- Q8 A further benefit for the investor is that the risk associated with consumer credits, such as credit cards and home loans, can be more easily calculated using advanced quantitative techniques, without the same level of ..... often associated with other fixed income debt such as corporate bonds.
- (a) accuracy (b) objectivity (c) subjectivity (d) subtlety
- Q9 This is because a statistical approach can be more relevant for some asset back bonds that have a ..... underlying collateral consisting of thousands of loans.
- (a) disparate (b) homogenous (c) motley (d) unique
- Q10 While ABS bonds have long been a key component of many fixed income strategies, the search for new sources of ..... have led many investors to the ABS market.
- (a) assets (b) income (c) interest (d) yield

*Swedish Trade Unions*

- Q1 Swedish unions do not rely much on formal organizing campaigns; employees join either of their own ..... or as a result of group pressure.  
 (a) decision (b) purpose (c) volition (d) willpower
- Q2 Being outside a union is a risky business, as unions control much of labour regulation; though any form of ..... against non-unionized employees is against the law, it can be hidden by employers acting together with unions.  
 (a) derogation (b) discrimination (c) ostracization (d) segregation
- Q3 Unionization rates in the service sector are significantly lower than in industry, at least among blue-collar workers; still, they ..... around 70 per cent, a figure that is high enough not to cause serious union worry.  
 (a) hover (b) idle (c) sidle (d) quiver
- Q4 Atypical work has ..... and now accounts for some 30 to 35 per cent of total employment; however, atypical employees are unionized to the same extent as others, perhaps slightly more so.  
 (a) bloomed (b) blossomed (c) flowered (d) mushroomed
- Q5 The reason seems to be that they are more ..... to exploitation and so have more to gain from union membership.  
 (a) amenable (b) amicable (c) viable (d) vulnerable
- Q6 Effective collective ..... arrangements exist in all sectors of the economy.  
 (a) bargaining (b) contracting (c) dealing (d) striking
- Q7 Even the temporary work business is unionized and covered by a ..... collective agreement.  
 (a) comprehensible (b) comprehensive (c) exhaustive (d) inexhaustible
- Q8 The greatest difficulty is to make salaries respond to changes in market demand: the pay structure is highly ..... in the sense that it is extremely difficult to change the relative level of different categories of employees.  
 (a) rigged (b) rigid (c) seated (d) set
- Q9 If one union manages to negotiate extra high pay increases for its members, perhaps due to market forces, all other unions will immediately demand — and fight hard for — the same increase, threatening to ..... the initial effect.  
 (a) redo (b) remake (c) undo (d) unmake
- Q10 Unions have a ..... monopoly on collective pay regulation since there is no free labour market in the sense of a market not governed by collective agreements.  
 (a) de facto (b) de jure (c) in vitro (d) in vivo

*Business Buzzwords: At the Bombay Stock Exchange*

- Q1 The Bombay Stock Exchange has shifted certain stocks to the trade-for-trade segment, where you pay Rs 25,000 to take delivery of the shares you bought and the quantity you have sold will be presented for delivery: the reason for the shift is that the exchange wants to curb ..... trading.  
 (a) circular (b) reciprocal (c) yo-yo (d) zero sum
- Q2 The ..... Effect hypothesis states that the economic crisis that affected several South American countries in 1995 was caused by an exogenous capital flight triggered by the loss of confidence of foreign investors after the collapse of the Mexican peso in December 1994.  
 (a) Lambada (b) Tequila (c) Tortilla (d) Zedillo
- Q3 The Presidential Election ..... Theory (PECT) of stock prices suggests that stocks decline soon after a president is elected when harsh and unpopular measures are necessary to bring inflation, government spending and deficits under control for the long-term health of the economy.  
 (a) Consequence (b) Control (c) Corollary (d) Cycle
- Q4 Make certain you have, or if you are an entrepreneur, make certain your existing syndicate has, dry ..... to see you through hard times; this means putting no more than 25-30% of your total allocation up front, and make certain you have reserves to meet pro rata needs.  
 (a) flour (b) powder (c) socks (d) vermouth
- Q5 Deep-Format, who by smell could only be a Microsoft insider, is leaking about Microsoft's botch job on the Ecma spec; this kind of ..... could only be from a disgruntled employee on the Office or XML dev team.  
 (a) blob (b) boob (c) plop (d) poop
- Q6 The multitude of mergers and acquisitions has raised issues that need to be considered before the prospect of an acquisition arises; one is the application of the golden ..... rules of Sec. 280G, regarding severance payments to be made to a corporation's top employees and directors on a change in control.  
 (a) arches (b) booty (c) life jacket (d) parachute
- Q7 William McCormick, chairman and chief executive of CMS Energy Corp, said the company's use of '.....' — trades where the same amount of electricity is exchanged at the same price between two players — was apparently aimed at making CMS look more powerful in wholesale power markets than it actually was.  
 (a) cross-wiring (b) double-dealing (c) round-tripping (d) shadow-boxing
- Q8 Asset size explains in part why funds become index .....: DeGroot thinks most funds need no more than 50 stocks to be well diversified, after which they begin behaving increasingly like an index fund.  
 (a) huggers (b) matchers (c) stalkers (d) trackers
- Q9 Examples of ..... leaders are the executives of Enron, who stowed away millions of dollars until they were finally caught.  
 (a) honeybee (b) leprechaun (c) squirrel (d) stevedore
- Q10 Ten or more years ago ..... was all the rage, spurred by the theories of David Foote; among the many things we were told by its various advocates was that aging baby boomers would invest lots of disposable income in the markets, driving them to dizzy heights.  
 (a) Babyshares (b) Babybaiting (c) Boomeranging (d) Boomernomics

*Business Buzzwords: Casino Operations*

- Q1 Shares of Las Vegas Sands Corp. fell after the ..... on Wednesday, after the casino operator said its first-quarter profit fell: LVS.N shares were down 4 percent at \$85 in extended-hours trading.  
 (a) ball (b) bell (c) mark (d) market
- Q2 With the Dow Jones Industrials teetering on the brink of the 12,000 level, ..... Team commander, Henry Paulson, issued a buy signal; "The president's economic advisers are keeping an eye on the markets," said a White House spokesman, revealing that Bush got a phone briefing from Paulson that day.  
 (a) Plunge (b) Poke (c) Prod (d) Pump
- Q3 When volume on an exchange is so heavy that the tape runs more than five minutes behind, the ..... price interrupts the delayed prices every 5-10 minutes to show the current price of a heavily traded stock.  
 (a) flash (b) quick (c) spot (d) zip
- Q4 The ..... strategy places bonds only in very short and very long maturities, making it easy to shift the average maturity of the portfolio.  
 (a) bottleneck (b) dumbbell (c) hourglass (d) pendulum
- Q5 ..... refers mostly to the stocks on the All Ordinaries index, which is composed of 280 of the most active Australian companies.  
 (a) Kangaroos (b) Kiwis (c) Koalas (d) Kookaburras
- Q6 Opinion ..... can adversely affect the independence of auditors; it is a different activity than obtaining a second opinion, which has the objective of obtaining the right answer, and is in fact illegal.  
 (a) combing (b) gleaning (c) shopping (d) trawling
- Q7 The economy is coming in for a landing; optimists say it will be the much sought after '..... landing' when the economy slows but doesn't skid into recession, but some economists now are forecasting a bumpy landing, or even worse.  
 (a) slick (b) smooth (c) soft (d) sweet
- Q8 The pro forma combination of buy-recommended ConocoPhillips (COP) and buy-recommended Burlington Resources (BR) would create a new company with a stock market capitalization of \$100 billion thereby qualifying as the sixth mega ..... energy company in our coverage.  
 (a) bite (b) buy (c) cap (d) corp
- Q9 Having a ..... chest of \$11.2 billion gives Google freedom to make strategic acquisitions, even overpaying if necessary, and to take a longer-term view with its products and acquisitions, enabling it to push new services out the door now and figure out how to make money off them later.  
 (a) game (b) hope (c) treasure (d) war
- Q10 ..... are not intended for public distribution: they are meant to be a rough introduction to the company about to issue the new security, thus they are incomplete and not necessarily accurate.  
 (a) Cheatsheets (b) Dope sheets (c) Greensheets (d) Rap sheets

*Business Buzzwords: South African Labour Laws*

- Q1 The new law will do away with employers who have abused the independent contractor provision in South Africa's existing labour laws, but NMG-Levy labour consultant Brian Allen says 'legislative .....' could affect genuine supplier relationships while wiping out this form of evasion.  
(a) overdose (b) overkill (c) overload (d) overrun
- Q2 The NYSE applies program trading ..... whenever the NYSE Composite Index moves 150 points higher or lower than the previous day's closing price; this restriction stays in place until the NYA returns to within 70 points of the previous day's closing price or until the end of the trading day.  
(a) blocks (b) brakes (c) checks (d) curbs
- Q3 The ..... Effect, which harkens to the Hebrew slave who prophesied seven years of feast and famine, relates to the market's tendency to have a long-term memory—for example, a rise in stocks tends to be followed by additional increases.  
(a) Ben Hur (b) Joseph (c) Moses (d) Spartacus
- Q4 I am therefore pleased to report that the second half did indeed show a solid improvement; we managed to more than reverse the first half loss and remain on ..... for the trading performance to continue along this trend.  
(a) course (b) line (c) rise (d) stream
- Q5 August was the cruelest month for Dell Inc, when it recalled 4.1 million laptop batteries because of fears they might ignite, announced a shockingly bad quarter and disclosed that the SEC has launched an investigation of its accounting; 'Dell is in the ..... box' admits founder Michael Dell.  
(a) black (b) ice (c) penalty (d) trash
- Q6 A ..... stock is a perfect stock for investment — named after the gorgeous star of the movie '10'.  
(a) Bo Derek (b) Jennifer Lopez (c) Marilyn Monroe (d) Sharon Stone
- Q7 Most economists think it's unlikely the ..... effect will be enough to tip the U.S. economy back into recession; after all, the average American already watches four hours of TV a day.  
(a) ABC (b) CBS (c) CNN (d) NBC
- Q8 There's a saying in the stock world, that goes, "Don't fight the ....." — what this means is that when there's powerful selling going on against a stock, only the foolish step in and start buying, because the price is likely to continue to decline.  
(a) rush (b) system (c) tape (d) traffic
- Q9 Hedge fund managers will often call analysts and present a very persuasive argument as to why a stock deserves an upgraded rating; this ..... does not always lead an analyst to change his or her rating, but it works enough of the time for the practice to persist.  
(a) dogging (b) drubbing (c) hassling (d) hounding
- Q10 ..... Management is the process of identification, analysis and either acceptance or mitigation of uncertainty in investment decision-making.  
(a) Bond (b) Broker (c) Portfolio (d) Risk

*Business Buzzwords: Young Companies*

- Q1 ..... capitalists mitigate the risk of investing by developing a portfolio of young companies in a single fund.  
(a) Invention (b) Investment (c) Venture (d) Vulture
- Q2 Sanyo Electric is cooperating with the investigation into its suspected window-..... of earnings; Sanyo may have falsified its fiscal 2003 earnings report, writing off far fewer losses than its subsidiaries had and falsely reporting a profit when it was in the red.  
(a) cleaning (b) dressing (c) screening (d) waxing
- Q3 Price discrepancies, although at odds with mainstream finance, are persistent phenomena in financial markets; these apparent mispricings lead to the presence of ....., who aim to exploit the resulting profit opportunities, but whose role remains controversial.  
(a) arbitrageurs (b) arbitrators (c) saboteurs (d) segregators
- Q4 While we anticipate that a supplemental for FY07 will ultimately be signed into law, we expect uncertainty surrounding the level of DoD funding will continue, and as a result, we have less ..... into our next fiscal year than we normally would have at this point in the year.  
(a) assurance (b) confidence (c) security (d) visibility
- Q5 "One of the reasons we have a healthcare crisis is because, as a consumer, I don't have that much ..... in the game," said Arkansas GOP Gov. Mike Huckabee, "there needs to be a transformation from a third-party insurance system to more financial participation by the patient."  
(a) clout (b) coin (c) heart (d) skin
- Q6 A lot of investors and fund managers sold the stock only to buy it a few days later at lower prices; but there is brokerage to be paid on both the transactions (while buying and selling), so unless the fund manager will make a lot of money on that stock, ..... may not be all that prudent after all.  
(a) churning (b) crossing (c) shuffling (d) swinging
- Q7 The five largest music companies and music retailers agreed to pay \$67.4 million to settle a lawsuit over alleged price-..... in the late 1990s; prosecutors said that the industry kept consumer CD prices artificially high between 1995 and 2000 with a practice known as 'minimum-advertised pricing'.  
(a) fixing (b) freezing (c) setting (d) squeezing
- Q8 Insiders are an obvious target for policies designed to provide information security, because they have legitimate uses for communication channels that can also be used to breach security; by restricting the use of these channels, the organisation can create barriers to information .....
- (a) bondage (b) breakage (c) leakage (d) spillage
- Q9 ..... pitch is a quick and concise way to communicate who you are, what you do, and why you do it better; it's more than a mission statement — it's understanding your business in a way that gets people excited, involved, and thinking.  
(a) A doorway (b) An alley (c) An elevator (d) A sidewalk
- Q10 If a trader is in a long position on a currency pair and the exchange rate moves upward in her favor a bit but fails to move past a key resistance level she was expecting as a catalyst for further movement, the trader would probably deem the trade ..... on a failure and close it out for whatever profit had been earned.  
(a) dead (b) down (c) flat (d) frozen

*Business Buzzwords: Japanese Automobiles*

- Q1 The '.....' structuring of assembler-supplier relations historically enabled Japanese auto assemblers to remain lean and flexible while enjoying a level of control over supply akin to that of vertical integration.  
 (a) kaizen (b) keiretsu (c) zaibatsu (d) zamindari
- Q2 ..... the yield curve, the fixed-income strategy of purchasing a longer-dated security and selling before maturity, is a popular means to achieve excess returns compared to buying-and-holding, despite its implicit violations of market efficiency and the pure expectations hypothesis of the term structure.  
 (a) Bumping (b) Driving (c) Riding (d) Tracking
- Q3 Resident Market Makers would be able to vote to reduce the commission charge for the ..... (OBO) who keeps the public limit orders in the relevant class of options.  
 (a) Official Book Orderly (b) Old Boy Official  
 (c) Option Book Officer (d) Order Book Official
- Q4 '..... shops' are firms that entice people through various tactics to open trading accounts with them (including misleading job advertisements that promise quick, unrealistic returns), but on contractual terms that are favourable towards these firms.  
 (a) Bucket (b) Bully (c) Cadge (d) Cellar
- Q5 .....-industry theory posits that small or less productive firms in developing countries require protection to catch up to foreign competitors, and this theory is often cited as a validation for government-sponsored protection from trade and foreign direct investment.  
 (a) Infant (b) Initial (c) Spoonfed (d) Subsidy
- Q6 Small capitalization public companies need access to savvy investors in micro and small cap stocks who are actively seeking the next ....., but the typical investor thinks that he should avoid the small cap market, that he would never have the insight, inside knowledge, skill or luck to find a blockbuster performer.  
 (a) threebagger (b) fourbagger (c) sevenbagger (d) tenbagger
- Q7 Bankruptcy courts are receptive to granting certain protections for the ..... horse bid because of the risk and expense incurred in making the first bid and the interest it generates for the assets.  
 (a) bucking (b) racing (c) rocking (d) stalking
- Q8 A persistent growl from the bear camp two years ago was that the U.S. economy was headed for a 'double-..... recession', meaning the economy was in danger of sliding back into a period of negative growth after having climbed out of it.  
 (a) bubble (b) dip (c) scoop (d) trouble
- Q9 Ultimately, Louis Rukeyser's TV show, 'Wall Street Week', made investing look too easy: you can't rely on ..... to tell you when to be in or out of the market.  
 (a) elves (b) entertainers (c) ghosts (d) hosts
- Q10 Nicknamed "The Junk Bond King", Michael ..... is credited with founding the high-yield debt market but was banned for life from the securities industry.  
 (a) Faraday (b) Fox (c) Milken (d) Moore

*Global Production Systems*

- Q1 The global and national economies, as well as individual industries and firms, have ..... a tremendous amount of restructuring in the past several decades.  
(a) overhauled (b) overseen (c) undergone (d) underwritten
- Q2 Until the 1970s, the global economy was primarily composed of national companies operating mainly within their ....., and the system was characterized by shallow integration versus the deeper integration of today, in which global production systems distribute production across the globe.  
(a) borders (b) factories (c) limits (d) precincts
- Q3 ..... across firms and countries have strengthened as trade has greatly expanded and production has moved southward.  
(a) Boundaries (b) Bridges (c) Lineages (d) Linkages
- Q4 No longer does a single firm control all of a company's activities, but rather the system operates from a network-centric ..... and a firm is disconnected from the customers it serves for instance, Nike now has 900 suppliers and 650,000 workers spread over 50 countries.  
(a) objective (b) perimeter (c) perspective (d) vantage
- Q5 But while there has been a diffusion of production, the control has solidified on the retail side as a result of consolidation among top-..... firms and a proliferation among potential suppliers.  
(a) flight (b) gun (c) ten (d) tier
- Q6 The increase in world agricultural trade is partly a result of the greater market access that produce receives as compared to other agricultural products, especially under ..... trade agreements such as NAFTA and the Lome Convention.  
(a) eventual (b) potential (c) preferential (d) sequential
- Q7 Accompanying this increased trade has been a restructuring of the market from a fragmented industry with low ..... of entry to a market dominated by retail oligopolies that control over half of the fresh produce sold.  
(a) barriers (b) methods (c) obstacles (d) rates
- Q8 This has caused a change towards greater quality, supply ..... efficiencies, and product differentiation.  
(a) chain (b) production (c) route (d) side
- Q9 The result of this concentration and higher standards has been a decline in ..... who are unable to meet all the new requirements and a downward pressure on prices and wages, a widening gender gap in terms of wages, and increased insecurity among workers in the industry.  
(a) dirt farmers (b) landowners (c) truck gardeners (d) smallholders
- Q10 Technological advancements happen at such a rapid rate that it is hard for a country to ..... up and remain competitive.  
(a) catch (b) keep (c) level (d) stay

*Global Production and the Labour Market*

- Q1 The share of trade in world GDP has been increasing with a shift from ..... to manufactured goods and a growing importance of intermediary goods as a result of outsourcing.  
 (a) accommodations (b) commodities (c) commonalities (d) communications
- Q2 This increase in outsourcing has been accompanied by rising income inequality (25% of which is ..... to outsourcing) and historic high rates of profits and profit share.  
 (a) an attribute (b) a tribute (c) attributable (d) attritional
- Q3 To ..... greater gains from trade, countries are seeking to increase their value-added position as they expand their industrialization, but have often found difficulty in upgrading.  
 (a) capture (b) contract (c) control (d) corral
- Q4 The newly industrializing Asian countries have had success in upgrading, whereas Latin America and .....-Saharan Africa have had difficulty (e.g., Mexico has been able to expand exports but only with a small amount of value-added).  
 (a) Mid (b) South (c) Sub (d) Trans
- Q5 China's rapid rise ..... an additional threat for most developing countries outside of Asia that have had trouble upgrading.  
 (a) portends (b) poses (c) posits (d) posts
- Q6 The 1990s saw only a ..... growth in per capita income outside of Asia and a rise in income inequality within countries as a result of the Washington Consensus of export-led manufacturing growth, deregulation, and liberalization.  
 (a) maugre (b) meager (c) measly (d) menial
- Q7 And as China participates even more fully in the global economy, developing countries will not be able to compete with China's abundant supply of cheap labor and developed infrastructure and will therefore be ..... affected.  
 (a) adversely (b) conversely (c) inversely (d) obversely
- Q8 The increased market linkages that now characterize the global economy have caused considerable product and labor market .....: many industries are now characterized by oligopolies on top and increased supplier competition at the bottom.  
 (a) acerbities (b) anomalies (c) antonymies (d) asymmetries
- Q9 It is an endogenous process that is sustainable because of barriers to entry on the top, an abundant supply of labor on the bottom, and the entry of more firms on the ..... level even though many industries already have excess global capacity.  
 (a) base (b) field (c) first (d) ground
- Q10 This has led to a value-added ..... for developing countries that face obstacles to industrial upgrading, pressure downstream to keep prices low because of low margins, and pressures on labor markets to keep wages low.  
 (a) squeeze (b) squelch (c) squint (d) squirt

*Corporate Social Responsibility*

- Q1 As tales of labor abuse in developing countries by multinational companies have ..... the headlines in developed countries, some of these companies have adopted voluntary corporate social responsibility codes.  
(a) caused (b) forced (c) made (d) set
- Q2 These codes are ..... taken by companies over and above their legal obligations to treat the stakeholders of the firm ethically and in a responsible manner.  
(a) initializations (b) initials (c) initiations (d) initiatives
- Q3 This is a move beyond the narrow view of pursuing only short-term profit-maximizing objectives to a broader view of greater social responsibility, but while these codes promote ..... work standards, they do not necessarily mean more jobs.  
(a) decent (b) deceptive (c) decreased (d) drastic
- Q4 Companies are not implementing these new corporate social responsibility standards solely for ..... reasons, but rather there is a burgeoning market for standards in which companies will provide standards if consumer will pay more for this benefit.  
(a) altricial (b) altruistic (c) ulterior (d) unrealistic
- Q5 But the demand curve for standards is kinked, with consumers not willing to pay ..... much more for standards but would cause a huge adverse impact if a company allowed for major labor violations.  
(a) as (b) that (c) them (d) up
- Q6 The persistence of violations and consumers' desire for adequate labor conditions has led to the ..... of vigilantes and verifiers (organizations that check that companies are actually following their reforms, such as the Fair Labor Association and Social Accountability International).  
(a) procession (b) production (c) profusion (d) proliferation
- Q7 For any effort by either the vigilantes or the verifiers to be successful, it needs to involve the workers in ..... since they are the ones who confront the conditions on a daily basis.  
(a) depth (b) fact (c) question (d) situ
- Q8 The standards market has an inherent limitation, since it relies on consumers in developed countries to take action; it therefore limits the number of affected products, and since the worst ..... occur in the informal sector, there is much that corporate codes of conduct will be unable to change.  
(a) abuses (b) constrictions (c) excuses (d) restrictions
- Q9 While voluntary corporate codes of conduct are a start, they are not enough to fully ..... the problem.  
(a) address (b) advance (c) ascend (d) assess
- Q10 National action (and perhaps legislation) can improve the ..... of corporate codes and monitoring, in areas such as transparency, consultations by auditors and monitors with local authority, and consistent enforcement of labor standards.  
(a) inroads (b) outcomes (c) overviews (d) upgrades

*The LS9203 Omni-Directional Presentation Scanner*

- Q1 With stiff competition and commodity price constraints, service is your greatest .....: that means fast checkout and stocking what your customers want.  
(a) delineator (b) determiner (c) differentiator (d) discriminator
- Q2 Your instincts are good, but it's still a guessing ..... to match your inventory with customers' preferences, because you have no way to precisely track what they're buying.  
(a) game (b) play (c) quiz (d) trick
- Q3 Retailers with stores of all sizes are overcoming these challenges by transforming their business processes, abandoning paper-based sales and inventory tracking for electronic data ..... systems.  
(a) cache (b) capture (c) content (d) cover
- Q4 While mobile technologies offer new ways to effectively manage inventory and ..... retail operations, complex and expensive systems may not fit the needs of your organization.  
(a) blueline (b) mainline (c) skyline (d) streamline
- Q5 Instead, you need a tool that's affordable, reliable, integrates into your .....-of-sale (POS) environment easily and can be used without extensive training.  
(a) place (b) point (c) port (d) post
- Q6 Symbol's easy-to-use LS9203 omni-directional scanner speeds checkout and improves sales and inventory management in retail operations where ..... space is limited.  
(a) cashier (b) control (c) counter (d) customer
- Q7 Designed to work as both a presentation and handheld scanner, the LS9203 enables your employees to scan bar codes hands-....., as well as bring the scanner to the merchandise to quickly scan several items at once and avoid lifting heavy products.  
(a) free (b) full (c) off (d) on
- Q8 With automated scanning, you eliminate pricing errors caused by manual input mistakes, reduce profit-eroding shrinkage and discourage '.....' by requiring a manager's approval before offering special deals for friends and relatives.  
(a) befriending (b) dreamboating (c) lovebirding (d) sweethearting
- Q9 With increased ..... into what your customers are buying, you encourage repeat business by providing the products your customers want, when they want them.  
(a) veritability (b) versatility (c) viability (d) visibility
- Q10 And the LS9203's small ..... leaves you enough space to set up product displays at the checkout counter, so your customers are able to easily pick up last-minute items.  
(a) footfall (b) footpad (c) footprint (d) footstand

*Nanotube Technology*

- Q1 CNTs (carbon nanotubes) have probably been around for a lot longer than was first realized, but ..... microscopy at that time was not advanced enough to distinguish them from other types of tubes.  
(a) electric (b) electrolytic (c) electron (d) electronic
- Q2 The first method for producing CNTs and fullerenes in ..... quantities was by applying an electric current across two carbonaceous electrodes in an inert gas atmosphere.  
(a) reasonable (b) refinable (c) required (d) righteous
- Q3 This method is called plasma arcing: it involves the evaporation of one electrode as cations followed by ..... at the other electrode.  
(a) deliquescence (b) deposition (c) dilation (d) dilution
- Q4 The carbon arc discharge method is the most common and easiest way to produce CNTs, but it produces a complex mixture of components and requires further purification to separate the CNTs from the soot and the ..... catalytic metals present in the crude product.  
(a) recovered (b) recrudescant (c) resident (d) residual
- Q5 This method creates CNTs through arc-vaporization of two carbon rods placed end to end, separated by approximately 1mm, in an enclosure that is usually filled with ..... gas at low pressure.  
(a) inept (b) inert (c) inset (d) intent
- Q6 Another method of nanotube synthesis involves plasma arcing in the ..... of cobalt with a 3% or greater concentration.  
(a) catalyst (b) circumference (c) presence (d) proximity
- Q7 The nanotube product is a compact cathode deposit of rod-like .....  
(a) analogy (b) graphology (c) morphology (d) topology
- Q8 However, when cobalt is added, the nature of the product changes to a web, with strands of 1mm or so thickness that stretch from the cathode to the walls of the reaction .....  
(a) vassal (b) vessel (c) vestibule (d) vestige
- Q9 The ..... by which cobalt changes this process is unclear, however one possibility is that such metals affect the local electric fields and hence the formation of the five-membered rings.  
(a) machinations (b) machinery (c) mechanics (d) mechanism
- Q10 Arc-discharge and laser vaporization are currently the principal methods for obtaining small quantities of high quality CNTs, but both methods suffer from .....: the CNTs are difficult to purify, manipulate, and assemble for building nanotube-device architectures for practical applications.  
(a) backups (b) breakups (c) breakdowns (d) drawbacks

*Company Mergers*

- Q1 The question is often asked why one huge company should want to take over another massive organisation just for the sake of ..... or overthrowing a business rival.  
(a) tipping (b) tapping (c) topping (d) toppling
- Q2 The winner may well have plenty of resources and ..... at its disposal to carry out the take over but there has to be another reason.  
(a) stages (b) platforms (c) supports (d) floors
- Q3 It may well have the ..... market share in that area with no opposition from any other competitor.  
(a) leading (b) directing (c) driving (d) guiding
- Q4 In that case why should it want to carry out its plan and do the ..... thereby inheriting all the problems that the other company has experienced?  
(a) deed (b) action (c) deal (d) process
- Q5 It is possible that it has had a good year and at the end of the financial year it has produced an excellent ..... of results that has pleased its shareholders.  
(a) package (b) packet (c) crowd (d) set
- Q6 Another reason of course is that it just wanted to do what the shareholders wanted by ..... to their wishes.  
(a) pandering (b) pleasing (c) placating (d) promoting
- Q7 In that case it won't necessarily increase its profits or ..... its reputation in the business world.  
(a) build (b) bolster (c) boot (d) barter
- Q8 It may indeed suffer an initial ..... in business and profits may be substantially reduced.  
(a) download (b) downfall (c) downpour (d) downturn
- Q9 Any company on reflection should think seriously before splashing ..... and spending huge sums of money.  
(a) out (b) off (c) over (d) in
- Q10 The reality is that any company bent on a takeover should be wary of losing business and clients because there may well be a mass ..... of customers.  
(a) expulsion (b) exile (c) exodus (d) explosion

*Business Buzzwords: Con Men*

- Q1 Connie tried selling her family's camper on an Internet auction site, only to have a con man make off with it while sticking her with a ..... check — the buyer sent a check for \$10,500 and sent a driver to pick up the camper, so Lang turned it over, but two weeks later found out the check had bounced.
- (a) paper (b) plastic (c) rubber (d) vinyl
- Q2 In the charges brought against RT Capital, members of that firm admitted their actions were against the public interest: those actions apparently consisted of 53 cases of causing the price of a security to end the day on an up tick — a high .....
- (a) bench (b) close (c) mark (d) street
- Q3 Parties to an Exchange for Physical trade, which is another form of ..... trade permitted by most exchanges, have considerable leeway in reporting; EFP transactions can occur at any time, during and after market hours, and there is no time restriction to report an EFP to the exchange.
- (a) a downstairs (b) an inside (c) an outside (d) an upstairs
- Q4 The methods used by Katz created a false and misleading appearance of trading activity or an artificial price for the securities of Caprice, and included the execution and clearing of orders through other member firms (a '..... Trade') to disguise the players in the market place.
- (a) Buggy (b) Jitney (c) Rickshaw (d) Tuk-tuk
- Q5 Bridge Mobile Alliance provides a regional ..... shop that supports enterprises with regional mobile needs; this means that instead of having to liaise with multiple parties, you can approach any alliance member to consolidate all your needs and requirements.
- (a) one-deal (b) one-piece (c) one-stop (d) one-way
- Q6 Trend followers know the trick of letting their profits ..... is key to trading: once you learn that to maximize your profits you must be willing to give up some part of your accumulated profits, you are on your way to sustained success, and refusing to give up a part of that accumulated income due to fear is a big mistake.
- (a) ride (b) run (c) sift (d) sit
- Q7 A political split suggests legislative ..... in Washington, which is not a bad situation for the financial markets; equity investors tend to favor a divided government since it usually suggests less government intervention in the economy and stock market.
- (a) breakthrough (b) comeuppance (c) gridlock (d) torpor
- Q8 For purposes of this rule, "agency ..... transaction for an advisory client" means a transaction in which a person acts as an investment adviser in relation to a transaction in which the investment adviser acts as a broker-dealer for both the advisory client and another person on the other side of the transaction.
- (a) back (b) cross (c) mirror (d) pair
- Q9 ..... investing, where small investors mimic the top pros, may be growing more popular than ever; as markets have gone nowhere over the past five years they went down and then recovered the solution is to find people who you think are making money and attach yourself to them.
- (a) Apronstring (b) Coattail (c) Shirrtail (d) Shoestring
- Q10 One of U.S. management's big complaints is against union .....; last week the American Institute of Management warned that unions are not alone in insisting on unnecessary jobs — management itself is widely guilty of the practice.
- (a) featherbedding (b) goldbricking (c) lollygagging (d) pussyfooting

*Business Buzzwords: Hostile Deal*

- Q1 That scenario would include the make-your-best-offer propositions like Verizon and MCI, the '..... knight' attempts to upset existing agreements like Blockbuster's, and straightforward hostile deals, which have been rather rare recently.  
(a) black (b) gray (c) white (d) yellow
- Q2 Leaders on both sides of the Pacific agree on the need to encourage long-term investments in factories and businesses and to minimize the boom and bust effects of so-called '..... money', the term for funds from investment companies, banks, and currency traders seeking a high rate of return on a short-term commitment.  
(a) easy (b) fast (c) hot (d) tall
- Q3 Zinc just recently achieved a nominal all-time high and along with its fellow base metals counterparts has bucked the commodities trend in recent months, having an amazing run in its own ..... market.  
(a) alloy (b) back (c) bull (d) side
- Q4 Does Your Boss Play .....? — An account manager thought he was starting off well during his first week at a large advertising agency in Los Angeles, but just a few weeks later, his boss abruptly called him into his office and addressed him using a demeanor and tone he'd never experienced in his 17-year business career.  
(a) Abbot and Costello (b) Freud and Jung (c) Jekyll and Hyde (d) Laurel and Hardy
- Q5 The eagerness for quick riches is hard to squelch; indeed, after an investing bubble, ..... bubble where investors rush in to buy all over again isn't uncommon.  
(a) a baby (b) a double (c) an echo (d) an empty
- Q6 The IMF estimates money ....., the process drug traffickers use to introduce proceeds of the sale or distribution of controlled substances into the legitimate financial market, to amount to between 2 and 5 percent of the world's GDP, about \$600 billion annually.  
(a) cleaning (b) laundering (c) polishing (d) washing
- Q7 "For now, let me just say that a strategic ..... point is a time in the life of a business when its fundamentals are about to change; that change can mean an opportunity to rise to new heights, but it may just as likely signal the beginning of the end." (Andrew S. Grove)  
(a) crux (b) inflection (c) pivot (d) triple
- Q8 The ..... scheme continues to work on the 'rob-Peter-to-pay-Paul' principle, as money from new investors is used to pay off earlier investors until the whole scheme collapses.  
(a) Feebate (b) Lapping (c) Paranjape (d) Ponzi
- Q9 ..... prefer low interest rates as a means of encouraging growth within the economy because this tends to lead to increased demand for consumer borrowing and spurs an increase in consumer spending; they believe the negative effects of low interest rates are negligible in the larger scheme of things.  
(a) Bears (b) Bulls (c) Doves (d) Hawks
- Q10 The ..... rate in 1974 was about 7-8 percent, but today that rate is about 33 percent; even well established leadership companies can be swept away very, very fast now.  
(a) cobble (b) crumble (c) topple (d) tumble

*Business Buzzwords: Competitive Advantage*

- Q1 An important theme of research related to the industry ..... is that strategies for achieving competitive advantage differ depending on the stage: firms compete primarily on alternative product designs and positioning early in the history of an industry, whereas cost becomes a more important basis of competition in later stages.  
 (a) development (b) evolution (c) flowchart (d) lifecycle
- Q2 Yahoo! and MSN are both good examples of ..... because both have sites in different languages specifically targeted at the people of several countries.  
 (a) culturalization (b) glocalization (c) ramification (d) specialization
- Q3 It appeared that Old Mutual had fallen prey to a bear ....., where short sellers had entered the market for Old Mutual shares and had closed out their positions early this week; Poole said, "The market reacted very badly to our announcement, and we take losing 10 % of our price seriously."  
 (a) attack (b) market (c) raid (d) scare
- Q4 "An obsession with wealth has led to ..... epidemic", says Oliver James, "the virus is a set of values which increase our vulnerability to psychological distress, placing a high value on acquiring money and possessions, looking good in the eyes of others and wanting to be famous."  
 (a) a Mad Cash Disease (b) a Moneyosis (c) an Affluenza (d) a Newmonia
- Q5 In 1982, Barry Minkow started his own rug-cleaning business called ..... Best and eventually turned it into a public company with a paper value of more than \$200 million; he was given a hero's welcome on Wall Street, but in December 1988, he was convicted on 57 counts of fraud and sentenced to 25 years in jail.  
 (a) AAAA (b) BBBB (c) XXXX (d) ZZZZ
- Q6 The seller of T Bond futures does not have to notify the clearing house until 8 pm about his intention to deliver, so if bond prices decline after 2 pm, the seller can notify the clearing house of his intention to deliver the cheapest bond that day or he can wait for the next day: this option is called the ..... card play.  
 (a) down (b) high (c) hole (d) wild
- Q7 The ..... accounting employed by iMergent could be the reason why the company has lost all coverage from major brokerage houses and now reports numbers to the public without independent scrutiny; in 2005, it confessed a huge restatement of prior earnings and rolled up a mass of prior years' unreported losses.  
 (a) abracadabra (b) hocuspocus (c) hoodoo (d) voodoo
- Q8 A ..... bond is one whose interest and principal payments are made from a fund into which a company sets aside money over time, in order to retire its preferred stock, bonds or debentures.  
 (a) saver (b) sinker (c) storage (d) surety
- Q9 A Brookfield real estate agent was charged Thursday in federal court with trying to get a \$75,000 ..... in the form of a percentage of the sale if the bidder's proposal was accepted, in exchange for giving out confidential bid information on the sale of a \$30 million state office building in Madison.  
 (a) backup (b) blackmail (c) kickback (d) rebate
- Q10 Investors are starting to worry that Symantec, which makes the popular Norton brand of anti-virus software, is in danger of being .....: Microsoft has made some rumblings lately about stepping up its presence in security software.  
 (a) Appled (b) Deleted (c) McAfeed (d) Netscaped

*Business Buzzwords: Credit-derivative Trades*

- Q1 Fourteen high profile Wall Street investment banks, including a former Federal Reserve regional board member, have gathered in New York to tackle the growing monster of unmatched credit-derivative trades, so Wall Street might ultimately fix this derivatives ..... before it explodes.  
 (a) dirty-bomb (b) roadside-bomb (c) smart-bomb (d) time-bomb
- Q2 The phrase '..... crime' was coined in 1939 during a speech given by Edwin Sutherland to the American Sociological Society. Sutherland defined the term as "crime committed by a person of respectability and high social status in the course of his occupation."  
 (a) flea-collar (b) high-collar (c) square-collar (d) white-collar
- Q3 Why would people want to own General Motors or Ford, just because those stocks are down a lot, when they could own best-of-..... Toyota, which is taking share and making big profits? — I know they are drawn by the low dollar amount of the American carmakers, but Toyota is the cheapest and the best, a rare find.  
 (a) all (b) breed (c) class (d) line
- Q4 ..... Deal for Kuwait Parazylene: 18 banks have signed up to the \$1.4 billion financing for Kuwait Parazylene Production Company (KPPC).  
 (a) Ally (b) Club (c) Party (d) Venture
- Q5 Considering the few extra percentage points of return that most ..... index funds may give you, you're better off sticking with a conventional index fund; that's where you'll find lower risk and expenses, plus minimal tax liabilities.  
 (a) amplified (b) augmented (c) embellished (d) enhanced
- Q6 The company recorded a provision for risk of (34.7) million euros, mainly generated by the discontinuation of production at the Bernin site and focus of the optical business on foundry services, the ..... resulting from acquisitions, a litigation with one customer and employee severance costs.  
 (a) badwill (b) losses (c) publicity (d) setbacks
- Q7 Partially as a result of the back-of-the-..... business model approach, many eConsultants had not considered the situation thoroughly and lacked one of the most fundamental ideas behind any new company — a better mousetrap.  
 (a) cuff (b) envelope (c) hand (d) napkin
- Q8 We have analyzed connected transactions between Chinese publicly listed firms and their state-owned enterprise (SOEs) shareholders and shown how resources are ..... from minority shareholders of the firm to the state.  
 (a) shuffled (b) sidled (c) trundled (d) tunneled
- Q9 The bear call ..... can be seen as writing a call with protection against an unexpected rise in the market; in this instance, the trader may write a call around the money, and take a call out-of-the-money, which effectively provides a ceiling to the potential loss if the market should rise.  
 (a) counter (b) cover (c) hedge (d) spread
- Q10 In a Mortgage Dollar Roll transaction, the investor sells the securities that he was to receive from the dealer in the front month for one price and buys the same securities from the dealer at a lower price for settlement in the next month: the difference between the two prices is known as the .....  
 (a) bomb (b) drop (c) fake (d) split

*Business Buzzwords: High Valuation*

- Q1 High valuation means a bigger potential price fall for a ..... stock.  
 (a) bungee (b) parachute (c) submarine (d) torpedo
- Q2 The ..... leader is a pricing strategy which involves selling products/services at a price that will generate little or no profit and in some cases not even cover all associated costs (marketing, overheads, direct costs, etc).  
 (a) bargain (b) discount (c) loss (d) sale
- Q3 ..... Comes Off Starbucks: Shares in Starbucks fell to their lowest level since late 2005 as investor concerns about slower sales and profit growth continued to chip away at the once highflying stock.  
 (a) Fizz (b) Fluff (c) Foam (d) Froth
- Q4 Not all these houses are ugly and shoddy: though most are badly proportioned pastiches of different styles, some are built with attention to detail and materials, but, as the epithet ..... suggests, they're just too big-for their lots, for their neighborhoods and for the number of people who actually live in them.  
 (a) Gargantuan (b) Humonghouse (c) Lilliputian (d) McMansion
- Q5 American bankers for decades operated by the ..... rule; they could afford to be that precise because federal and state laws set the strict rules by which they operated and protected them from competitors, and the power and prestige of bankers remained as secure as their vaults, while profits were steady and certain.  
 (a) 2+2 (b) 3-6-3 (c) 9/11 (d) 24-7
- Q6 Going public with a bear ..... is a great strategy for acquiring a target whose management isn't inclined to sell; it forces a corporate board to consider any reasonable bid because directors have a responsibility to provide shareholders with the best financial returns.  
 (a) flattener (b) hug (c) spread (d) trap
- Q7 The good and bad of .....: Tax refunds may be welcome to most taxpayers, but technically speaking, it's not wise to give the government interest-free loans.  
 (a) indemnification (b) intaxification (c) intensification (d) investigation
- Q8 On the negative side, the market is a stone's throw from refreshing the overvalued, overbought, overbullish, yields-rising condition we've dubbed '.....'.  
 (a) boyoboy (b) oabooby (c) onobobby (d) ovoboby
- Q9 Life expectancy for men aged 60 is more than five years' longer in 2005 than it was anticipated to be in mortality projections made in the 1980s, and this problem threatens the solvency of the life and pensions industries; the amounts exposed to ..... risk in the UK pensions industry alone are estimated to be 2,520 billion.  
 (a) liveability (b) longevity (c) senility (d) seniority
- Q10 We have taken a direct sentiment measure, i.e., market sentiment index constructed by 'Investors Intelligence': each week weekly newsletter opinions on the future market movements are grouped, and we use the ..... ratio as a proxy of sentiment.  
 (a) bull-bear (b) buy-sell (c) gain-loss (d) hawk-dove

*Workforce Planning Methodology*

- Q1 Mertz, Joshua and Grumbach's study of the oral health workforce involved an extensive literature and legislative review, as well as interviews with 20 key .....
- (a) freeholders (b) policyholders (c) shareholders (d) stakeholders
- Q2 The literature review exposed the main theoretical concepts behind workforce planning and was used to assess current DHPSA policy in the ..... of the policy's legislative history.
- (a) content (b) context (c) intent (d) subtext
- Q3 The study provides a synthesis of the alternative personnel planning methodologies (supply-based, demand-based and needs-based), and examines data availability to ..... these methods.
- (a) invent (b) invest (c) supplant (d) support
- Q4 The practical application of these methods is found primarily in the DHPSA and National Health Service Corps (NHSC) programs, the primary governmental efforts to ..... in oral health personnel planning.
- (a) enact (b) engage (c) enlist (d) enquire
- Q5 The study details the legislative history and institutional development of the current DHPSA criteria and compares the performance of the policy against its expressed goal to identify areas of ..... need.
- (a) unaware (b) unknown (c) unmet (d) unsought
- Q6 The legislative directive for monitoring and addressing oral health workforce issues has evolved over the past 60 years from focusing on defining 'manpower shortages' to an emphasis on measuring .....
- (a) inbreeding (b) outpatients (c) overkill (d) underservice
- Q7 However, the programs developed in ..... to legislation have not evolved to reflect this change.
- (a) reaction (b) reply (c) response (d) retort
- Q8 While a variety of ..... methodologies for measuring shortages exist, there are little data currently available upon which to base a new method.
- (a) altered (b) alternate (c) alternating (d) alternative
- Q9 Dental health personnel planning is a process to determine appropriate numbers, types and distribution of providers needed to achieve certain health goals and is rooted with the social ..... to use limited resources appropriately.
- (a) imperative (b) implication (c) importance (d) impression
- Q10 This study suggests the need for a revision of oral health care workforce monitoring and planning methods and a ..... of assessment efforts and programmatic responses.
- (a) realignment (b) reassignment (c) reconfinement (d) reconsignment

*Information Services Management*

- Q1 Van Deventer and Martha Johanna explain that knowledge economy management literature is ....., but very little of the retrieved literature relates to the application of management philosophies within the library and information services industry.  
 (a) productive (b) profitable (c) profound (d) prolific
- Q2 The assumptions that ..... this research are in the first instance that, if it is not reported in the literature, it is questionable whether library and information services are implementing the new management practices.  
 (a) underlie (b) underpin (c) understudy (d) underwrite
- Q3 For the purpose of this study it was presumed that the advantages of these knowledge economy management philosophies are ..... that they should also be applicable within the back office environment.  
 (a) more (b) much (c) so (d) such
- Q4 The most suitable methodology was identified as a ..... version of Kaplan and Norton's balanced scorecard, based on the philosophy of the intangible asset monitor and including aspects of the value chain scoreboard.  
 (a) alloyed (b) amalgam (c) halfbreed (d) hybrid
- Q5 An opinion was ..... that the monitoring of intellectual capital growth needs to take place at both the individual and the organizational level if monitoring is to be of real objective value.  
 (a) explained (b) exploited (c) explored (d) expressed
- Q6 Implementation of the management practice (intellectual capital management) occurred in two phases and stretched over a period ..... on 18 months.  
 (a) around (b) close (c) near (d) right
- Q7 A situation analysis was done at the start of the research period; Kaplan and Norton's adapted scorecard framework was then utilized to ..... objectives for each of the two implementation phases.  
 (a) base (b) draw (c) give (d) set
- Q8 An adapted version of Sveiby's Affrsvrlden model was utilized to identify specific implementation actions and initiatives to be .....  
 (a) done (b) given (c) made (d) taken
- Q9 From the weaknesses, a number of priority actions were identified while the strengths provided a good ..... as to what could be considered the good practice that should be continued.  
 (a) lead (b) line (c) track (d) trail
- Q10 In brief, it is possible to say that intellectual capital management has been an appropriate management philosophy to use within the chosen service environment, and it is appropriate to recommend that its principles and practices be ..... out to the rest of the service unit.  
 (a) doled (b) handed (c) passed (d) rolled

*Capital Cost Allowance*

- Q1 David Trahair, C.A. explains that although most expenses are deductible in the year you paid them, there are types of purchases that are ..... differently.  
(a) accounted (b) bought (c) measured (d) treated
- Q2 For example, purchases of property such as computers, office furniture, buildings, and manufacturing equipment are not usually written ..... in the year of acquisition.  
(a) down (b) in (c) off (d) up
- Q3 These types of properties will ..... or become obsolete over a number of years; in recognizing this, you can make a yearly deduction for their cost for income tax purposes called capital cost allowance.  
(a) turn out (b) turn over (c) wear down (d) wear out
- Q4 All property of a capital nature that you purchase must be grouped in a class ..... to that item. and all property in that class is grouped together and the total cost is used to determine the amount of capital cost allowance.  
(a) especially (b) special (c) specific (d) specified
- Q5 Classes typically use a ..... balance to depreciate property and each class is designated a maximum fixed percentage for the year; there are 44 classes of property with rates in the classes varying from as low as 4% to as high as 100%.  
(a) declining (b) decreasing (c) receding (d) reclining
- Q6 If your taxation year is less than twelve months, then the allowable deduction amount will be ..... to a portion of the maximum amount allowed.  
(a) appropriated (b) apropos (c) prioritized (d) prorated
- Q7 Generally, for the year of acquisition the half-rate rule applies, so only 50% of the maximum deduction amount of a particular class can be .....  
(a) claimed (b) listed (c) made (d) reserved
- Q8 ..... can occur if, when you sell the property, the sale price is more than the total of the undepreciated capital cost (U.C.C.) for that class at the beginning of the period and there were no more items left in that class.  
(a) Recapture (b) Reclamation (c) Refund (d) Reimbursement
- Q9 ..... loss will occur if you have an undepreciated capital cost for a class but have no more physical property. (i.e. you could have sold an asset for less than its U.C.C.).  
(a) An intentional (b) An interim (c) A temporary (d) A terminal
- Q10 This amount is deductible from your business income for the year that you ..... of the property.  
(a) declared (b) depreciated (c) despaired (d) disposed

*Ecosystem Restoration*

- Q1 Ecosystem restoration has existed as a nascent niche study for at least 70 years, but it didn't really pick up ..... until the practice of environmental mitigation brought serious dollars into the picture.  
(a) fire (b) force (c) steam (d) tracks
- Q2 As ecosystem restoration grew into an industry, the demand for quality standards and ..... research grew.  
(a) regular (b) relentless (c) righteous (d) rigorous
- Q3 During this period, there was a lot of debate over its .....: is it an art, a science, an industry, or all three — or is restoring ecosystems playing God?  
(a) crossbreeding (b) forbearing (c) overhauling (d) underpinning
- Q4 Should we try to restore a system back to a certain point in time that we deem to be ....., or should we merely try to restore the health of its underlying systems, so it can pursue whatever trajectory is appropriate for current circumstances?  
(a) capable (b) comparable (c) perilous (d) pristine
- Q5 In all of this, there's been much emotion, much soul-....., much business, much science, much poetry, and much politics.  
(a) searching (b) selling (c) taking (d) trading
- Q6 The English language has over three times as many synonyms for restoration as it does for new development, maintenance, and conservation combined: that should tell us something about how important the renewal portion of the natural lifecycle is to our .....  
(a) commerce (b) conscience (c) physique (d) psyche
- Q7 An economy that's based primarily on ..... — in a country with finite borders — is a strategy that can only lead to depauperization, degradation, and war.  
(a) sprawl (b) sprout (c) stray (d) strew
- Q8 Nowadays, the growth of ecosystem, watershed, and fishery restoration industries, budgets, and sciences far ..... the growth of their counterparts related to extraction of virgin resources.  
(a) outdoes (b) outperforms (c) outshines (d) outstrips
- Q9 So why are our trade schools and universities still ..... out skills and degrees that don't address the fastest-growing sector of the economy?  
(a) drawing (b) pumping (c) spilling (d) tapping
- Q10 For the first time in human history, we can put ..... numbers to the value of the damage of environmental transgressions; NOAA has pioneered the application of this trend by applying a three-stage fine to those who destroy turtle grass beds in Florida.  
(a) hard (b) full (c) straight (d) strong

*The New York Hospitality Industry*

- Q1 "New York City's hospitality industry is ..... fire," the global chairman of brokerage services at CB Richard Ellis, Stephen Siegel, said, "People from around the world want to visit New York and of course, they all need places to stay."  
(a) about (b) in (c) on (d) under
- Q2 Supply cannot meet the demand which has been created by ..... more than 41 million visitors to the city in 2006.  
(a) no (b) some (c) the (d) yet
- Q3 According to industry leaders, 44 million visitors — a record number — are expected this year, helping to ..... the hospitality fire.  
(a) burn (b) fuel (c) kindle (d) singe
- Q4 Owners and operators in the hospitality ..... are saying they have not experienced such impressive cash flow, hotel property selling prices, and availability of financing for close to a decade.  
(a) area (b) arena (c) section (d) sector
- Q5 Even after several years of ..... growth, real estate experts say the market is improving so far in 2007.  
(a) absolute (b) affirmative (c) positive (d) potential
- Q6 "Occupancy levels have been close to capacity for the second year in a row, and room rates had another year of double-..... growth," the president of Lodging Advisors, Sean Hennessey, said.  
(a) bed (b) digit (c) standard (d) unit
- Q7 In ..... of this, more and more people assume the pace of improvement must moderate; and yet, for the first quarter of 2007, occupancy is up about 1 percentage point over last year, and room rates are up 12%.  
(a) case (b) lieu (c) light (d) proof
- Q8 The Manhattan hotel market is ..... hot, with demand for hotel rooms far outstripping supply.  
(a) flame (b) pot (c) stove (d) white
- Q9 During the past several years, several thousand hotel rooms have been lost from the city's inventory due to the ..... of existing hotels to residential use.  
(a) conservation (b) conversion (c) restoration (d) reversion
- Q10 As the New York lodging market continues to experience increases in average rates, and as the robust residential market slows down a bit, we are now seeing that hotel economics begin to ..... out the feasibility of new hotel development.  
(a) draw (b) eke (c) pencil (d) sketch

*The Hospitality Industry*

- Q1 According to Michael Stoler, an influx of capital into the New York real estate market is ..... the hotel market.  
 (a) dogging (b) driving (c) hounding (d) riding
- Q2 "The availability of funds both on the debt and equity sides from the ..... of lending institutions and opportunity funds for hotel projects in the Big Apple is plentiful," the principal of Eastern Consolidated, Alan Miller, said.  
 (a) peccadillo (b) penchant (c) pleonasm (d) plethora
- Q3 Numerous groups are seeking to be part of the tremendous wave of hospitality demand we are experiencing, from the construction of ground-..... hotels or the conversion of existing buildings to the repositioning of certain hotel assets.  
 (a) floor (b) out (c) up (d) zero
- Q4 The market is ..... in capital chasing hotels.  
 (a) aboard (b) ashore (c) awash (d) away
- Q5 With the strong need for more rooms in Manhattan, ..... with the fact that there are no longer any undesirable neighborhoods, the entire island south of 125th Street from river to river represents a good hotel site.  
 (a) complete (b) complicated (c) conducive (d) coupled
- Q6 Highgate Holdings is planning to convert the Chinatown Holiday Inn at 138 Lafayette St. into a ..... hotel.  
 (a) bazaar (b) bistro (c) boutique (d) buvette
- Q7 "The ..... of hotels is probably at an all-time high, which might lead to increased competitiveness and price wars," Mr. Hennessey said.  
 (a) deadline (b) lifeline (c) pipeline (d) timeline
- Q8 It will likely hurt those hotels that have benefited from the ..... of Manhattan's demand.  
 (a) compression (b) expression (c) impression (d) repression
- Q9 The greater risk is that the city's economy ....., and what many of the newly minted hoteliers don't realize is that a small drop in revenue can cause a huge drop in profitability.  
 (a) falters (b) festers (c) filters (d) flickers
- Q10 When the slowdown eventually comes, a reverse ..... effect is expected whereby the properties living off of the Manhattan-displaced demand, particularly those without adjacent commercial development, will feel the downturn first.  
 (a) rattle (b) ripple (c) waffle (d) wobble

*A Tourism Partnership*

- Q1 South West Wales Tourism Partnership is the Regional Tourism Partnership serving South West Wales; the Welsh Assembly Government initiated the formation of 4 RTPs across Wales to receive ..... resources and responsibilities for tourism marketing and development.  
 (a) devolved (b) evolved (c) involved (d) revolved
- Q2 Four Regional Tourism Partnerships (RTPs) were established in Wales in 2001, ..... with the four regional economic fora areas.  
 (a) coexistent (b) contingent (c) cooperant (d) coterminous
- Q3 The partners in SWWTP are all the local authorities and a broad spread of tourism, hospitality and leisure industry representatives from across the Region; SWWTP acts as the lead ..... supporting tourism in South West Wales.  
 (a) backbone (b) body (c) bulwark (d) buttress
- Q4 Key elements within the Partnership's aims include the need to maximise potential and eliminate wasteful competition for the benefit of the consumer and the trade and to encourage integration of public and private sector resources by ..... a distinct regional bias in decision-making.  
 (a) coddling (b) coercing (c) nursing (d) nurturing
- Q5 The SWWTP drives forward the SWW Regional Tourism Strategy, 'Open All Year', which is now in .....  
 (a) being (b) line (c) place (d) site
- Q6 SWWTP is a not-for-profit company limited by guarantee; every 3 years elections ..... to all with an interest in tourism will be held across the region to choose one-third of the industry representatives.  
 (a) given (b) granted (c) open (d) voted
- Q7 The SWWTP works within strict ..... cost limits, and so its core staff is limited to 3.5 (Director, Project Manager, Office Manager, and part-time Administrative Officer).  
 (a) conducting (b) engaging (c) running (d) streaming
- Q8 The SWWTP will act as an enabling and ..... body, working through others to deliver its objectives.  
 (a) commissioning (b) concessional (c) subordinating (d) supplantive
- Q9 Targets are set for individual projects from training to marketing, based on leverage for both investment and return on expenditure .....; conversion and tracking studies are built into the activity.  
 (a) endured (b) ensured (c) incurred (d) inferred
- Q10 SWWTP took a decision to minimise expenditure on corporate public relations and instead works with its partners to ..... news and opportunities.  
 (a) disburse (b) disintegrate (c) dispense (d) disseminate

*US Cultural and Heritage Tourism Management*

- Q1 Ten years ago ..... blueprint for cultural and heritage tourism was adopted by more than 1,500 dedicated political and industry leaders and practitioners as part of their national agenda for the travel industry.
- (a) an incendiary (b) an incipient (c) a seminal (d) a sentient
- Q2 In their Cultural Tourism in the United States white paper, the authors ..... a definition for cultural and heritage tourism — "travel directed toward experiencing the arts, heritage, and special character of a place".
- (a) cached (b) captivated (c) encapsulated (d) encoded
- Q3 Its adoption at the 1995 conference initiated new relationships between ..... partners—the cultural, heritage and tourism sectors—who sought to fulfill its key values and vision of a sustainable industry with appropriate growth.
- (a) incompatible (b) incongruous (c) unlikely (d) unruly
- Q4 Collaborations spread across the country following the paper's ..... of action steps, and the results have surpassed expectations.
- (a) calendar (b) catalogue (c) roadmap (d) trailhead
- Q5 Six regional forums catalyzed state action on cultural and heritage tourism, cultural and heritage tourism staff positions were established at convention and visitors bureaus, and ..... research on the impact of cultural and heritage tourism was spawned.
- (a) base-lining (b) groundbreaking (c) keel-laying (d) sodbusting
- Q6 Over the last decade, travel industry research confirms that cultural and heritage tourism is one of the fastest growing segments of the travel industry; for some travelers, cultural and heritage experiences are ..... added, enhancing their enjoyment of a place and increasing the likelihood that they will return.
- (a) always (b) extra (c) specials (d) value
- Q7 For a growing number of visitors, however, who are tired of the ..... of places around the world, authentic experiences are an important factor and motivator for their travel decisions and expectations.
- (a) homogenization (b) juxtaposition (c) ramification (d) standardization
- Q8 The industry today encompasses cultural and heritage specialists, who are an important resource for the travel and tourism industry in providing these customers with accurate, ..... interpretation of local assets.
- (a) clear-sighted (b) insightful (c) out-of-sight (d) unsightly
- Q9 ..... but often invisible component of the cultural and heritage sector are the artists, performers, writers and other creative workers whose skills and vision bring to life our nation's genius and ideas.
- (a) A compatible (b) An incorrigible (c) An inevitable (d) An integral
- Q10 Cultural and heritage tourism also provides a means of preserving and perpetuating our nation's cultural heritage through education, increased revenues and audiences, and good .....
- (a) citizenship (b) craftsmanship (c) salesmanship (d) stewardship

*Cultural Brokerage*

- Q1 Wu and Haywood's paper presents the findings of a study of Canadians who have visited China and the tour operators who ..... the trips in an attempt to understand the need for 'cultural brokerage'.
- (a) alleviate (b) facilitate (c) lionize (d) stylize
- Q2 Research has revealed that cultural differences are important factors that appeal to and attract international tourists; many seem to ..... the novelty of the experience.
- (a) garner (b) garnish (c) relinquish (d) relish
- Q3 However, the success of these foreign ..... can be undermined if the travel experience and the encounters are not carefully managed.
- (a) interludes (b) intrigues (c) soirees (d) sojourns
- Q4 The intent is to help Canadian tourists and Chinese hosts better understand each other; when Canadian tourists are better able to pre-educate themselves about Canadian and Chinese cultural differences, they will be able to visit China with a greater peace of .....
- (a) heart (b) mind (c) soul (d) thought
- Q5 The greater the differences in the cultural background of travelers, the more likely it is that their behaviour will be misunderstood and lead to ..... (Reisinger & Turner, 1998).
- (a) faction (b) friction (c) inaction (d) reaction
- Q6 Experiencing a second culture can be beneficial, since such ..... is said to broaden one's perspective, promote personality growth and provide insight into the culture of origin through a contrast with other world-views.
- (a) exposure (b) imposition (c) posture (d) repose
- Q7 Milman and Pizam (1988) argue that actual tourism and travel experience is not only composed of physical activities, but also a wide range of ..... activities pertaining to the mind.
- (a) cognitive (b) psychic (c) psychological (d) recognizable
- Q8 Since national cultures have certain dominant values, it can be taken for ..... that international tourists will differ from their hosts in numerous ways (Pizam & Sussmann, 1995; Reisinger & Turner, 1998).
- (a) consideration (b) fact (c) granted (d) truth
- Q9 To orientate tourists to exotic host cultures, it may be necessary to engage a 'culture broker', a ..... who functions as a link between diverse cultural systems.
- (a) mediator (b) medium (c) middleman (d) moderator
- Q10 It has been noted that the temporariness of international tourists' cross-cultural encounter may cause tourists and hosts to take a more tolerant view of the strange or threatening fancies and ..... of the other.
- (a) fables (b) foibles (c) fragilities (d) frailties

*Ecotourism in Vietnam*

- Q1 There are many critics of ecotourism, who see it as a form of environmental ..... that allows continued exploitation of natural environments by mass tourism: mass tourism cloaked in a green name.  
(a) exorcism (b) exoticism (c) opportunism (d) ostracism
- Q2 Ecotourism is certainly a buzzword, and is becoming as ..... as the word 'natural' on the supermarket shelf.  
(a) aggravating (b) aggressive (c) ambiguous (d) ambitious
- Q3 Here is another definition of ecotourism: A form of tourism inspired primarily by the natural history of an area, including its ..... cultures.  
(a) aboriginal (b) anthropological (c) indigenous (d) ingenuous
- Q4 The ecotourist practices a non-consumptive use of wildlife and natural resources and contributes to the visited area through labour or financial means aimed at directly benefiting the conservation of the site and the economic ..... of the local residents.  
(a) goodwill (b) habiliment (c) upkeep (d) wellbeing
- Q5 The visit should strengthen the ecotourist's appreciation and dedication to conservation issues in general, and to the specific needs of the .....  
(a) locale (b) parish (c) precinct (d) vicinity
- Q6 Ecotourism also implies a managed approach by the host country or region which commits itself to establishing and maintaining the sites with the participation of local residents and using the ..... of the enterprise to fund the area's land management and community development.  
(a) efforts (b) outcome (c) proceeds (d) results
- Q7 Further, it is important to emphasise that ecotourism does not equal nature tourism; rather it is a distinct ..... of the more general nature tourism sector.  
(a) cache (b) creche (c) niche (d) notch
- Q8 One of the reasons for continued debate on the merits of ecotourism to achieve sustainable development is that there is no blueprint for successful ecotourism development in all of its .....  
(a) carats (b) charts (c) facets (d) facts
- Q9 Sites and potential projects need to be considered on a case by case basis, as many local factors — environmental, human, political, economic, social, cultural etc — will work for the benefit of, or to the ..... of, an ecotourism project.  
(a) deterrent (b) detriment (c) malefaction (d) mismanagement
- Q10 A big difficulty for countries like Vietnam is the idea that in order to achieve a sustainable ecotourism, planners and policy makers must impose limits, and in a country with a huge domestic population, the concept of limiting numbers appears almost ..... and is certainly controversial.  
(a) counterproductive (b) irrational (c) ludicrous (d) unbelievable

*Portfolio Statistics*

- Q1 The ..... coefficient, which ranges in value between 1 and -1, is a very versatile pattern-matching technical indicator; it is a statistic that is used to measure goodness-to-fit, and we will be using it to compare actual price data against either specific chart patterns, or other price data.
- (a) collaboration                      (b) collocation                      (c) correction                      (d) correlation
- Q2 This rule kicks in when two substantially identical stocks or securities are acquired; remember that the window is 61 days — 30 days before and 30 days after the sale at a loss — so if you own a stock, buy the call and then within 30 days sell the stock at a loss, the loss will be disallowed under the 30-day ..... sale rule.
- (a) back                      (b) fire                      (c) wash                      (d) yard
- Q3 The ..... minimum tax (or AMT) is an extra tax some people have to pay on top of the regular income tax; the original idea behind this tax was to prevent people with very high incomes from using special tax benefits to pay little or no tax.
- (a) additive                      (b) alternative                      (c) appropriate                      (d) augmented
- Q4 The NYSE's Automated Pricing and ..... System, which processes odd lot orders, does not forward orders to the floor, but automatically executes the orders based upon the prices of trades in round lots and forwards inventory information to the appropriate specialists on the floor, who use this information to manage their positions in the market.
- (a) Recording                      (b) Reporting                      (c) Rerouting                      (d) Retaining
- Q5 Equity ..... is annual sales divided by equity, a measure of the ability to grow without additional capital investment; companies with a high profit margin generally have a low figure for this statistic.
- (a) accumulation                      (b) return                      (c) sufficiency                      (d) turnover
- Q6 During the Great Depression, many US banks collapsed, with almost half of them failing through bank runs, as banks rarely have enough cash available to cover all of their deposits simultaneously; the Banking Act of ..... following shortly afterward made such enduring structural changes as the establishment of the FDIC.
- (a) 1929                      (b) 1930                      (c) 1932                      (d) 1933
- Q7 The Central Registration ..... is a computerized system that includes the employment, qualification, and disciplinary histories of more than 400,000 securities professionals who deal with the public; consumers can get CRD information about a sales representative by visiting our Web site.
- (a) Deposit                      (b) Deposition                      (c) Depository                      (d) Depot
- Q8 The seven members of the Board of ..... of the Federal Reserve System are nominated by the President and confirmed by the Senate, and a full term is fourteen years.
- (a) Commissioners                      (b) Directors                      (c) Governors                      (d) Regents
- Q9 The success of ..... bonds is hard to deny: in the short span of 10 years, they have moved from a novel approach as a replacement for high-level excess property coverage to a growing trend in property protection from disaster.
- (a) cap                      (b) cat                      (c) pro                      (d) prop
- Q10 The ..... bond, where the interest and principal payments are adjusted by inflation, is a popular investment tool; if held to maturity, it provides a certain real rate of return (i.e. the rate of nominal interest over inflation), but its market value, nevertheless, still fluctuates with the level of real interest rates in the intervening period.
- (a) index                      (b) series                      (c) surety                      (d) tracker

*Futures and Options*

- Q1 The CFTC is an agency created in 1974 to regulate US futures and options exchanges; in its authorizing statute, the ..... Exchange Act, Congress recognized that these markets are important to our economy, and that fraud and manipulation impinged upon the market's ability to perform vital functions of price discovery and risk management.  
(a) Commodity (b) Foreign (c) Investment (d) Mercantile
- Q2 The back of both the Powerball and Wildcard 2 tickets sold in Idaho say in part, 'SIGN THIS TICKET IMMEDIATELY. This ticket is ..... instrument; anyone possessing a winning ticket may claim the prize.  
(a) a bearer (b) an anonymous (c) an individual (d) a signature
- Q3 ..... Sales Outstanding (DSO) is a way of transforming the accounts receivable number into a handy metric that can be compared with other companies in the same industry to determine which player is managing its receivables collection better.  
(a) Days (b) Debited (c) Direct (d) Discount
- Q4 Rule 10b-4 prohibits ..... tendering of this type; it provides that a person tendering shares must be net long in all shares tendered both at the time of tender and as of the offer's cutoff date, and had Merrill Lynch executed the sell short order, Bobker would have been in violation of the rule.  
(a) balanced (b) compromised (c) hedged (d) withheld
- Q5 In ..... auctions, a seller has multiple, identical items to sell, specifying the minimum price and the number of items available; bidders bid at or above that minimum for the quantity they are interested in purchasing, and at the close of the auction, the highest bidders purchase the items at the lowest successful bid.  
(a) Dutch (b) French (c) Russian (d) Scottish
- Q6 Some credit cards let you borrow cash in addition to making purchases on credit, and most companies treat these cash ..... and your purchases differently; for instance, the APR may be higher than the APR for purchases.  
(a) advances (b) allowances (c) rebates (d) receipts
- Q7 The Employee Retirement Income ..... Act of 1974 (ERISA) is a federal law that sets minimum qualifications for pension plans in private industry; it does not require any employer to establish a pension plan — it only requires that those who establish plans must meet certain minimum conditions.  
(a) Security (b) Settlement (c) Standards (d) Surety
- Q8 The objectives of ..... cash flow analysis are to determine the net present value of a stream of expected future cash revenues and expenditures, and the rate of return which the expected future cash flows will yield on a given level of initial cash investment.  
(a) anticipated (b) discounted (c) forwarded (d) planned
- Q9 For yen-denominated bonds, the Samurai and the ..... bond markets have coexisted since the 1970s; the former aims at mobilising financial resources from domestic investors of the issuing market, whereas the latter aims at mobilising financial resources from the broader base of international investors.  
(a) Black Ship (b) Bushi (c) Euroyen (d) Oversea
- Q10 The income statements for the current interim period and cumulatively for the current fiscal year to date have been revised, and ..... statements for the comparable interim periods (current and year-to-date) of the immediately preceding fiscal year have been added.  
(a) comparative (b) equivalent (c) mirror (d) supplemented

*Comptroller General*

- Q1 The head of the ..... is David M. Walker, Comptroller General of the United States, who was appointed October 1998 and whose term of office expires in October 2013.  
 (a) CBO (b) FDIC (c) GAO (d) SEC
- Q2 The Investment Company Act of ..... regulates the organization of companies, including mutual funds, that engage primarily in investing, reinvesting, and trading in securities, and whose own securities are offered to the investing public.  
 (a) 1933 (b) 1934 (c) 1939 (d) 1940
- Q3 NASD ....., Inc. advised member firms to amend their historical performance communications to add either updated performance figures or clear disclosure that current performance is less than the figures shown when a security experiences an 'abrupt negative change in performance'.  
 (a) Audit (b) Regulation (c) Reportage (d) Securities
- Q4 It was, say federal regulators, a classic case of ..... fraud: Brazilian-Americans in the Boston area peddled dubious investments to other Brazilian-Americans in part by appealing to their common heritage and religion.  
 (a) affinity (b) compatriot (c) fraternity (d) patriotic
- Q5 Form ..... is a quarterly report filed with the US Securities and Exchange Commission that includes unaudited financial statements and provides a continuing view of the company's financial position during the year; it must be filed for each of the first three quarters of the company's fiscal year.  
 (a) 3-Q (b) 4-Q (c) 10-Q (d) 12-Q
- Q6 This written policy outlines the proper procedures for requesting records from the Pennsylvania State Police (PSP) under Pennsylvania's Right-to-..... Law, 65 P.S. 66.1-66.9.  
 (a) Justice (b) Know (c) Protest (d) Representation
- Q7 The Bureau of the Public Debt announced today that Series ..... Savings Bonds would no longer be offered to the public after August 31, 2004; issued since 1980, they were available in exchange for Series E or EE bonds and paid interest to their owners semiannually.  
 (a) DD (b) FF (c) GG (d) HH
- Q8 A Victim ..... Statement can be written or oral, and not only provides the court with essential data which leads to appropriate sentences and suitable restitution, but also allows the victim to articulate the pain, anguish, and financial devastation the crime has caused.  
 (a) Impact (b) Implication (c) Indictment (d) Injury
- Q9 We examine the impact of instalment receipts trading on the underlying stocks' volatility; IRs are a ..... security that evidences the purchase of an underlying security on an instalment basis, and they have been used to facilitate large secondary stock offerings in Canada.  
 (a) daughter (b) derivative (c) sibling (d) subordinate
- Q10 The rationale for imposing ..... liability on the trusts that hold securitized predatory loans is compelling when it comes to foreclosures: if a securitized trust, not the original lender, is the one seeking foreclosure, the holder-in-due-course rule prevents the borrower from asserting defenses based on wrongdoing at origination.  
 (a) assignee (b) lendeer (c) referee (d) trustee

*Discount Bonds*

- Q1 The basis of a bond initially equals the total purchase price; for a discount bond, the basis increases at the rate of the accrued ..... discount until it reaches the principal value at maturity.  
 (a) average (b) coupon (c) listed (d) market
- Q2 Security consultants can offer their expertise to a broader market, but recommendations are not entirely unproblematic, as perverse incentives may tempt certain actors to ..... the security ratings of their competitors.  
 (a) bad mouth (b) deadhead (c) downgrade (d) underwhelm
- Q3 The house selling the Catholic bonds published in its formal advertisement that 36% of the inhabitants of the German Reich were Roman Catholics, while the house offering the Protestant bonds asserted in its newspaper reproduction of the bond ..... that more than two-thirds of the German population was Protestant.  
 (a) brochure (b) circular (c) flyer (d) leaflet
- Q4 The Cost-of-Living ..... (COLA) is determined by the U.S. Department of Labor, which calculates the change in the Consumer Price Index (CPI) for urban wage earners and clerical workers from the third quarter average of the previous year to the third quarter average for the current year.  
 (a) Accrual (b) Addition (c) Adjustment (d) Amendment
- Q5 In a ..... sales escrow for the sale of a business, a legal notice to creditors is advertised in an approved legal advertising newspaper in the judicial district where the business is located; this is to allow creditors 12 business days to file claims for payment with the escrow.  
 (a) bulk (b) final (c) gross (d) net
- Q6 When loan officers have little hard information to work with, they must estimate a client's earnings and judge intangible elements such as trustworthiness to determine if s/he is a candidate for a ..... loan; these evaluations may be derived from subjective qualities such as the strength of the client's handshake or how well s/he makes eye contact.  
 (a) benevolent (b) blind (c) character (d) individual
- Q7 A Yankee Certificate of Deposit necessarily involves a foreign bank with a branch in the United States, while ..... Certificate of Deposit involves an American bank with an off-shore branch.  
 (a) a Confederate (b) a Dixie (c) a Eurodollar (d) an Expat
- Q8 The Real Estate Settlement Procedures Act (RESPA) will apply in any transaction in which a buyer is obtaining a federally insured mortgage from a financial institution; this requires use of a ..... statement developed by the Department of Housing and Urban Development.  
 (a) closing (b) contractual (c) settlement (d) summary
- Q9 The public mission and the defining goal of the ..... National Mortgage Association (FNMA) is to help more families achieve the American Dream of homeownership by providing financial products and services that make it possible for low-, moderate-, and middle-income families to buy homes of their own.  
 (a) Family (b) Federal (c) Financed (d) Franklin
- Q10 ..... compounding is the limit of taking shorter and shorter compounding periods: compound every hour, every minute, every second, etc, and as you continue this sequence, the formulas get worse and worse, but you are approaching a formula simpler than any of the other compound interest formulas.  
 (a) Continuous (b) Foreshortened (c) Infinitesimal (d) Logarithmic

**Money System**

- Q1 In a ..... money system, money is not backed by a physical commodity like gold; instead, the only thing that gives the money value is its relative scarcity and the faith placed in it by the people that use it.  
(a) barter (b) fiat (c) paper (d) tender
- Q2 The U. S. federal securities laws require publicly traded companies to disclose information on an ongoing basis; the annual report on Form ..... provides a comprehensive overview of the company's business and financial condition and includes audited financial statements.  
(a) 8-K (b) 8-Q (c) 10-K (d) 10-Q
- Q3 Germany's Heidelberg Cement has attempted to shut out any rivals for its 8 billion takeover of Hanson by mounting a ..... raid that increased its controlling stake to more than 29 per cent; traders at Deutsche Bank spent 1.4 billion buying 125.63 million Hanson shares in the open market at 1,100p.  
(a) dawn (b) dusk (c) midnight (d) night
- Q4 We are selling the A model, which cost us under \$20,000 apiece, to the Saudis for B model prices, about \$46,000 apiece, in order to develop the C model; this type of back ..... financing avoids the Congressional authorization process and provides the Pentagon with an additional source of revenue.  
(a) door (b) hand (c) lot (d) room
- Q5 Suppose the interest cost on ICICI's DDB is 15 per cent; a non-refunding provision would prevent ICICI from offering new bonds at an interest rate of less than 15 per cent and using the proceeds to redeem the DDBs, and thus helps investors lower their ..... risk.  
(a) call (b) flow (c) short (d) term
- Q6 Out of the three major American stock exchanges, ..... is known to have the most liberal policies concerning company listing, as most of its companies are generally smaller; it also specialises in the trading of ETFs and hybrid/structured securities.  
(a) AMEX (b) CME (c) NASDAQ (d) NYSE
- Q7 A .....-coupon bond is a bond whose coupon rate equals going market rates and consequently sells at or near par.  
(a) current (b) full (c) set (d) zero
- Q8 ..... is very closely related to operating profit and often the same; it may include some profits or losses that are excluded from operating profit.  
(a) EBIT (b) EBT (c) GI (d) NI
- Q9 Technically speaking, ..... amounts to the characterization of an expense as having been necessary to the production of a product or delivery of a service; in other words, of all the expenses your business will incur in a given month, some of those expenses will go into this category and some will stay in the category of normal operating expenses.  
(a) CODA (b) COGS (c) FICO (d) FIFO
- Q10 Typically, an investment banking ..... nowadays provides world-wide, either in divisions of the bank or in associated companies, corporate finance and advisory work, normally in connection with new issues of securities for raising finance, take-overs, mergers and acquisitions.  
(a) co-op (b) group (c) syndicate (d) venture

*Tax Credits*

- Q1 Beginning on July 1, 1998, taxpayers may be eligible to claim a nonrefundable ..... Learning Credit against their federal income taxes, for the qualified tuition and related expenses of the students in the taxpayer's family who are enrolled in eligible educational institutions.
- (a) Lifetime (b) Ongoing (c) Postsecondary (d) Tertiary
- Q2 Non-..... assets are divided into two categories: produced assets and non-produced assets.
- (a) financial (b) fixed (c) tangible (d) tenable
- Q3 The most comprehensive insurance policy is guaranteed ..... cost coverage, which will pay to rebuild your home even if the cost to rebuild is more than your policy limit.
- (a) reconstruction (b) reimbursement (c) renovation (d) replacement
- Q4 ..... efficient market allows investors to make transactions that move the market further toward the overall goal of prudent capital allocation without being chiseled down by excessive frictional costs, which would reduce the risk/reward profile of the transaction.
- (a) An essentially (b) An operationally (c) A readily (d) A virtually
- Q5 Stock dividends and splits have basically three occurrences: ..... date, record date and payment date; to qualify for split the investor must be the owner on the record date, and therefore, the stock must be purchased at the appropriate time before the record date to qualify.
- (a) announcement (b) inception (c) presentation (d) settlement
- Q6 The increasing popularity of index funds has created a market ..... that has artificially raised S&P 500 prices above the levels dictated by economic fundamentals; it thus threatens to interfere with the key function of financial markets — getting investors to put their cash into the most economically promising investments.
- (a) inaccuracy (b) inapplicability (c) ineffectiveness (d) inefficiency
- Q7 Price ..... set by the market establish boundaries where security prices are allowed to move within a trading day, and so provide a cooling off period; however, since they prevent immediate one-day large price changes, they may cause price adjustments to spread out over a longer period of time.
- (a) barriers (b) curbs (c) edges (d) limits
- Q8 Technical analysis would include any analysis associated with the determination of investor sentiment and psychology, such as graphs of price and volume, while ..... analysis attempts to measure (although not quantify) less tangible aspects, such as management's ability, business models, etc.
- (a) abstract (b) practical (c) qualitative (d) subjective
- Q9 FOR VALUE RECEIVED, We, the undersigned, the promisors and mortgagors, jointly and severally agree as follows: To pay to the order of State of Ohio, Promisee and Mortgagee, its successors and assigns, at such other place as may be designated by the holder of this mortgage ....., interest at the rate of 12 percent per annum.
- (a) contract (b) deed (c) note (d) receipt
- Q10 ..... accounts are accounts with commercial banks and credit unions that pay interest but cannot be used directly as money (by, for example, writing a cheque); these accounts let customers set aside a portion of their liquid assets that could be used to make purchases while earning a monetary return.
- (a) Cash (b) Credit (c) Debit (d) Savings

*Payable on Demand*

- Q1 The ..... draft is most commonly used in international trade; payment is on demand or on presentation of negotiation documents to the paying bank or importer, although in practice, the bank may pay within three working days after receipt and review of the negotiation documents.  
(a) charge (b) cheque (c) sight (d) straight
- Q2 FAST serves as ..... Agent and Registrar, performing the functions of original issue, cancellation and reissuance of stock certificates; we utilize a state of the art computer system, which is specifically designed to handle high-volume transfers and provide up-to-date shareholder records.  
(a) a Control (b) an Investor (c) a Repository (d) a Transfer
- Q3 The balance on a ..... card account is payable in full when the statement is received and cannot be rolled over from one billing to the next; because you cannot carry a balance, the card doesn't have a periodic or annual percentage rate, so there is no rate for a card issuer to disclose.  
(a) debit (b) cash (c) charge (d) credit
- Q4 The big manufacturers of telecom equipment don't want to see part of their potential market shrivel up and die, so they're leaping into the vacuum left by the capital markets and committing billions in ..... financing for equipment to shore up cash-strapped service providers.  
(a) merchandiser (b) supplier (c) vendor (d) wholesaler
- Q5 A 403(b) plan is a retirement plan similar to a 401(k) plan, but one which is offered by ..... organizations.  
(a) multinational (b) non-profit (c) private (d) unincorporated
- Q6 Also known as liquidation (converting assets into money) or a straight bankruptcy, ..... 7 Bankruptcy is the most common form of bankruptcy filing; under this part of the Code, all non-exempt property of the debtor is sold and the proceeds of the same are distributed to the creditors.  
(a) Act (b) Chapter (c) Paragraph (d) Section
- Q7 If your total losses exceeded your gains, then the remaining amount can be applied in later years at a clip of \$3,000 per year, for as long as you live or until they expire; what you have with these old losses is a particularly gruesome kind of asset — the tax loss .....  
(a) callback (b) carryforward (c) offset (d) update
- Q8 The Federal ..... Market Committee decided to keep its target for the federal funds rate at 5-1/4 percent; its predominant policy concern remains the risk that inflation will fail to moderate as expected, and future policy adjustments will depend on the evolution of the outlook for both inflation and economic growth.  
(a) Economic (b) Investment (c) Open (d) Reserve
- Q9 A widely used approach for calculating hedge ratios for Treasury futures contracts assumes that the contract will be settled with the currently cheapest-to-deliver note or bond; with that single-deliverable assumption, the futures' PVBP (price value of a ..... point) is the converted, forward PVBP of \$100,000 par of the cheapest to deliver.  
(a) basal (b) base (c) basic (d) basis
- Q10 In deciding which risks to take on, you should weigh opportunities against the downside; one standard measure of return on risk is the ..... ratio, named after the Nobel Laureate professor and calculated using standard deviation and excess return to determine reward per unit of risk.  
(a) Markowitz (b) Miller (c) Schelling (d) Sharpe

*Accounting for Depreciation*

- Q1 ..... Depreciation represents the expense related to the fixed assets still carried on the books of the company; sometimes the term 'reserve for depreciation' is used.  
(a) Accumulated (b) Acquired (c) Consolidated (d) Cumulative
- Q2 A firm buying stock seldom had sufficient money balances to complete the required payments; instead it relied on its bank for ..... loans, but as NYSE volume grew, banks and their regulators became alarmed at the amount of credit being extended to support securities transactions.  
(a) day (b) drop (c) short (d) spot
- Q3 Many futures contract months of the same commodity trade simultaneously on the market, sometimes even years into the future; the contracts other than the current one are called the ..... months, even though they are for future months.  
(a) back (b) front (c) last (d) past
- Q4 A ..... swaption gives the buyer the right to receive the swap's fixed rate of interest and pay the floating rate of interest; this is a bullish position in bonds, as you profit if rates fall in the future.  
(a) call (b) put (c) rate (d) take
- Q5 Reconciling ..... to the General Ledger boils down to making sure you know what you owe and what you don't — it's crucial for maintaining business health; it is a fundamental task that can reduce working capital needs and minimize bank borrowings, but it can be a labor-intensive process.  
(a) assets (b) bad debts (c) cash flow (d) payables
- Q6 It is the consensus of the committee that all banking institutions are capable of providing the basic treasury management and banking services requested; some banks require a smaller ..... balance for no fee services, but their interest rates are adjusted to offset any significant difference in cost.  
(a) affirmative (b) compensating (c) positive (d) stabilizing
- Q7 An employee stock ..... plan gives you the right to buy a certain number of shares of your employer's stock at a stated price over a certain period of time; often, the shares 'vest' over a period of several years, meaning that some fraction of the shares can be exercised in the first year, another fraction in the second year, etc.  
(a) occupational (b) opportunity (c) optimum (d) option
- Q8 Section 1035 of the IRS Code allows the movement of non-qualified monies from certain financial products to others without an income tax consequence; this 1035 ..... allows non-qualified monies from an annuity to move to another annuity, or from a life insurance policy to another life insurance policy.  
(a) Conversion (b) Exchange (c) Rule (d) Transfer
- Q9 In the case of market orders in the active bonds, whose prices are reported on the right side of the quotation board, the broker after noting the latest price on the board, goes directly to the bond ..... and effects a sale at the most favorable bid or asked price he can obtain.  
(a) box (b) crowd (c) floor (d) quarter
- Q10 Descending ..... are a bearish indication formed when a stock begins a downward trend and makes successively lower lows as it declines.  
(a) bottoms (b) elevators (c) flights (d) stairs

*Cutting Your Losses*

- Q1 The most popular variation of the reverse convertible has a contingent ..... protection built in: this means that as long as the stock does not fall by more than a certain amount, the investment is fully protected.  
(a) bottom out (b) downside (c) low end (d) redline
- Q2 ..... period is the length of time required to recover the cost of an investment, usually measured in years; other things being equal, the better investment is the one with the shorter period — it is considered less risky.  
(a) Discharge (b) Offset (c) Payback (d) Recoup
- Q3 The credit balance in a margin account is known as a ..... credit because it cannot be withdrawn by the customer, since it is held as collateral to secure the broker's loan of funds and securities to the customer; it is comprised of the proceeds from short sales and the margin requirement.  
(a) bound (b) captive (c) fictitious (d) virtual
- Q4 This is the first rule in buying .....-linked notes: Peg it to a stock that you would like to own.  
(a) deposit (b) equity (c) investment (d) share
- Q5 The Hulbert rating is a rating by Hulbert Financial Digest of how well the recommendations of various market ..... have performed.  
(a) factors (b) letters (c) makers (d) offers
- Q6 The SEC Full ..... Program ensures investors are provided material information to make informed decisions about a company — both when it initially offers stock to the public and on a regular basis as it continues to report information about its business operations.  
(a) Declaration (b) Deposition (c) Disclosure (d) Divulgence
- Q7 The SEC's Division of Market Regulation stated that when market conditions are not 'normal', such that OTC Market Makers would not be required to display limit orders within 30 seconds of receipt, then "limit orders ..... at the opening must be displayed as soon as practicable under the circumstances."  
(a) blocked (b) frozen (c) held (d) stopped
- Q8 The Form ....., U.S. Individual Income Tax Return, is the starting form for personal (individual) Federal income tax returns filed with the Internal Revenue Service (IRS) in the United States; the first one was published for use for the tax years 1913, 1914, and 1915.  
(a) 1040 (b) 1116 (c) 2441 (d) 2555
- Q9 A .....-kind exchange requires that you close in escrow through a qualified intermediary such as a title company; the title company holds the proceeds from the first closing in its escrow account until you're ready to close on the replacement property.  
(a) exact (b) like (c) one (d) same
- Q10 Investors in mortgage ..... of single-family loans may have only limited information about the individual loans.  
(a) packages (b) parcels (c) pools (d) portfolios

*Pension Plan*

- Q1 A non-..... plan is a defined benefit pension plan that is not guaranteed.  
 (a) backed (b) insured (c) secured (d) warrantied
- Q2 The policyholder is paying more than the cost of pure protection during the early years of the policy — the excess of the premiums, above the cost of pure protection, is what builds up the savings ..... of the policy.  
 (a) account (b) element (c) portion (d) segment
- Q3 This ..... of Title is being furnished to the City of Fort Lauderdale for use by said party in the recording of a deed (or easement) document to be executed by insert name relating to the properties described herein and for no other purpose.  
 (a) Affidavit (b) Opinion (c) Proof (d) Validation
- Q4 Cash-settled index ..... do not relate to a particular number of shares; rather, the underlying instrument is usually the value of the underlying index of stocks times a multiplier, which is generally U.S. \$100.  
 (a) funds (b) futures (c) options (d) trackers
- Q5 The purpose of the attached Stock ..... form is to transfer or change the ownership of stock; separate forms are required for each stock certificate that has a different format of the owner's name(s), a different CUSIP number, or a different company name.  
 (a) Assignment (b) Conveyance (c) Power (d) Voucher
- Q6 After six consecutive weeks in which the closing price has been greater than the opening price, the trend on the Nasdaq is up, and prices are at new 4 1/2-year highs; the importance of trend cannot be overstated, and price ..... is how trends get started and how they are maintained.  
 (a) percolation (b) performance (c) perseverance (d) persistence
- Q7 The general consensus is that ..... research is a naturalistic, interpretative approach concerned with understanding the meanings which people attach to actions, decisions, beliefs, values etc., and understanding the mental mapping process that respondents use to make sense of and interpret the world around them.  
 (a) fundamental (b) holistic (c) intuitive (d) qualitative
- Q8 ..... value is what it would cost to buy a particular item from a retail vendor, considering its age and condition — for instance, to buy a car from a used car dealer, furniture from a used furniture shop, or electronic equipment on eBay.  
 (a) Actual (b) Intrinsic (c) Purchase (d) Replacement
- Q9 ..... letter of credit is one in which the draft drawn thereagainst is payable on presentation, while a time or acceptance credit is one in which the draft is payable only when the stipulated number of days after date of acceptance has elapsed.  
 (a) An inked (b) An instant (c) A sight (d) A simple
- Q10 Tax ..... accounting is a recordkeeping technique investors can use to track the cost of each security in a portfolio by factoring in purchase and sale dates, corporate action events and wash sales; it provides investors with accurate tax reporting and helps them improve the after-tax performance of their portfolios.  
 (a) base (b) factor (c) lot (d) return

*Monopoly*

- Q1 According to Cornell University Law School, trusts and monopolies are ..... of wealth in the hands of a few.  
(a) amassings (b) concatenations (c) concentrations (d) masses
- Q2 Such conglomerations of economic resources are thought to be injurious to the public and individuals because such trusts minimize, if not ..... normal marketplace competition, and yield undesirable price controls.  
(a) marginalize (b) maximize (c) obfuscate (d) obliterate
- Q3 These, in turn, cause markets to stagnate and ..... individual initiative.  
(a) drip (b) sap (c) skip (d) tap
- Q4 To prevent trusts from creating ..... on trade or commerce and reducing competition, Congress passed the Sherman Act in 1890.  
(a) containment (b) curtailment (c) refrains (d) restraints
- Q5 The Sherman Act is the main source of ..... law.  
(a) antitrust (b) commercial (c) monopolistic (d) oligarchic
- Q6 The Sherman Act is a Federal ..... and as such has a scope limited by Constitutional constraints on the Federal government.  
(a) bylaw (b) edict (c) regulation (d) statute
- Q7 The commerce clause, however, allows ..... a very wide interpretation and application of this act.  
(a) about (b) for (c) on (d) with
- Q8 The Sherman Act applies to all transactions and business involved in ..... commerce.  
(a) international (b) internecine (c) interstate (d) intestate
- Q9 Most if not all states have comparable laws prohibiting monopolistic conduct, price fixing agreements, and other acts that constrain trade having strictly local .....
- (a) compact (b) contract (c) impact (d) influence
- Q10 The Massachusetts Act reads: it shall be unlawful for any person ..... in commerce, to make a sale of goods on the condition that the purchaser thereof shall not deal in the goods of a competitor of the seller, where the effect of such sale or such condition may be to lessen substantially competition or tend to create a monopoly in any line of trade.  
(a) embroiled (b) enacted (c) engaged (d) entwined

*Negotiating a Contract with Employees*

- Q1 Prior to selecting a bargaining strategy, an employer must identify its goals: is it important to obtain more favorable economic terms, less restrictive contract ....., or both?  
(a) language (b) semantics (c) syntax (d) vocabulary
- Q2 An employer must also determine if it has the proper person sitting at the bargaining table on its .....  
(a) behalf (b) board (c) chair (d) committee
- Q3 Is it time to introduce a new face as the company spokesperson to show the union that ..... are changing?  
(a) fashions (b) rules (c) staff (d) times
- Q4 Alan I. Model asserts that there are several considerations that every employer must ..... before it sits down to bargain.  
(a) acquire (b) ask (c) assess (d) aver
- Q5 A review of judicial and administrative rulings will help determine if contractual provisions may have been modified or even ..... by the courts or the National Labor Relations Board (NLRB).  
(a) ambiguated (b) mollified (c) neutralized (d) nullified
- Q6 Obtain the input of operating managers and line supervisors as to how they administer the labor agreement; often the best insights on the company's bargaining position come from the ..... lines.  
(a) assembly (b) blue (c) drawn (d) front
- Q7 If the company is ..... to an agreement that was negotiated by a multi-employer bargaining group, the company must determine before the beginning of negotiations whether to negotiate as part of the group or as an individual employer.  
(a) partial (b) party (c) primary (d) privy
- Q8 Construct a financial model that computes the specific cost components; this action is vital in determining the ..... of any bargaining goals and objectives.  
(a) importunity (b) impotence (c) primacy (d) priority
- Q9 Know your .....: use contacts in the labor arena to learn about the union and its officers.  
(a) adversary (b) advisor (c) intermediary (d) mediator
- Q10 This information may help identify any intra-union pressures ..... on a union negotiator that may facilitate or hinder attempts to reach a deal.  
(a) hefting (b) leaning (c) squeezing (d) weighing

*Failing in IT*

- Q1 Shamus McGillicuddy writes that it's OK to fail: Every year, Hollywood studios release movies that ..... at the box office.  
(a) bomb (b) dive (c) plod (d) squander
- Q2 Record companies ..... albums no one wants to play.  
(a) etch (b) force (c) press (d) seal
- Q3 The auto industry introduces cars that ..... — remember the Ford Edsel?  
(a) flood (b) gas (c) pump (d) tank
- Q4 Businesses in every vertical industry take risks when they .....; when they try something new, they know there's a chance for failure.  
(a) initiate (b) innovate (c) realize (d) renovate
- Q5 But in information technology, CIOs rarely feel they have the ..... room to fail.  
(a) breathing (b) learning (c) living (d) standing
- Q6 CIOs need to ..... back when their companies expect a 100% success rate, said Tom Halbouty, vice president and CIO of Pioneer Natural Resources.  
(a) draw (b) hit (c) pull (d) push
- Q7 When a project fails, put the failure within a context that a company understands; at Pioneer, IT project failures can be compared to the number of wells drilled that came up ..... — plenty!  
(a) cold (b) dry (c) empty (d) flat
- Q8 He said if he tries to create a system that creates animated ..... of underwater drilling projects and puts them out on the Web for his worldwide users to use, he has to expect some risk.  
(a) duplications (b) restorations (c) stimulations (d) visualizations
- Q9 "No one has done it before, and I'm not sure I'm going to pull it ....., " he said.  
(a) off (b) on (c) out (d) over
- Q10 John F. Cole, CIO of Kansas City, Mo.-based Midwest Consulting Group Inc., agreed with Halbouty's notion that CIOs must be prepared for the occasional failure; but on the ..... side, Cole said CIOs should also be sure they are communicating the successes.  
(a) B (b) flip (c) off (d) other

*Roscas*

- Q1 Informal groups cannot rely on external enforcement to insure that members ..... by their obligations.  
(a) abide (b) agree (c) assist (d) attest
- Q2 It is generally assumed that these problems are solved by social sanctions' and ..... effects.  
(a) computational (b) computed (c) reputational (d) reputed
- Q3 Roscas are one of the most commonly found informal financial institutions in the developing world; in the absence of an external (social) sanctioning mechanism, roscas are never sustainable, even if the ..... member is excluded from all future roscas.  
(a) defacing (b) defeating (c) defecting (d) defining
- Q4 It is ..... assumed that informal groups, such as roscas, rely on social sanctions to solve their enforcement problems.  
(a) perfunctorily (b) practically (c) topically (d) typically
- Q5 We examine this notion more carefully and distinguish between expulsion from future roscas cycles and ..... social sanctions.  
(a) expedient (b) exponential (c) extraneous (d) extrapolated
- Q6 We first demonstrate that theoretically expulsion in itself is never a sufficient .....  
(a) curtailment (b) deterrent (c) incitement (d) involvement
- Q7 We then ask whether institutional features of these groups are chosen in some part to prevent members from ..... on their responsibilities.  
(a) defalcating (b) defaulting (c) defalcating (d) deflecting
- Q8 We focus on the allocation of ranks, and we show that a random allocation of ranks, though preferred by a majority of members, tends to ..... the incentives to welch.  
(a) exacerbate (b) exonerate (c) extend (d) extol
- Q9 They are therefore sustainable only if the ..... of social sanctions on their members are sufficiently high.  
(a) costs (b) expenses (c) prices (d) values
- Q10 We provide some evidence in favour of our hypothesis, since individuals who are more ..... to those sanctions tend to participate in roscas where the order of ranks is randomly drawn at each cycle.  
(a) friable (b) fulsome (c) viable (d) vulnerable

*Entrepreneurial Behavior*

- Q1 The term 'entrepreneur' was introduced to economics by Richard Cantillon in 1755; since then, entrepreneurship and its central ....., the entrepreneur, have been the focus of numerous studies, including the qualities of entrepreneurial behavior, and corporate entrepreneurship.
- (a) figure (b) icon (c) image (d) symbol
- Q2 Recently, a new stream of literature has formed ..... strategic entrepreneurship (Hitt et al. 2002a; Meyer and Heppard).
- (a) amid (b) around (c) through (d) toward
- Q3 This new area of research is different from what has been traditionally ..... as strategic management research.
- (a) identified (b) listed (c) pigeon-holed (d) recorded
- Q4 Instead of focusing on the ..... that can be used to sustain competitive advantage (i.e., existing market position), strategic entrepreneurship is about recognizing and taking advantage of new profit opportunities.
- (a) mechanics (b) mechanisms (c) techniques (d) tectonics
- Q5 A firm that manages for strategic flexibility and constant renewal is able to ..... above-average profits and thus is rewarded for its entrepreneurial behavior.
- (a) engender (b) generate (c) permutate (d) proliferate
- Q6 The return to entrepreneurial behavior is entrepreneurial rent, and unlike most factor costs, entrepreneurial rents are noncontractible; this is because the entrepreneur ..... judgments to allocate resources in an uncertain environment.
- (a) considers (b) exercises (c) passes (d) reserves
- Q7 Because the judgments are framed in an uncertain environment, the judgments themselves are uncertain and are thus ex ..... noncontractible.
- (a) ante (b) cathedra (c) gratia (d) officio
- Q8 Because entrepreneurship is not as ..... as other factors, the analysis of payments to entrepreneurial behavior is complex.
- (a) homogenous (b) homologous (c) homolytic (d) homophobic
- Q9 The aim of Ross and Westgren's paper is to include entrepreneurship in a model of the firm while reducing this dimensionality to two categories, arbitrage and innovation; they highlight what the entrepreneur receives for these activities and what governs their ..... from the stream of profits.
- (a) composition (b) computation (c) importation (d) imputation
- Q10 Following this model, entrepreneurial rents are then ..... calculated for a three-site hog production farm.
- (a) empirically (b) hypothetically (c) impulsively (d) perfunctorily

*Payment Programs*

- Q1 Over the next three years, the Public Health Agency of Canada will manage ..... payment programs in excess of \$5 million for such programs as the Federal Initiative to Address HIV/AIDS and the Aboriginal Head Start programs for Aboriginal pre-school children.  
 (a) community (b) offset (c) public (d) transfer
- Q2 Desjardins venture capital ..... partnership is a fund that invests in the industrial, life sciences, telecommunications and information technology sectors; its mission is to support businesses demonstrating high potential with venture capital, expert advice and access to our network.  
 (a) commercial (b) general (c) growth (d) limited
- Q3 While each lending situation is unique, many banks utilize some variation of evaluating the five C's when making loan decisions: character, capacity, capital, ..... and collateral.  
 (a) cash flow (b) closure (c) conditions (d) credit
- Q4 If you hold securities in physical certificate form and want to transfer or sell them, you will need to sign the certificates or securities powers; before a transfer agent will accept the transaction, however, it will insist on signature ..... in order to limit its liability if a signature turns out to be forged.  
 (a) affidavits (b) guarantees (c) verifications (d) witnesses
- Q5 The ..... Life Underwriter (CLU) is a professional financial advisor specializing in developing effective solutions for individuals, business owners and professionals in the areas of income replacement, risk management, estate planning, and wealth transfer.  
 (a) Casualty (b) Certified (c) Chartered (d) Commercial
- Q6 Finite-..... real estate investment trusts (FREITs) are a type of equity REIT which have a stated goal of liquidating the real estate portfolio by a specific date; their primary investment goal is to maximize potential capital gain.  
 (a) life (b) limit (c) term (d) time
- Q7 John Maynard Keynes is reputed to have had extraordinary skills as an investor in the stock market; the ..... index indicates that Keynes was an outstanding portfolio manager, beating the market by a large margin.  
 (a) Actim (b) Jensen (c) Merck (d) Ryerson
- Q8 The ..... Volume Index was introduced by Norman Fosback and is often used to identify bull and bear markets; it is based on the assumption that the uninformed crowd dominates trading on active days and highlights days when volume is up from the day before.  
 (a) Positive (b) Previous (c) Proactive (d) Progressive
- Q9 If you are self-employed or own a small business with less than 10 employees, a ..... Employee Pension IRA may offer an easy-to-maintain way to help build retirement savings for you and your employees; as with Traditional IRAs, SEP IRA earnings grow tax-deferred until withdrawal at retirement.  
 (a) Secured (b) Simplified (c) Single (d) Summary
- Q10 The software-as-a-service company began trading at \$7 (3.83) a share on the Nasdaq stock market, knocking a few dollars off the \$9 to \$11 price ..... set last month.  
 (a) limit (b) line (c) range (d) run

*Merit Raises*

- Q1 The University of Washington has agreed to shell out \$17.45 million in ..... pay to faculty members who did not receive a merit raise four years ago.  
(a) back (b) hind (c) past (d) rear
- Q2 On January, 1, 2002, Matlock, Inc. issued its 10 percent bonds in the face amount of \$1,500,000, maturing on January 1, 2012.; the bonds were issued for \$1,329,000 to yield 12 percent, resulting in a bond ..... of \$171,000.  
(a) discount (b) markdown (c) reduction (d) rollback
- Q3 Essentially, ..... bonds represent a normal bond, but with an embedded option that is implicitly sold to the issuer by the investor and entitles the issuer to retire the bonds after a certain point in time; this option introduces uncertainty to the lifespan of the bond.  
(a) callable (b) cashable (c) reclaimable (d) retrievable
- Q4 Deutsche Bank takes ..... based on Credit Risk Management's assessment when it determines that the loans are uncollectible, considering information such as the occurrence of significant changes in the borrower's financial position or the insufficiency of the proceeds from collateral to pay the loan.  
(a) charge-offs (b) mark-offs (c) set-offs (d) trade-offs
- Q5 The Royal Bank of Scotland has led the landmark 125 million sterling index-..... bond issue for Tesco; RBS Financial Markets was the sole bookrunner for the Tesco deal, which mirrors closely the maturity and interest rate payments of the Treasury 2.5% 2016 gilt.  
(a) bound (b) linked (c) secured (d) tagged
- Q6 The TFCS provides on-line access to the FRCS, enabling payments to mortgagees to be made to financial institutions that have access to the FRCS; the payment can also be made to financial institutions that do not have access to the FRCS through ..... financial institutions or Federal Banks.  
(a) affiliated (b) correspondent (c) equivalent (d) intermediary
- Q7 ..... earnings tax is an additional tax on earnings that a business holds in an attempt to avoid the higher income taxes the owners would be subject to if the earnings were paid out to them as dividends.  
(a) Accumulated (b) Acquired (c) Recognized (d) Retained
- Q8 The Senate Finance Committee Chairman, Charles Grassley, who is a Republican Senator from Iowa, said that they are passing the huge increase in the national debt limit because "It is necessary to preserve the ..... faith and credit of the federal government".  
(a) free (b) full (c) real (d) true
- Q9 A significant difference between silver and gold is that silver has underperformed relative to gold so far this year; the silver chart looks 'uglier' than the gold chart right now, and with a series of lower highs and a trendline break, the ..... risk is as obvious as the Marquis de Sade's nose.  
(a) downright (b) downside (c) outright (d) outside
- Q10 If you are trying to decide whether to buy a corporate bond paying an annual coupon interest of 8% or a municipal bond paying an annual coupon interest of 5%, how do you decide? — you must calculate an equivalent taxable .....  
(a) gain (b) payout (c) return (d) yield

*Underwritten by Lloyds*

- Q1 The Apex ..... Bond is targeted specifically for employees with a criminal record and is underwritten by Lloyds; this policy can only be taken out by employers on behalf of a named employee within a specific post.  
(a) Fidelity (b) Honesty (c) Integrity (d) Loyalty
- Q2 'Descending .....' describes a chart pattern where each new high price for a security is lower than the former high price; in other words, from the stock's high price, it falls and then rises, but the price never reaches the stock's previous high price.  
(a) crests (b) heads (c) peaks (d) tops
- Q3 After unexpectedly strong demand, makers of everything from laptops to cell phones are paying more for key parts; this industry ..... isn't likely to dampen the tech recovery — overall, prices of computers continue to decline, albeit at a slower pace than usual.  
(a) belch (b) cough (c) hiccup (d) sneeze
- Q4 Entities with securities exercisable or convertible into common shares have a ..... capital structure and must present basic and diluted earnings per share amounts, according to the FASB.  
(a) complex (b) composite (c) compound (d) comprehensive
- Q5 Generally, ..... company is a company (corporation, business trust, partnership, or limited liability company) that issues securities and is primarily engaged in the business of investing in securities; its performance will be based on (but it won't be identical to) the performance of the securities and other assets that the company owns.  
(a) a CPT (b) an incorporated (c) an investment (d) a PLC
- Q6 CHICAGO (Dow Jones) — Chicago Board of Trade corn futures settled ..... down Tuesday in several nearby months, plunging near midday as forecasts predicting rain for the eastern U.S. Midwest this weekend pushed prices sharply lower, analysts said.  
(a) bottom (b) flat (c) limit (d) margin
- Q7 The need to understand and measure the determinants of market maker bid/ask ..... is crucial in evaluating the merits of competing market structures and the fairness of market maker rents.  
(a) scopes (b) sheets (c) spans (d) spreads
- Q8 Mortgage ..... are still near historical lows — you can refinance into a 30-year mortgage for under 7% at the moment.  
(a) fees (b) levies (c) liens (d) rates
- Q9 A non-interest-..... note is issued at a discount to its face value and requires the maker to pay the face value of the note at maturity; to the payee (lender) the note is a note receivable and to the maker the note is a note payable.  
(a) bearing (b) carrying (c) holding (d) yielding
- Q10 ..... account is a type of brokerage account that allows you to trade puts and calls; to open this type of account, your broker will require you to sign a statement that you understand and acknowledge the risks associated with derivative instruments.  
(a) A futures (b) A hedge (c) An option (d) A swaps

*Debt Reduction*

- Q1 Finance Minister Paul Martin announced today that the federal government reduced its debt by \$17.1 billion in 2000-01, the largest debt ..... in history by a Canadian government.  
 (a) drawback (b) drawdown (c) payback (d) paydown
- Q2 If dividends are not paid within the specified period, then before the company pays off its common shareholders, it shall have to distribute the ..... dividend to the preference shareholders.  
 (a) accrued (b) accumulated (c) acquired (d) aggregated
- Q3 The ..... spread between corporate bonds and U.S. treasury bonds increased from 1.09 percent (Aaa-rated bonds) and 1.69 (Baa-rated bonds) in July 1998 to 1.84 percent (Aaa) and 2.65 percent (Baa) in October 1998.  
 (a) default (b) quality (c) risk (d) value
- Q4 A writ of ..... shall issue only upon court order on motion of a party claiming the right to possession of chattels; such order may be entered by the court only after it finds that the party in possession appears about to abscond or about to destroy, secrete or otherwise dispose of the chattels.  
 (a) habeus corpus (b) mandamus (c) quo warranto (d) replevin
- Q5 The US Bureau of Economic Analysis dished out some discouraging news recently, saying that Americans had a negative savings ..... of 0.5 percent for 2005, the first time that's happened since the Great Depression; our saving habits have been doing a gradual slide since May 1985 when we saved 11.1 percent of our disposable income.  
 (a) balance (b) increase (c) pace (d) rate
- Q6 Employee stock purchase ..... can be a good deal for those who participate; like incentive stock options, they can make it possible for you to buy stock at a bargain price without reporting income until you sell the stock.  
 (a) discounts (b) plans (c) rebates (d) schemes
- Q7 Are you taking advantage of all the tax benefits Uncle Sam has to offer? — the goal of tax ..... is to help you minimize your federal income tax liability as much as you are allowed by tax law.  
 (a) devaluing (b) evading (c) planning (d) reducing
- Q8 In Ontario, land ..... tax is imposed on the acquisition of an interest in land by registered conveyance or unregistered disposition; the tax is calculated on the value of the consideration for the transfer, sometimes deemed to be the fair market value of the land.  
 (a) assignment (b) exchange (c) settlement (d) transfer
- Q9 The ..... report of the debate in Congregation on 10 March on the general resolution concerning the Report of the Commission of Inquiry is set out herein: "MR VICE-CHANCELLOR: Before we begin the debate, I should express on behalf of Congregation our gratitude to..."  
 (a) construed (b) explicit (c) paraphrased (d) verbatim
- Q10 It appears that the US federal annual \$10,000 gift-tax ..... will finally increase to \$11,000 in 2002, and anyone who has an estate vulnerable to estate taxes or who is funding high-cost college expenses should consider use of this benefit.  
 (a) deduction (b) exclusion (c) exemption (d) redemption

*The White Metal*

- Q1 If the silver market longs get back in and buy the heck out of the markets to teach the big sellers a lesson, restoring trading to above the 2-year trend line, a failed 'bear .....' will have occurred; but if the cheap raid ends up paying off for the big sellers, it could send silver down a series of stale long sell stops and shake up the market's complacency.  
 (a) sale (b) spread (c) trail (d) trap
- Q2 1040 ..... is the simplest version of Form 1040, U.S. Individual Income Tax Return, used by taxpayers with no deductions, no adjustments, income of only wages, interest, or unemployment compensation, and no dependents.  
 (a) AA (b) EZ (c) IQ (d) OK
- Q3 The ..... Board Options Exchange (CBOE) was founded in 1973 as the first U.S. options exchange and trading begins on standardized, listed options; April 26, the first day of trading, saw 911 contracts traded on 16 underlying stocks.  
 (a) Charleston (b) Chicago (c) Cincinnati (d) Cleveland
- Q4 ..... rate mortgages could be the perfect deal if you're unsure which way interest rates are going; they also help if you're planning ahead or working to a budget — you know exactly what your monthly repayments will be, perfect for the control freak in you.  
 (a) Fit (b) Fixed (c) Set (d) Variable
- Q5 A ..... stock company is a company (usually unincorporated) which has the capital of its members pooled in a common fund; transferable shares represent ownership interest and shareholders are legally liable for all debts of the company.  
 (a) common (b) joint (c) limited (d) venture
- Q6 Amid other international efforts to help Sierra Leone recover from a decade-long civil war, the ..... Club of official bilateral creditor nations agreed in October to cancel about \$72 mn of the West African country's foreign debt, estimated in 1999 at around \$888 mn.  
 (a) London (b) Paris (c) Stockholm (d) Washington
- Q7 A ..... Premium Deferred Annuity (SPDA), a retirement planning product, is an interest-earning annuity contract between you and an insurance company; in return for an initial investment, the company promises to pay you the investment plus accrued interest on the maturity date of the annuity.  
 (a) Simple (b) Single (c) Standard (d) Stated
- Q8 Unless you give your broker specific instructions to the contrary, orders to buy or sell a stock are '..... orders' — those that have been placed but not executed during regular trading hours will not automatically carry over into after-hours trading or the next regular trading day.  
 (a) day (b) limit (c) one-shot (d) up-time
- Q9 A company's first annual ..... must be within 18 months of incorporation, and the one after that must be within 15 months of the previous one.  
 (a) audit (b) meeting (c) report (d) review
- Q10 Nothing is more worrisome than dealing with ..... taxes; in such a situation, you need tax debt relief through IRS tax debt settlement help.  
 (a) back (b) base (c) board (d) bond

*Assessing Yourself and Your Business Idea*

- Q1 Four basic factors influence a successful business .....: a qualified entrepreneur, a profitable business idea, a thorough business plan, and adequate capital.  
(a) start-in (b) start-off (c) start-out (d) start-up
- Q2 Before you proceed, you should assess both your own entrepreneurial skills and the ..... of your business concept.  
(a) variability (b) versatility (c) viability (d) voracity
- Q3 If it is not ..... for you and your business concept to succeed, you will not need to spend time writing a business plan and seeking financing.  
(a) feasible (b) friable (c) risible (d) runcible
- Q4 Many studies have been conducted and even more articles written on 'the right .....' for being an entrepreneur — the primary characteristics of successful business owners.  
(a) staff (b) starch (c) stretch (d) stuff
- Q5 Self-confidence: the aspirant believes in own ideas and abilities, and ..... that belief to others.  
(a) carries (b) commutes (c) confers (d) conveys
- Q6 Risk-taking: the aspirant can ..... status quo, explore options and pursue opportunities.  
(a) abandon (b) desert (c) escape (d) renounce
- Q7 Decision-making: the aspirant has the ability to make ..... choices even in a stressful environment.  
(a) predicated (b) predictable (c) prudent (d) prudish
- Q8 Persistence: the aspirant can ..... pursue goals regardless of the energy and commitment required.  
(a) tenaciously (b) tentatively (c) tortuously (d) torturously
- Q9 Goal-.....: the aspirant can envision a desired outcome, as well as plan and implement the activities required to achieve it.  
(a) dominated (b) guided (c) inspired (d) oriented
- Q10 Begin improvement by reading business magazines and books, enrolling in educational programs, and seeking out a ..... who exhibits the traits you need most.  
(a) master (b) mediator (c) mentor (d) moderator

*Portfolio-focused Management*

- Q1 Portfolio management has traditionally been ..... about getting new products to market and prioritizing budgets for R&D.  
 (a) all (b) clear (c) into (d) set
- Q2 Improving efficiency and effectiveness in those areas is one of the key benefits of a systematic approach to portfolio management and explains why, in R&D-heavy industries, portfolio management is considered a critical management function in its own .....  
 (a) case (b) right (c) style (d) way
- Q3 Portfolio management can be the vital bridge between strategy and operations and the key method ..... which cross-functional and cross-departmental coordination and strategic alignment can be achieved.  
 (a) by (b) for (c) from (d) on
- Q4 In order to handle the complexity of the functions performed and through the pressures of growth and ..... of scale, companies have become completely organized around specific functions like Finance, R&D, Supply chain, Manufacturing, etc.  
 (a) economics (b) economies (c) measures (d) mensurations
- Q5 Budgets, target setting and the employees themselves have all become departmentalized by functional area, and this leaves top management with the task of ensuring that the sum of all those functions actually ..... value for the shareholders.  
 (a) assesses (b) conveys (c) creates (d) instills
- Q6 The basic principle is that the market value of a company is driven by the expected future net income from sales of products and services and the ..... that top management's primary goal is to optimize the value of a company.  
 (a) assent (b) assessment (c) assumption (d) assurance
- Q7 It seems obvious that any strategic targets one might have set for maximization of the value of a company have to be translated to a product portfolio and through that into net future revenue .....  
 (a) bonds (b) funds (c) pools (d) streams
- Q8 The simple fact that strategy turns into revenue only through having the right products in the marketplace at the right time and at the right price should put your current and future product portfolio ..... in the middle of your whole company's focus.  
 (a) dab (b) down (c) square (d) squat
- Q9 However, transparency into the complete portfolio, the currently commercially marketed one as well as the planned products, is often lacking due to geographic fragmentation and inconsistencies between information systems ..... the data about these products.  
 (a) caching (b) capturing (c) digitalizing (d) digitizing
- Q10 The different functions that are very product-..... (R&D, Sales/Marketing, Supply Chain), tend to use different definitions and tools when it comes to product-related planning.  
 (a) aligned (b) centric (c) conscious (d) friendly

*Derivatives Primer*

- Q1 The purpose of this primer is to clarify some of the key characteristics of the over-the-..... (OTC) derivatives markets.  
(a) column (b) counter (c) country (d) course
- Q2 A clearer picture of these markets will help legislators and regulators write better legislation and rules for the ..... regulation of OTC derivatives markets.  
(a) potential (b) prospective (c) providential (d) prudential
- Q3 Derivatives are financial contracts whose value is linked to the price of an underlying commodity, asset, rate, index or the occurrence or ..... of an event.  
(a) enormity (b) magnitude (c) plenitude (d) reliability
- Q4 The term 'derivative' is used to refer to the set of financial instruments that includes futures, forwards, options and swaps, and the combination of a derivative with a security or loan is called a hybrid instrument or alternatively a ..... security.  
(a) sculptured (b) straightened (c) straitened (d) structured
- Q5 Exchanges have traditionally been defined by 'pit' trading through open ....., but exchanges have recently adopted electronic trading platforms that automatically match the bids and offers from market participants to execute trades in a multilateral environment.  
(a) outburst (b) outcry (c) upshot (d) upthrust
- Q6 The trading of derivatives (traditionally futures and options) on exchanges is conducted through ..... and not dealers.  
(a) bourses (b) brokers (c) intercourse (d) intermediaries
- Q7 The OTC markets are organized ..... several different lines: the first is called a 'traditional' dealer market, the second is called an electronically brokered market and the third is called a proprietary trading platform market.  
(a) along (b) by (c) for (d) into
- Q8 The OTC markets have traditionally been organized around one or more dealers who '..... a market' by maintaining bid and offer quotes to market participants.  
(a) form (b) make (c) place (d) set
- Q9 The quotes and the negotiation of ..... prices are generally conducted over the telephone, although the process may be enhanced through the use of electronic bulletin boards by the dealers for posting their quotes.  
(a) execution (b) exit (c) expected (d) extended
- Q10 The trading process of negotiating by phone, whether end-user-to-dealer or dealer-to-dealer, is known as ..... trading because only the two market participants directly observe the quotes or execution.  
(a) bilateral (b) binomial (c) diagonal (d) dialogue

*Currency Valuation and Strategic Hedging*

- Q1 The US dollar's current weakness is making hedging risk very ..... for corporates in North America, while their counterparts in Europe don't have the same advantage.  
 (a) abundant (b) attractive (c) egregious (d) elusive
- Q2 However, an active and strategic approach to hedging means that Europeans should not be ....., Didier Hirigoyen exhorts.  
 (a) determined (b) deterred (c) detracted (d) distracted
- Q3 The current weakness of the US Dollar ..... major currencies has revived the debate around net investment hedging as well as earnings translation risk.  
 (a) and (b) re (c) versus (d) with
- Q4 Although North American companies' hedging opportunities are now generally benefitting from favourable market conditions, European corporations may not have to ..... away from managing these risks.  
 (a) balk (b) flinch (c) leap (d) shy
- Q5 A solid currency valuation assessment combined with a structured hedging framework can lead to a successful programme; this approach however ..... a slightly more dynamic methodology than is common in the corporate world.  
 (a) commands (b) demands (c) regulates (d) stipulates
- Q6 Between internal policy constraints and accounting regulation, most companies have chosen to be mostly passive, implementing hedging strategies in a systematic manner or not at all, but rarely ..... into consideration market conditions in the decision making process.  
 (a) bringing (b) drawing (c) placing (d) taking
- Q7 While it is fair for companies to state that they are not involved in the currency market to 'punt' on the direction of exchange rates, it is also fair to say that hedging should not be done in ..... either.  
 (a) a limbo (b) an instant (c) a trice (d) a vacuum
- Q8 While understanding the mechanisms and characteristics of the FX market is key to a sound hedging policy, remaining aware of currency valuation and including it in the risk management process can add value to a firm  
 .....  
 (a) as a last resort (b) at a glance (c) in the long run (d) on the scorecard
- Q9 The PPP currency valuation model, modified to reflect the assumption that a currency pair has, on average, traded at fair value over the 20 years preceding the measurement point, offers some ..... into the long-term behaviour of exchange rates and their tendency to mean-revert on an inflation adjusted basis.  
 (a) insight (b) oversight (c) overview (d) purview
- Q10 For example, the EUR/USD exchange rate has, over the past 14 years, ..... in a broad band around the PPP implied rate.  
 (a) glided (b) hovered (c) soared (d) stooped

*Documentation Analysis*

- Q1 In many projects that use Cognitive Work Analysis methodologies, one of the first steps is bootstrapping, in which the analysts familiarize themselves with the .....
- (a) bailiwick (b) domain (c) perimeter (d) realm
- Q2 Bootstrapping typically involves an analysis of documents (manuals, texts, technical reports, etc.), and documentation analysis can be a critically important method, one that should be utilized as a ..... of necessity
- (a) mandate (b) matter (c) medium (d) mode
- Q3 Documentation Analysis can be a time-consuming process, but can sometimes be indispensable in knowledge ..... (Kolodner, 1983).
- (a) election (b) elicitation (c) instigation (d) institution
- Q4 In a study of aerial photo interpreters, interviews about the process of terrain analysis began only after an analysis of the .....-available basic knowledge of concepts and definitions; to take up the expert's time by asking questions such as 'What is limestone?' would have made no sense.
- (a) actually (b) evidently (c) openly (d) readily
- Q5 Although it is usually considered to be a part of bootstrapping, documentation analysis ..... occurs throughout the entire research programme.
- (a) invaluablely (b) invariably (c) inveterately (d) invitingly
- Q6 For example, in a weather forecasting case study (Hoffman, Coffey, & Ford, 2000), the bootstrapping process focused on an analysis of published literatures and technical reports that made reference to the ..... of forecasters.
- (a) cognition (b) gnosis (c) incognito (d) recognizance
- Q7 However, documentation analyses of other types occurred throughout the ..... of the project-analysis of records of weather forecasting case studies, analysis of Standard Operating Procedures documents, analysis of the Local forecasting Handbooks, etc.
- (a) remainder (b) remains (c) reminder (d) remnants
- Q8 Documentation Analysis can be suggestive of the reasoning of practitioners, and hence contribute to the ..... of reasoning models.
- (a) foraging (b) forging (c) foundering (d) founding
- Q9 Documentation Analysis can also be useful in the attempt to construct knowledge models, since the literature may include both useful categories for field knowledge and important specific '.....' of field knowledge.
- (a) gewgaws (b) ragtag (c) knickknacks (d) tidbits
- Q10 And finally, Documentation Analysis can be useful in the identification of leverage points-aspects of the work where even a modest ..... of or improvement in technology might result in a proportionately greater improvement in the work.
- (a) effusion (b) extrusion (c) infusion (d) intrusion

*Performance Appraisal*

- Q1 Archer North notes that the history of performance appraisal is quite brief; its roots in the early 20th century can be traced to Taylor's pioneering Time and ..... studies.  
(a) Motion (b) Motive (c) Motor (d) Movement
- Q2 As a distinct and formal management procedure used in the evaluation of work performance, appraisal really ..... from the time of the Second World War — not more than 60 years ago.  
(a) dates (b) emanates (c) originates (d) springs
- Q3 Yet in a broader sense, the practice of appraisal is a very ancient art; in the scale of things historical, it might well ..... claim to being the world's second oldest profession!  
(a) give (b) lay (c) make (d) set
- Q4 There is, says Dulewicz (1989), "a basic human tendency to make judgements about those one is working with, as well as about oneself" — appraisal, it seems, is both ..... and universal.  
(a) endemic (b) eternal (c) inevitable (d) invincible
- Q5 In the absence of a carefully structured system of appraisal, people will tend to judge the work performance of others, including subordinates, naturally, informally and .....  
(a) aggressively (b) arbitrarily (c) impeccably (d) inherently
- Q6 The human ..... to judge can create serious motivational, ethical and legal problems in the workplace.  
(a) capacity (b) condition (c) inception (d) inclination
- Q7 Performance appraisal systems began as simple methods of income .....  
(a) adjudication (b) adjustment (c) judgement (d) justification
- Q8 The process was firmly linked to material outcomes: if an employee's performance was found to be less than ideal, a ..... in pay would follow.  
(a) cut (b) dent (c) shave (d) slice
- Q9 On the other hand, if their performance was better than the supervisor expected, a pay rise was in .....  
(a) due (b) form (c) order (d) view
- Q10 Pay rates were important, but they were not the only element that had an impact on employee performance; it was found that other issues, such as ..... and self-esteem, could also have a major influence.  
(a) esthetics (b) ethics (c) morale (d) morals

**Bond Issues**

- Q1 An issuer may choose to redeem a ..... bond when current interest rates drop below the interest rate on the bond; that way the issuer can save money by paying off the bond and issuing another bond at a lower interest rate.  
 (a) callable (b) convertible (c) renewable (d) retractable
- Q2 In the bond market, we refer to a bond-..... yield, which means that if a bond yields 6% on a semiannual basis, its BEY is 12%: the semiannual yield is simply doubled.  
 (a) equity (b) equivalent (c) expansion (d) extension
- Q3 Morgan Stanley Dean Witter & Company said yesterday that it would use a new stock ..... system beginning March 18th: the firm's analysts will characterize stocks as 'overweight', 'equal-weight' or 'underweight', replacing the old 'strong buy', 'outperform', 'neutral' and 'underperform'.  
 (a) dubbing (b) rating (c) sussing (d) tagging
- Q4 If you think your financial adviser or brokerage firm has mismanaged your account or otherwise breached your contractual relationship, you can contact the firm's ..... department, which is responsible for making sure the company's business activities are in line with the law.  
 (a) complaint (b) compliance (c) legal (d) logistics
- Q5 You do not qualify for the head of household ..... status because you and your spouse have not lived apart for the last 6 months of the taxable year and are not considered unmarried.  
 (a) filing (b) polling (c) ranking (d) taxing
- Q6 Tax ..... items are tax deductions which must be computed in calculating the Alternative Minimum Tax liability under federal tax laws; they include, for corporations, deductions for accelerated depreciation, investment tax credits, and increases in loan loss reserves by banks and savings institutions.  
 (a) preference (b) prescribed (c) referral (d) relevant
- Q7 Now, MoneyPore makes it as easy as clicking a mouse button: with the MoneyPore Desktop ....., you can keep an eye on your stocks and how they're doing even while you're checking mail, catching up on the news or any of the other things you do online.  
 (a) Downloader (b) Feed (c) RSS (d) Ticker
- Q8 The TradeTrack Simulation Engine reviews the price-action history of all US stocks, identifying past trading signals and testing various trading strategies; the purpose of .....-testing is to illustrate what might happen if you were to trade on a specific trading signal according to well-defined trading strategies.  
 (a) back (b) base (c) fore (d) front
- Q9 The undersigned has read and understands the above-mentioned document and agrees to abide by the agreement in the capacity of .....; in affixing his or her signature below, s/he may also be held accountable for all terms and conditions of the rental agreement/lease described above.  
 (a) a cosigner (b) a lessee (c) an underwriter (d) a third party
- Q10 The Supreme Court has held that the allottees of flats built by the State housing boards or development authority are bound by the ..... clause if the final revision results in higher cost; a three-judge Bench held that the authorities were entitled to collect the increased cost from the allottees with interest.  
 (a) elevation (b) escalation (c) expansion (d) extension

*Odd-lot Orders*

- Q1 Where a person gives, either for his own account or for various accounts in which he has an actual monetary interest, buy or sell odd-lot orders which aggregate 100 shares or more, such orders shall, as far as possible, be consolidated into .....-lot units.  
 (a) common (b) full (c) job (d) whole
- Q2 A ..... move occurs when a commodity opens up or down its maximum allowed move and does not trade again until the next session; the resulting bar or candlestick would simply be a small dash.  
 (a) edge (b) limit (c) margin (d) wall
- Q3 The upsurge in investment ..... was driven by a general improvement in the local business environment and transnational corporations' plan to invest on the mainland in anticipation of emerging business opportunities following China's accession to the WTO.  
 (a) flows (b) issues (c) streams (d) tides
- Q4 Simply put, market-..... funds aim to deliver above-market returns with lower risk by hedging bullish stock picks with an equivalent, but diversified, number of bearish, or short, bets.  
 (a) balanced (b) matched (c) neutral (d) offset
- Q5 In forecasting models, ..... is the process of removing the effects of accumulating data sets from a trend to show only the absolute changes in values and to allow potential cyclical patterns to be identified; this is done using regression and other statistical techniques.  
 (a) antitrend (b) detrend (c) distrend (d) untrend
- Q6 The SEC believes that if economics and sound regulation dictate the establishment of an exclusive central processor for the ..... tape or any other element of the national market system, provision must be made to insure that this is not under the control or domination of any particular market center.  
 (a) combination (b) comparison (c) composite (d) compound
- Q7 A marketable non-..... property is a property without an earning expectancy, but is of a type that is commonly bought and sold, and has a value generated by its expected use(s) and/or consumption.  
 (a) consumptive (b) generation (c) investment (d) productive
- Q8 A typical option ..... (the bid/ask quotes on all the current options for a stock) can easily have 100 or 150 options; leaving aside the fact that each option is quoted on three or four exchanges, for any two-option strategy you choose, there will be 10,000 to 20,000 possible combinations of choices.  
 (a) chain (b) pool (c) set (d) suite
- Q9 We're looking for tangible assets that could be liquidated at a price that would justify the market value of the entire company: examples of these '..... assets' would be oil and gas leases that are not yet generating cash, or real estate purchased in the 1950s and still listed at cost basis on the balance sheet.  
 (a) covert (b) hidden (c) secret (d) unlisted
- Q10 After you pay the remittance amount and handling charge at the post office, a postal money order is delivered to the ..... address; the latter can then cash this money order at a local post office.  
 (a) client's (b) lende's (c) payee's (d) purchaser's

*Options Strategy*

- Q1 A price ..... is created when a person buys and sells call options on the same stock or buys and sells puts on the same stock; it gets its name from the vertical movement of prices, and in this options strategy, the strike prices are different but the months are the same.  
 (a) break (b) hike (c) shift (d) spread
- Q2 ..... acquisitions are usually of noncompeting companies where one's product is a necessary component or complement of the other's; such acquisitions can achieve procompetitive efficiency benefits, lowering transaction costs and leading to synergistic improvements in design, production and distribution.  
 (a) Blanket (b) Industry (c) Overhead (d) Vertical
- Q3 To ..... is to express an asset or liability in terms of a currency or denomination other than the one in which it usually trades.  
 (a) nominate (b) quantise (c) recast (d) transpose
- Q4 With a sell ..... order, the limit orders will increase in price, allowing the trader to take advantage of increasing prices, thereby locking in higher returns.  
 (a) grade (b) level (c) scale (d) step
- Q5 The 12b-1 ..... was born in 1980 under the authorization of the Securities Exchange Commission; its name is derived from the section in the Investment Company Act of 1940 that allows a mutual fund to pay distribution and marketing expenses out of the fund's assets.  
 (a) charge (b) fee (c) levy (d) rate
- Q6 An unblemished credit history with a positive credit report will be the leading contender for ..... loans; a good credit history will ensure you get the loan with no collateral.  
 (a) personal (b) prestige (c) signature (d) sobriquet
- Q7 Charitable ..... Trusts offer current income tax deductions and a reduction of capital gains taxes: charities become the income beneficiaries, receiving a steady stream of income during the owner's lifetime, but at the owner's death, named beneficiaries receive the bulk of the CLT's assets.  
 (a) Lead (b) Legacy (c) Life (d) Limit
- Q8 When you finance or lease a vehicle, your creditor or lessor holds important rights on the vehicle until you've made the last loan payment or fully paid off your leasing obligation; if your payments are late or you default on your contract in any way, your creditor or lessor may have the right to ..... your car.  
 (a) reassume (b) reclaim (c) replevin (d) repossess
- Q9 ..... traders rapidly buy and sell stocks throughout the day in the hope that their stocks will continue climbing or falling in value for the seconds to minutes they own the stock, allowing them to lock in quick profits, which is extremely risky and can result in substantial financial losses in a very short period of time.  
 (a) Day (b) Short (c) Speed (d) Trend
- Q10 ..... or cover letter accompanies a larger item, usually a document, provides the recipient with a specific context in which to place the larger document and simultaneously gives the sender a permanent record of having sent the material.  
 (a) A conveyance (b) An expository (c) A remittance (d) A transmittal

*New Juggernaut*

- Q1 CHICAGO, July 10, 2007 — Even before the Chicago Mercantile Exchange's \$11.9 billion purchase of the crosstown ..... won final approval from shareholders, industry experts were speculating on possible acquisitions ahead for the new juggernaut of the financial exchange industry.  
 (a) Board of Trade (b) CNA Financial Corp (c) Ebix.com Inc (d) GATX Corp
- Q2 The ..... market exists wherever one currency is traded for another; by far the largest financial market in the world, it includes trading between large banks, central banks, currency speculators, multinational corporations, governments, and other financial markets and institutions.  
 (a) denomination (b) forex (c) overnight (d) specie
- Q3 Managers' power to influence bids can be strong if they act in concert, threatening a hostile bidder with a mass exodus (the '..... defense'); faced with a mass exodus of management, acquirers may be unwilling to proceed with the bid, because they often need existing management to train new management.  
 (a) Dead Hand (b) Jonestown (c) Macaroni (d) Parachute
- Q4 STONE HARBOR- A referendum election for a bond ..... appropriating millions of dollars for various improvements in the borough overturned the proposal June 26: of the 819 registered voters, 497 turned out to vote.  
 (a) bylaw (b) ordinance (c) regulation (d) statute
- Q5 The Pension Benefit Guaranty ..... protects the retirement incomes of nearly 44 million American workers in 30,330 private-sector defined benefit pension plans; it was created by the Employee Retirement Income Security Act of 1974.  
 (a) Association (b) Bank (c) Corporation (d) Fund
- Q6 A Section 457 ..... compensation plan for employees of state and federal governments and agencies is similar to a 401(k) plan, except there are never employer matching contributions and the IRS does not consider it a qualified retirement plan.  
 (a) deferred (b) delayed (c) disciplined (d) distended
- Q7 The annual ..... statement is a yearly statement to borrowers that details the remaining principal and amounts paid for taxes and interest.  
 (a) balance (b) indebtedness (c) loan (d) mortgagor
- Q8 In October 1931, the New York Stock Exchange de facto prohibited short sales at a price lower than the previous sale; that is, short sales could not be executed on .....  
 (a) downbeats (b) downgrades (c) downticks (d) downtimes
- Q9 US ..... tax is deducted from our payroll in order to cover a portion of our retirement income when we reach age 65, but also as a survivor benefit, should we become disabled or die as a result of work — in which case the surviving spouse and children would receive a monthly income supplement.  
 (a) Health and Welfare (b) Health Insurance (c) Social Security (d) Social Welfare
- Q10 ..... preferred stock contains a provision that allows the corporation to buy back and retire the preferred stock at a specified price, sometimes at a premium; the stockholders have no choice but to resell the stock to the corporation when it exercises this provision.  
 (a) Callable (b) Convertible (c) Reconcilable (d) Revertible

## CRTs

- Q1 Gifts to a charitable ..... trust (CRT) can be made in cash, but more often consist of highly appreciated stock, real estate or a closely held business interest; it pays income to the beneficiary for a fixed period or for life, and at the end of the trust, the remaining assets pass to the charities you have chosen.  
(a) recipient (b) remainder (c) residual (d) retirement
- Q2 The attached tables illustrate the cash flows for an interest ..... loan in its first 10 years under different inflation scenarios: Figure One illustrates the base case, Figure Two shows a potential 'low inflation' scenario and Figure Three a 'high inflation' scenario throughout the 10-year period.  
(a) adjusted (b) calibrated (c) graded (d) indexed
- Q3 The fill ..... order is used by customers wishing an immediate fill, but at a specified price; our floor broker will bid or offer the order three times and immediately return either a fill or an unable.  
(a) and nil (b) at will (c) or kill (d) the bill
- Q4 ..... trade account status exists when the purchase and sale or sale and purchase of the same security on the same day in a single account takes place; liquidation of overnight positions and repurchase (or sale) are not considered.  
(a) A daylight (b) An offset (c) An onboard (d) A singleton
- Q5 In order to successfully build models of mortgage ..... that capture prepayment, delinquency and default behavior, we must decide upon common, generally accepted definitions for each of these behaviors.  
(a) contingency (b) exposure (c) liability (d) risk
- Q6 Gold has retrenched below its 20-day moving average of \$659.31 to a six-month low of \$643.20 where it is now holding but vulnerable to further selling; the ..... has also driven gold below its 50-day and 200-day moving averages of \$664 and \$646, respectively.  
(a) downfall (b) downtrend (c) dropoff (d) falloff
- Q7 In a market where agents trade via ..... order book, there is no market maker or specialist who provides bid and ask quotes; instead, any sellers/buyers can place offers/bids in this book and wait until the orders get executed, or they can trade immediately by placing a market order against the existing bids/offers.  
(a) a limit (b) an open (c) a running (d) a standing
- Q8 A full ..... enables early round investors to preserve the value of their initial investment in a down round — they get additional 'free' shares so that their effective share price equals the new lower price, thus avoiding a markdown in the value of their investment.  
(a) deck (b) house (c) monty (d) ratchet
- Q9 The 12(b)-1 fee is not like a sales commission, where the investor's initial purchase is reduced by the charge; it is deducted from the assets of the fund; many call this fee a hidden ..... because it decreases a shareholder's earning power each year without showing up overtly as a sales commission.  
(a) bite (b) drag (c) load (d) toll
- Q10 Your profit or loss depends on the difference between your cost ..... and the price at which you sold your investment; in the normal scheme of things, the former is your original purchase price, but sometimes you can make adjustments to that figure to make it larger.  
(a) basis (b) factor (c) figure (d) value

*Employee Performance Appraisal*

- Q1 Performance appraisal usually takes the form of a periodic interview in which the work performance of the subordinate is examined and discussed, with a view ..... identifying weaknesses and strengths as well as opportunities for improvement and skills development.
- (a) at (b) for (c) of (d) to
- Q2 In many organizations — but not all — appraisal results are used, either directly or indirectly, to help determine ..... outcomes.
- (a) award (b) price (c) prize (d) reward
- Q3 That is, the appraisal results are used to identify the better performing employees who should get the majority of available ..... pay increases, bonuses, and promotions.
- (a) credit (b) merit (c) seniority (d) service
- Q4 By the same ....., appraisal results are used to identify the poorer performers who may require some form of counseling, or in extreme cases, demotion, dismissal or decreases in pay.
- (a) effect (b) event (c) time (d) token
- Q5 Organizations need to be aware of laws in their country that might restrict their capacity to ..... employees or decrease pay.
- (a) degrade (b) derogate (c) dismiss (d) downsize
- Q6 Whether this is an appropriate use of performance appraisal — the assignment and justification of rewards and penalties — is a very uncertain and ..... matter; few issues in management stir up more controversy than performance appraisal.
- (a) contentious (b) licentious (c) pretentious (d) tendentious
- Q7 There are many ..... sources — researchers, management commentators, psychometricians — who have expressed doubts about the validity and reliability of the performance appraisal process.
- (a) disputable (b) disputed (c) reputable (d) reputed
- Q8 Some have even suggested that the process is so inherently ..... that it may be impossible to perfect it (Derven, 1990).
- (a) blemished (b) flawed (c) mutilated (d) scarred
- Q9 At the other ....., there are many strong advocates of performance appraisal; some view it as potentially "the most crucial aspect of organizational life" (Lawrie, 1990).
- (a) camp (b) extreme (c) frontier (d) hand
- Q10 Between these two views lie various schools of belief; while all ..... the use of performance appraisal, there are many different opinions on how and when to apply it.
- (a) endorse (b) preach (c) subscribe (d) underwrite

*Tests, Quizzes, and Self-evaluation*

- Q1 Feared by learners, discounted by educational ....., short-changed by instructional designers, tests are, nevertheless, an essential element of learning.  
(a) czars (b) mandates (c) panderers (d) pundits
- Q2 We may call them quizzes, drills, examinations, assessments, competence monitors, or demonstrations of mastery; we may ..... them as games or puzzles; yet, they remain an essential ingredient for gauging a learner's progress.  
(a) cloak (b) flog (c) hype (d) sell
- Q3 In a study of 400 vocational-technical learners in Pennsylvania, Internet-conducted tests showed no differences in scores, redesign needed, or any ..... due to gender, economic disadvantage or educational disability, relative to the same test on paper.  
(a) bias (b) bigotry (c) segregation (d) sexism
- Q4 William Horton Consulting advises that costs for ..... a 100-question paper test to Internet delivery are about \$1500 to \$2500 USD.  
(a) converting (b) conveying (c) recasting (d) revising
- Q5 Costs for ..... and scoring the test are \$2 USD per test-taker.  
(a) condoning (b) conducting (c) conducting (d) controlling
- Q6 One good reason for testing is to let learners ..... progress toward their goals.  
(a) gauge (b) guess (c) see (d) sense
- Q7 One bad reason for testing is to fulfill ..... and expectations: it's a course; therefore, it must have tests.  
(a) illusions (b) prerequisites (c) promises (d) stereotypes
- Q8 After a high-level analysis of why you are testing and what you hope to measure, you can make ..... decisions on what kind of test to use.  
(a) measurable (b) minor (c) reversible (d) tactical
- Q9 Some of these decisions will require balancing your ..... objectives against the stark limitations of your authoring tools and the reality of your budget and schedule.  
(a) airy (b) lofty (c) mighty (d) nifty
- Q10 When teaching adults, my preference is to not record scores unless required to certify performance of learners; in general, treating adult learners as responsible, ..... beings yields better results.  
(a) conscientious (b) conscious (c) consequential (d) contentious

*Corporate Credit Cards*

- Q1 Vincent Eavis explains that corporate payment card usage can be divided, but not limited, into two distinct categories: general business travel and entertainment activities (T&E cards) and business ..... activities (purchasing or p-cards).
- (a) acquirement                      (b) acquisition                      (c) preferment                      (d) procurement
- Q2 T&E spending varies according to a business's needs, whereas the proportion of purchasing that is now done on p-cards rather than by traditional ..... payment methods is continuously increasing.
- (a) cash                      (b) direct                      (c) invoice                      (d) receipt
- Q3 T&E expenses comprise the second largest controllable expense item for companies after salaries, consuming approximately 50 to 80 basis ..... of a company's revenues.
- (a) costs                      (b) fractions                      (c) points                      (d) units
- Q4 For T&E cards, the balance must be ..... in full upon presentation of the statement, or within certain defined payment terms, typically around 25 days beyond statement date.
- (a) approved                      (b) audited                      (c) checked                      (d) cleared
- Q5 This means no money is made on ..... interest as with the consumer credit card model.
- (a) rebated                      (b) remaining                      (c) returned                      (d) revolving
- Q6 These cards tend to be for travel and entertainment expenses such as air travel, hotels, rail, car hire and restaurants; the company ..... card payments on behalf of the individual cardholder, which is known as corporate liability.
- (a) bears                      (b) extends                      (c) forwards                      (d) settles
- Q7 There are also mid-way solutions such as joint and ..... liability, where both parties (company and individual) can be liable.
- (a) several                      (b) single                      (c) specific                      (d) sundry
- Q8 Typically, since corporate T&E cards are for business expenses, the preferred option to enable control should be corporate liability: the further liability extends to the individual, the less the company is going to be able to exert control and thereby ..... the potential benefits.
- (a) grasp                      (b) pluck                      (c) reap                      (d) seize
- Q9 P-cards are never paid ..... an individual's bank account.
- (a) against                      (b) at                      (c) into                      (d) under
- Q10 P-cards can eliminate several steps in the purchase-to-order process, and this eliminates the purchase order paper ....., which can save costs of anywhere from 60 to 100 per transaction.
- (a) chase                      (b) cycle                      (c) glut                      (d) trail

*Shared Service Centres*

- Q1 Shared service centres (SSCs) are not a new phenomenon within the financial services industry; indeed they have become an established part of the business process ..... for many large multinationals, says Hugh Davies of Citi.  
 (a) landscape (b) portrait (c) scenery (d) viewpoint
- Q2 For corporates, the underlying principle is the pursuit of highly efficient operations and service through re-designing and centralising common processes; if a company has ..... activities across its organisation — combined with multiple bank interfaces — it will have less control and visibility over its operations.  
 (a) desperate (b) discreet (c) discrete (d) disparate
- Q3 This is of particular concern at a time when companies face ..... obligations under regulations such as Sarbanes-Oxley, when they must demonstrate high levels of accountability and transparency throughout the organisation.  
 (a) compliance (b) complicated (c) contractual (d) convergence
- Q4 There is also the desire among corporates for improved company-wide cost management, as they face increased pressure to obtain extensive cost savings from middle- and back-office operations, as well as better visibility over ..... capital.  
 (a) asset (b) labour (c) revenue (d) working
- Q5 While greater economies of ..... and cost efficiencies are derived from centralised processing, corporate treasurers are taking on an increasingly strategic role within the company.  
 (a) effect (b) nations (c) saving (d) scale
- Q6 This is resulting in improved use of information and is ensuring that SSCs are becoming an essential tool that can provide visibility and transparency of ..... information across the company for the creation of value and competitive advantage.  
 (a) accessible (b) actionable (c) operable (d) objectionable
- Q7 Harmonisation of financial infrastructures as a result of the single ..... payments area (SEPA) is also an opportunity to rationalise accounts and legal structures, and therefore derive further efficiencies from SSCs.  
 (a) economic (b) euro (c) European (d) expense
- Q8 The SSC platform and the related systems built around it are an excellent way to ..... the fundamentals of SEPA and adapt quickly to realise the benefits.  
 (a) embed (b) embroil (c) ensconce (d) entrench
- Q9 Establishing an SSC and centralising functions does not necessarily mean the removal of traditional payment and collection ..... that are required by local operating companies where supplier and customer relationships are maintained.  
 (a) documents (b) instruments (c) offices (d) utensils
- Q10 The rationalisation of banks and systems will lead to the concentration of risk, and in order to ..... this risk, the standardisation of interfaces and formats is absolutely critical.  
 (a) inculcate (b) instigate (c) manumit (d) mitigate

*Financial Supply Chain Management*

- Q1 According to Ray Moore of HSBC, the efficient management of information across the financial supply chain (FSC) is a critical ..... in getting goods to market early and at the lowest cost.  
 (a) bottleneck (b) circumstance (c) enabler (d) factorial
- Q2 As international supply chains become longer and more complex, the risks and costs ..... with fulfilment continue to increase.  
 (a) committed (b) endemic (c) inherent (d) specific
- Q3 The focus of many supply chain management initiatives to date has been the physical processes and logistics costs that are easier to track, but this focus is increasingly shifting towards FSCs and the less ..... costs hidden in payments, risk management and working capital management processes that are equally important.  
 (a) variable (b) venerable (c) viable (d) visible
- Q4 Banks are under increasing pressure to demonstrate how core competences can be better applied to improving the efficiency of the FSC: this can be defined as the 'purchase-to-pay' process from the buyer .....  
 (a) inspection (b) perspective (c) respectively (d) suspected
- Q5 In order to meet the challenge, banks are re-..... traditional trade services and developing new solutions to meet a constantly evolving trade environment and rising customer expectations about what banks can do for them.  
 (a) incorporating (b) installing (c) instigating (d) invigorating
- Q6 Most large buyer organisations either source from low cost countries or have established managed services or production facilities that take advantage of lower labour and operating costs, and the pressure to source from these countries and source direct to eliminate expensive trading intermediaries continues to .....  
 (a) amount (b) emerge (c) merge (d) mount
- Q7 The initial ..... about vastly reduced unit costs has, however, been tempered in recent years, as corporates take a more sophisticated approach to the calculation of total fulfilment cost, which includes all logistics, working capital and finance related costs involved within its supply chain.  
 (a) anesthesia (b) euphoria (c) hysteria (d) inertia
- Q8 The ..... approach — often the characteristic of an aggressive buyer — is being replaced with the realisation that there are greater business benefits associated with working more collaboratively with suppliers to help them improve efficiencies and reduce their costs.  
 (a) adversarial (b) effectual (c) entrepreneurial (d) influential
- Q9 The focus for many organisations has been streamlining and automating the physical supply chain in order to reduce costs; for ..... practice organisations, the reduction of 1-2% of total costs of fulfilment is critical to keeping a competitive edge.  
 (a) all (b) best (c) in (d) past
- Q10 However, as physical supply chains are optimised, savings become harder to realise; this is when the focus shifts to FSC opportunities; the quantum ..... to streamlining the FSC, where organisations could save 2-3% plus potential savings by taking paper out of the system, is now being taken by many corporates.  
 (a) approach (b) field (c) leap (d) mechanics

*Analysts and Pundits*

- Q1 Some analysts and pundits use a stock's price-to-..... ratio to decide whether to recommend an equity: if the ratio is below 1.0, it's often considered attractive, and if the ratio is higher than 1.0, it may be deemed overpriced.  
 (a) book (b) convert (c) list (d) market
- Q2 Gold for the year was up about 23% and Silver was up 46%; the HUI failed to provide the leverage it usually offers to metals, increasing by only 13%, but these are still impressive ..... returns, since a record-breaking year for the Dow Jones produced only a 16.7% return and the Nasdaq gained just 10%.  
 (a) actual (b) alloy (c) annual (d) average
- Q3 ..... is an investment approach that seeks to match the investment returns of a specified stock or bond market benchmark by holding all or a representative sample of those securities; it is a 'passive' investment approach emphasizing broad diversification and low portfolio trading activity.  
 (a) Coasting (b) Coattailing (c) Indexing (d) Tailgating
- Q4 Despite reports that mining giant Rio Tinto is lining up bankers for a bid for Alcan Inc, an industry observer believes the Canadian aluminum giant may be preparing a '..... earth policy' to make itself less attractive to potential suitors; Alcan's board has rejected Alcoa's US\$28.1-billion hostile takeover offer.  
 (a) scorched (b) seared (c) singed (d) spoiled
- Q5 With a market ..... order, the investor allows the floor broker to use his own discretion as to the exact timing of the execution; if the broker expects a decline in price, s/he may wait to buy, figuring that a better price will soon be available, but there is no guarantee that a such an order will be filled.  
 (a) demand (b) not held (c) on hand (d) on hold
- Q6 ..... arbitrage is basically buying and simultaneously selling in four or more markets, profiting from a temporary difference; this is a riskless profit for the investor/trader.  
 (a) Complex (b) Compound (c) Convertible (d) Covered
- Q7 A back-end ..... can be a flat fee (meaning everyone pays the same amount of money when taking money out of the mutual fund) or a sliding-scale fee (meaning that the longer you keep your money in the mutual fund, the smaller the fee you have to pay when you take it out).  
 (a) bite (b) boost (c) load (d) loop
- Q8 ..... retirement plan is not an IRS plan subject to the eligibility, participation, and non-discrimination provisions set forth in the Employee Retirement Income Security Act and the Internal Revenue Code of 1986 and the regulations thereunder; as such, it is said to be devoid of governmental red tape.  
 (a) An employee-based (b) An employer-based (c) A non-certified (d) A non-qualified
- Q9 Options are traded in units called ....., each of which entitles the option buyer/owner to 100 shares of the underlying stocks upon expiration.  
 (a) bundles (b) centuries (c) contracts (d) fractions
- Q10 The Director position is responsible for the ..... analysis of our derivatives portfolio, which includes 1) statistical analysis to measure the effectiveness of hedges, 2) projection of Net Investment Income and Net Investment Gain/(Loss), and 3) attribution analysis of actual reported financial results versus market factors.  
 (a) accumulated (b) cumulative (c) qualified (d) quantitative

*Repos*

- Q1 Rockwell Collins, Inc. today announced it bought back four million shares, or approximately 2.3 percent of its outstanding common stock, from UBS AG London Branch in conjunction with an accelerated share ..... agreement at an initial cost of \$49.10 per share for a total cost of \$196 million.  
 (a) reciprocation (b) reimbursement (c) repurchase (d) reversion
- Q2 The plaintiffs, shareholders of Tellabs, Inc, filed a lawsuit against the company, alleging that the chief executive had made false statements about the company's business and financial results sufficient to support a 'strong inference' of ..... — the mental state embracing an intent to deceive, manipulate, or defraud.  
 (a) certiorari (b) cui bono (c) habeas corpus (d) scienter
- Q3 The Federal Reserve is performing tighter monetary policy by ..... reserves from the banking system; their goal is to slow the growth of the money supply, which will immediately impact short-term interest rates, but not long-term rates.  
 (a) bolstering (b) draining (c) flushing (d) scouring
- Q4 You can now get information about your tax ..... online — this site allows you to determine if your return has been received, if your final amount matches the amount you claimed, and if it has been mailed; simply log on using your social security number and the amount you claimed on your 2006 tax return.  
 (a) rebate (b) refund (c) repayment (d) retirement
- Q5 ..... Stock has a par value of \$100 per share, either preferred or common; stocks are generally issued with a zero par value, as they are traded in the market; the par value is not zero only when the stock is purchased directly from the company.  
 (a) Full (b) Round (c) Set (d) Unit
- Q6 Vertical ..... charting is a technical analysis tool which charts the high, low, and close of a given security each day, in an attempt to spot patterns that might help predict future price movements.  
 (a) line (b) range (c) share (d) shift
- Q7 This United States tax form is used for, among other purposes, reporting payments made to independent Contractors; the ubiquity of the form has also led to slang use of the phrase '.....' to refer to the contractors themselves.  
 (a) 1040 (b) 1099 (c) 2106 (d) 2555
- Q8 ..... shares do not impose a front-end sales charge, but they may charge higher expenses that investors are assessed over the lifetime of their investment in a fund; they also normally impose a contingent deferred sales charge, which you pay if you sell your shares within a certain number of years.  
 (a) B Level (b) B Rank (c) Class B (d) Grade B
- Q9 The term ..... Letter shall mean a letter from the purchaser of the Property to Secured Party stating that: (i) the purchaser is aware that the Property has not been registered under the Securities Act of 1933, and (ii) the Property is being acquired for the purchaser's own account and not with a view to the sale or distribution thereof.  
 (a) Accordance (b) Contract (c) Investment (d) Security
- Q10 A self employed person can establish a ..... Plan, and make tax deductible contributions entered on Form 1040, Line 28, and the tax deductible contributions and any interest or gains thereon are not taxed until withdrawn; the two types of Plans are defined contribution plans and defined benefit plans.  
 (a) Balboa (b) Colombo (c) Keogh (d) Providence

*Consumer Spending*

- Q1 The hypothesis is that consumer spending drives economic cycles and is therefore a leading indicator for the stock market; for example, Mr. Ellis presents a chart relating quarterly annualized change in ..... Consumption Expenditures (PCE) to quarterly change in the S&P 500 index.  
(a) Personal (b) Prevalent (c) Private (d) Public
- Q2 CFD positions held past 5PM EST (New York time) will require a service charge set at 4% to 12% per annum of the notional value of the position, depending on the product; if a position is closed before 5PM EST, there will be no cost of ..... charge.  
(a) carry (b) filing (c) keep (d) storage
- Q3 Today, the Special ..... Right (SDR) has only limited use as a reserve asset, and its main function is to serve as the unit of account of the IMF and some other international organizations; it is neither a currency, nor a claim on the IMF, but a potential claim on the freely usable currencies of IMF members.  
(a) Demand (b) Denomination (c) Deposit (d) Drawing
- Q4 With ..... bond, the interest on the bond is reinvested at the same rate as the principal and is returned to the customer only when the bond is redeemed; hence, it is analyzable as a fixed sum invested at a fixed rate of compound interest for a fixed time period.  
(a) a consolidated (b) a coupon (c) an accrual (d) an accumulation
- Q5 Managing the portfolios of your clients and working with brokers or money managers, you can use this software to maintain the investment ..... of all transactions; the statement from your broker (money manager) forms the basis for input into the system and maintains the record of each financial instrument from the time it enters the portfolio until its disposal.  
(a) annal (b) history (c) itinerary (d) journal
- Q6 In accordance with the provisions of Minnesota Statutes, Section 373.45, Subd. 3, a county that issues bonds covered under the County Credit Enhancement Program must deposit with the paying ..... three business days before the date on which each payment is due on the bonds an amount sufficient to make that payment.  
(a) agent (b) bank (c) entity (d) party
- Q7 Bond ..... follow a few quirky conventions; for instance, prices are given as percentages of face value, with fractions like 1/32 as the last digits, not decimals.  
(a) charts (b) imprints (c) quotes (d) sales
- Q8 Using a pre-defined ..... of accounts that you find in a bookkeeping or accounting software package may work fine for your business, or you may find that you need to adapt or accommodate it to more closely fit the way you want to keep track of and report on your business.  
(a) chart (b) content (c) glossary (d) table
- Q9 If you get a notice from the company to whom you have been making monthly payments that your loan is being transferred, it is likely that the ownership of your loan has not changed; just that one big mortgage ..... company has bought a portfolio of rights from another.  
(a) allocating (b) assigning (c) funding (d) servicing
- Q10 The falling ..... payable numbers indicate that suppliers are demanding faster payments from Gander Mountain; most likely, the suppliers are worried about not getting paid, one sign that there's a problem with the business.  
(a) accounts (b) amounts (c) days (d) debts

*Call and Put Options*

- Q1 There are various ways to use a ..... spread, but for our purposes, we'll discuss its normal use: this is when we sell a front-month, lower-strike call option and buy a longer-term, higher-strike call option or when we sell a front-month higher-strike put option and buy the longer-term, lower-strike put.  
 (a) diagonal (b) horizontal (c) temporal (d) vertical
- Q2 The Exchange indicated that a '..... order imbalance' is one resulting in a price change from the last sale of the lesser of 10% or three points for stocks between \$10 and \$99.99, and five points for stocks \$100 or more, unless a Floor Governor deems circumstances warrant a lower parameter.  
 (a) consequential (b) critical (c) significant (d) substantial
- Q3 If a brokerage firm is unable to locate an account owner and the account has remained inactive for the period of time specified by state law, the firm must report it to the state, which then claims the account through a process called '.....', whereby the state becomes the owner of the account.  
 (a) escarpment (b) escheatment (c) estrangement (d) exactment
- Q4 The final ..... goes to anyone who got a red herring within 25 days.  
 (a) offer (b) option (c) prospectus (d) tender
- Q5 One of the fundamental laws of a capitalist economy is that ..... market—one where every player has access to all product and pricing information — is the ideal market; this market will, over time, converge towards the best pricing for the best products with the best level of services.  
 (a) a free (b) an open (c) an optimal (d) a transparent
- Q6 Unlike sales taxes that appear on a cash register receipt, ..... taxes are those charges that are not expressly clear to the taxpayer; for example, the average price of a gallon of gas is \$1.49 and 43 cents of that amount represents taxes — that 37% tax rate does not appear on your receipt.  
 (a) buried (b) closed (c) hidden (d) veiled
- Q7 Philip Morris has a yield of 5% and a payout (dividend divided by estimated 2001 earnings) of only 52% (for ..... dividend, we multiply the latest quarterly dividend by four); it is not that Philip Morris is so generous, but the rich yield reflects the uncertain prospects of the tobacco industry.  
 (a) accumulated (b) calculated (c) extended (d) indicated
- Q8 The Fair ..... Reporting Act (FCRA), enforced by the FTC, is designed to promote accuracy and ensure the privacy of the information used in consumer reports; businesses that supply information about you to CRAs and those that use consumer reports also have responsibilities under the law.  
 (a) Civic (b) Client (c) Credit (d) Customer
- Q9 The ITS participants also proposed to develop a '..... order information system', based on the existing ITS, that would require specialists to aggregate and enter orders for display, and brokers executing a block trade outside the best bid or offer would be required to satisfy the LOIS orders.  
 (a) legal (b) limit (c) line (d) load
- Q10 A market ..... order is another very common order because a lot of spread betting clients like to finish up the day with a flat position in their account.  
 (a) at last (b) at rest (c) on close (d) on hold

*Pass-through*

- Q1 The most common type of pass-through is a mortgage-..... certificate, where homeowners' payments pass from the original bank through a government agency or investment bank to investors.  
 (a) backed (b) based (c) conveyed (d) covered
- Q2 A 'limited partner', who is prohibited from taking part in management and has no liability for debts beyond his/her investment, is a true ..... partner; however, without a limited partnership agreement, s/he is responsible for the debts of the partnership as a general partner.  
 (a) passive (b) pillow (c) secret (d) silent
- Q3 Multiple listing of equity options that were already being traded as of January 20, 1990, was phased in over a period of time ending in late 1994; thus, by the end of 1994, each option ..... could list any equity option class.  
 (a) chain (b) exchange (c) floor (d) trader
- Q4 The legal requirements will usually pose no problem, but the lack of a market minimizes the enthusiasm for and utility value of the non-..... stock option plan; still, it offers the most flexibility for the owner-management of a private company to select key personnel and option pricing arrangements to suit management objectives.  
 (a) aligned (b) profit (c) qualified (d) refundable
- Q5 MIND C.T.I. Ltd, a leading provider of convergent end-to-end billing and customer care product based solutions for carriers worldwide, today announced the record date and ..... date of the previously declared and announced cash dividend of \$0.20 per share.  
 (a) disbursement (b) payment (c) remittance (d) settlement
- Q6 When this provision is in a lease, a landlord has the power to collect the maximum rent allowed under regulations in effect at the time; the ..... clause provides that if the regulations are altered during the time of the lease, the tenant must pay the new fee computed pursuant to the revised regulations.  
 (a) balloon (b) escalator (c) kiting (d) parachute
- Q7 With a ..... option, usually the underlying and strike price currency is the foreign one and the currency in which the derivative pays out is domestic, calculated as the option's intrinsic value; this type of investment is paid at a fixed exchange rate, protecting the investor from fluctuations.  
 (a) bermuda (b) chameleon (c) quanto (d) vanilla
- Q8 ..... reserves must be held in the form of vault cash and if vault cash is insufficient, also in the form of a deposit with a Federal Reserve Bank; an institution that is not a member of the FRS can maintain that deposit directly with a Reserve Bank or with another institution in a pass-through relationship.  
 (a) Anticipated (b) Demand (c) Limit (d) Required
- Q9 I look for a .....-to-cash-flow ratio of less than 15 for a large company that can't grow rapidly; for smaller companies, I look at things in more detail because many small companies can go from a dramatic loss to excellent cash flow in one year if they are adding customers without raising costs too badly.  
 (a) asset (b) equity (c) price (d) growth
- Q10 Companies often ..... their stock when they believe the price of their stock exceeds the amount smaller individual investors would be willing to pay for the stock: by reducing the price of the stock, companies try to make their stock more affordable to these investors.  
 (a) devalue (b) pad (c) reissue (d) split

*Cash Management in Pakistan*

- Q1 The implementation of a real-time gross settlement system will automate the current interbank settlement of large-value payments at the State Bank of Pakistan and will minimise credit and liquidity risks; dial-up proprietary systems are in ....., taken over by more robust, functionally enriched Web-based platforms.  
 (a) demise (b) despair (c) disarray (d) dishabille
- Q2 According to Shahid A Syed, Pakistan's economy delivered another year of robust growth in 2005-06, despite the ..... earthquake on 8 October 2005 and in the midst of an extraordinary surge in oil prices.  
 (a) dangerous (b) dastardly (c) debilitating (d) devastating
- Q3 With growth at 6.6% in 2005-06, the economy has expanded at an average rate of 7% a year in the past four years and over 7.5% a year for the last three, thus ..... itself as one of the fastest growing economies in Asia.  
 (a) positing (b) positioning (c) proclaiming (d) promoting
- Q4 The vote of confidence of the international debt capital markets in Pakistan's economic policy, reform agenda and outlook is evident from the successful launch of new 10-year and 30-year ..... bonds totalling US \$800m.  
 (a) domestic (b) municipal (c) oppidan (d) sovereign
- Q5 The SBP has been pursuing a broadening of access of financial services to all segments of society as an important strategic objective: initiatives have been taken to develop a legal framework for ..... institutions to help the poor, and a focus on SMEs and Islamic finance issues.  
 (a) altruistic (b) microfinance (c) philanthropic (d) welfare
- Q6 Despite considerable progress towards its goal of fostering a sound and dynamic financial system, a number of areas still demand further attention; SBP has kept its focus on consolidating reforms introduced in preceding years and lifting the regulatory and supervisory framework to meet international best .....  
 (a) agendas (b) alliances (c) practices (d) programs
- Q7 The extensive focus on enhancing the supervisory capacity in recent years has helped SBP to achieve, either fully or largely, ..... status for 28 of the 30 Basel core principles for effective banking supervision.  
 (a) complaint (b) complementary (c) compliant (d) complimentary
- Q8 Federal taxes in Pakistan, like most taxation systems in the world, fall into two broad categories, direct and indirect; direct taxes primarily ..... income tax, along with a supplementary wealth tax.  
 (a) compose (b) comprise (c) consist (d) contain
- Q9 All public companies, other than banking companies, incorporated in Pakistan, are ..... for tax at a corporate rate of 39%; however, the effective rate is likely to differ on account of allowances and exemptions related to such factors as the industry, location and exports.  
 (a) arraigned (b) assessed (c) attached (d) audited
- Q10 The real-time gross settlement system known as the Pakistan Real-time Interbank Settlement Mechanism is at an advanced stage of installation, and its implementation will make the payments systems much more efficient and ....., offering transactional features that are hard to achieve under the current settlement systems.  
 (a) reactant (b) refulgent (c) reluctant (d) resilient

*Banking in China*

- Q1 While globalization has sparked a buying ..... in emerging markets generally, China has been the front-runner in raising new capital in the banking sector, explains Keith Pogson of Ernst & Young.
- (a) spell (b) spill (c) spree (d) spray
- Q2 China's record-breaking performance in raising more than US\$46bn is all the more stunning given that, just two years ago, the challenge of cleaning up balance sheets and non-performing loan portfolios was ..... next to impossible by the international investment community.
- (a) convinced (b) deemed (c) evinced (d) seemed
- Q3 China's financial institutions have historically suffered the disadvantage of having dual operating roles: the authorities viewed them not simply as banks, but also as a major ..... for providing capital to state-run companies.
- (a) byway (b) conductor (c) factor (d) vehicle
- Q4 China's banks kicked ..... their structural reforms ahead of receiving capital injections from the central government.
- (a) off (b) out (c) through (d) up
- Q5 During the past five years, they have streamlined their organizations through closure of less efficient branches and scaling back their workforces through ..... and early retirement, among other factors.
- (a) attrition (b) elimination (c) liberation (d) retribution
- Q6 For example, China Construction Bank and ICBC closed more than 11,500 and 12,900 branches respectively, and each reduced its workforce by over 100,000 employees; the financial restructuring of these banks was ..... in China's banking history.
- (a) unpreceded (b) unprecedented (c) unpreconceived (d) unpremeditated
- Q7 The initial recapitalization from 2003-2005 amounted to at least RMB608bn, consisting of an injection of capital through State Administration of Foreign Exchange (SAFE) investment, new shares subscribed to by the National Social Security Fund, and accumulated losses ..... by the Ministry of Finance.
- (a) reconciled (b) refurbished (c) renovated (d) replenished
- Q8 In addition to capital injections by the Chinese government, restructuring was accomplished in a two-stage .....-out of non-performing loans; initially, approximately RMB420bn of Loss-Classified NPLs were written off from the four banks' accounts.
- (a) carve (b) cut (c) slash (d) slice
- Q9 Alliances with foreign banks turned out to be a vital ..... in the success of the IPOs, as they provided Chinese banks with technical assistance and, most importantly, equity stakes that offered additional credibility and reassurance to other investors when the banks came to market.
- (a) apparatus (b) concomitant (c) incorporation (d) ingredient
- Q10 From a ..... combined outlay of estimated US\$500m at the end of 2003, foreign investors have now committed as much as US\$18bn to the Chinese banking sector in the past 12 months alone.
- (a) neglected (b) negligent (c) negligible (d) negotiable

*Singapore Banking*

- Q1 Mahesh Kini of HSBC says that a stable government is committed to Singapore's multi-..... growth by focusing on various sectors.  
 (a) flanged (b) hinged (c) pronged (d) ranged
- Q2 Singapore's 2006 budget outlines many ..... for businesses operating in Singapore in the financial and related sectors.  
 (a) coercives (b) correctives (c) incentives (d) invectives
- Q3 In the ..... is the Integrated Resorts project, a large entertainment complex featuring casinos, amusement parks, hotels, and convention centres, which is due to open in 2010.  
 (a) ballpark (b) blueprint (c) grapevine (d) pipeline
- Q4 Such large government-backed initiatives and the drive to create a new tourism hub in Singapore ..... well for the large tourism industry, which saw nine million tourists arrive on Singapore's shores in the past year.  
 (a) bide (b) bode (c) hied (d) hold
- Q5 The MAS, in a step to liberalise commercial banking in Singapore, has provided qualifying full bank status to some foreign banks to provide a full ..... of financial services to individuals and corporates and issued wholesale bank status to a number of foreign banks to serve commercial customers.  
 (a) hand (b) house (c) staff (d) suite
- Q6 Singapore is also seeing a trend to establish global treasury centres; Singapore's infrastructure, political stability and favourable time zone, located centrally in the Asia-Pacific region, have greatly benefited multinational corporations in supporting a global cash .....  
 (a) deployment (b) leverage (c) position (d) strategy
- Q7 Another growing trend is for companies to ..... their supply chain and cash management to attain greater efficiencies.  
 (a) harmonize (b) hygienize (c) sanitize (d) synchronize
- Q8 Singapore's finance industry has fully ..... Internet technology and is capitalising on this phenomenon to the fullest extent as a relatively inexpensive distribution and delivery medium to grow market share and improve profitability.  
 (a) embalmed (b) embraced (c) ensconced (d) entailed
- Q9 Besides online banking services, these banks as well as other companies that act as intermediaries and ....., have developed business-to-business, business-to-consumers, and even person-to-person transaction service initiatives.  
 (a) aggregators (b) attenuators (c) talliers (d) terminators
- Q10 Singapore has one of the highest Internet ..... rates worldwide and all major banks provide Internet banking platforms and many also provide host-to-host capabilities to link up to companies' back-office operations for file transfers.  
 (a) infatuation (b) infiltration (c) penetration (d) procreation

*Islamic Finance*

- Q1 With the modern Islamic financial services industry enhancing its sophistication, an increasingly affluent Muslim-investor population has started to express its desire for more investment products that ..... to Islamic principles.  
 (a) absolve (b) absorb (c) adhere (d) admit
- Q2 Coinciding with this surge in demand is the more significant role that Islamic finance plays in the global financial community; with respect to the breadth and range of products and services offered, the distinct line that once separated Islamic financial institutions from their conventional counterparts is .....  
 (a) blurring (b) drifting (c) erasing (d) smudging
- Q3 The basic principle of Islamic banking is the prohibition of riba (..... or interest); it also prohibits dealing in liquor, pork, gambling, pornography and anything else that Shari'a (Islamic law) deems haram (unlawful).  
 (a) avarice (b) principal (c) usury (d) venery
- Q4 While permitting the individual the right to seek his economic well being, Islam makes a clear distinction between what is halal (lawful) and what is haram (forbidden) in pursuit of such economic activity; in ..... terms, Islam forbids all forms of economic activity that are morally or socially injurious.  
 (a) bare (b) broad (c) certain (d) clear
- Q5 While acknowledging the individual's right to ownership of legitimately acquired wealth, Islam makes it obligatory for the individual to spend his wealth judiciously and not to ..... it, keep it idle or to squander it.  
 (a) cache (b) conceal (c) harbour (d) hoard
- Q6 While allowing an individual to retain any surplus wealth, Islam seeks to reduce the margin of the surplus for the well being of the community as a whole, in particular the ..... and deprived sections of society by participation in the process of zakat.  
 (a) despicable (b) destitute (c) disparaged (d) distraught
- Q7 While making allowance for the ways of human nature and yet not yielding to the consequences of its worst propensities, Islam seeks to prevent the accumulation of wealth in a few hands to the ..... of society as a whole, by its laws of inheritance.  
 (a) decadence (b) deterrence (c) detriment (d) discouragement
- Q8 Viewed as a whole, the economic system ..... by Islam aims at social justice without inhibiting individual enterprise beyond the point where it becomes not only collectively injurious but also individually self-destructive.  
 (a) elaborated (b) elicited (c) enacted (d) envisaged
- Q9 It has been over two decades since Islamic banks first appeared as active players in the global financial market, and today Islamic banking and finance has become a force to be reckoned .....  
 (a) at (b) on (c) with (d) (none)
- Q10 Although the Middle East is still home to most of the world's 275-plus Islamic banks, a growing number of banks operating in the marketplace are ..... elsewhere.  
 (a) domesticated (b) domiciled (c) predicated (d) premised

*Organizational Consulting*

- Q1 In our sixty years combined experience, Clear Impact Consulting Group, Inc have assisted thousands of leaders and their organizations in enhancing overall effectiveness; during the assessment phase we gather a great deal of information and ..... the essence of it in the context of your overall goals.  
 (a) decant (b) distill (c) inject (d) instill
- Q2 In addition to confidential interviews, we use diagnostic tools that not only give us initial information, but also set into ..... ways for teams to continuously gather essential information, including our Clear Impact High Performing Teams Checklist.  
 (a) movement (b) place (c) right (d) stone
- Q3 Teams are often bogged down with addressing energy-..... symptoms rather than being able to focus on root causes of obstacles to optimal success and fulfillment.  
 (a) sapping (b) seeking (c) seeping (d) sopping
- Q4 Most teams need to be more in tune with their customers, more aware of what they're projecting and through what ..... they're seeing, as well as having tools to most effectively interact with their customers.  
 (a) angles (b) eyes (c) filters (d) spectacles
- Q5 There's a tool we've developed over the last 7+ years called 100% Responsibility that has a consistently powerful impact on teams and organizations; it puts 'blame' and 'victim' off ..... while assisting people to take healthy individual and collective ownership for business results.  
 (a) bounds (b) limits (c) the table (d) the wall
- Q6 Our intention is to help .....-start an ongoing process that greatly reduces power struggles and needless conflict, while increasing the innovation and excitement that comes from the possibility of successfully making a difference.  
 (a) jump (b) stop (c) team (d) up
- Q7 The Enneagram, when used correctly, is a remarkably powerful, respectful, and dynamic system; it describes a path of healthy development for each type of person, and shows each type how they can build on their strengths and avoid their .....  
 (a) deadfalls (b) pitfalls (c) pratfalls (d) windfalls
- Q8 It helps people identify their blind ..... at the same time that they are building on their unique gifts.  
 (a) rages (b) sides (c) spots (d) trusts
- Q9 Integration of the Enneagram allows teams and organizations to optimize individuals' strengths, take advantage of synergy, improve teamwork, enhance mutual understanding and respect, improve leadership, enhance communication, and increase morale, productivity, and employee .....  
 (a) inaction (b) intention (c) reaction (d) retention
- Q10 Finally, we've learned that teams learn best in an Action Learning .....: learning is only relevant if it enables managers and leaders to take more effective action.  
 (a) format (b) milieu (c) niche (d) scale

*Business Systems Contingency Policy*

- Q1 All departments should develop and maintain procedures that will ensure an appropriate level of customer service in the ..... of unexpected business systems failure.  
(a) chance (b) event (c) option (d) view
- Q2 Traditionally, disaster recovery planning focused on the physical aspects of computer-based systems, particularly the CPU and closely coupled ....., e.g. disc banks.  
(a) accessories (b) appliances (c) paraphernalia (d) peripherals
- Q3 Although this approach remains valid, the ..... of disaster recovery has considerably widened in recent years.  
(a) gap (b) range (c) reach (d) scope
- Q4 This change of emphasis has resulted in the need for a pragmatic service level delivery rather than plans, ..... documented and often untested.  
(a) albeit (b) despite (c) in fact (d) much less
- Q5 Departments are now so reliant upon computer-based systems for normal daily operations that small systems failures can cause ..... level of disruption to customers and staff.  
(a) a disproportionate (b) an equivalent (c) an irremediable (d) an unacceptable
- Q6 A balance must be ..... between a 'business as usual' approach, with its associated high cost, and recourse to a 'survival' mode of operation with the objective of 'business as usual' within a reasonable period.  
(a) cast (b) forged (c) met (d) struck
- Q7 Due to the wide variety of business applications across departments, it is not possible to provide ..... guidelines for the management of unexpected failure and disruption of computer-based business systems; there are, however, some general guidelines that are globally applicable.  
(a) definable (b) defined (c) definite (d) definitive
- Q8 All ..... plans must be tested; critical components of the plan should be tested once a year, and test plans must ensure that the testing itself does not cause a 'disaster'.  
(a) contingency (b) endangerment (c) eventuality (d) predicament
- Q9 Plan for key personnel not to be present at the test — this aspect is often overlooked, with all key personnel ..... days beforehand for the test.  
(a) plumped (b) primed (c) primped (d) pumped
- Q10 ..... the 'walk-through' method for testing the plan prior to putting it into operation; do not declare the testing completed until the whole production system has been re-instated.  
(a) Deploy (b) Direct (c) Display (d) Distribute

*How to Avoid Making Decisions (1)*

- Q1 Recourse to someone or even something else: For example, in contrast to astrology, one must accept the fact that success is not due to a ..... concourse of stars at our birth, but due to a steady trail of sparks from the grindstones of hard work, determination, good planning, and perseverance.
- (a) fixed (b) fortuitous (c) precipitous (d) preponderant
- Q2 False hopes: False hope and fear are two sides of the same ..... — we can promise according to our hopes that are under our control only (and have some degree of certainty on its outcome), but we avoid making decisions according to our fears of the outcomes.
- (a) camp (b) coin (c) face (d) street
- Q3 Do not think about it: The decision-makers who are waiting for something to ..... up might start with their shirt sleeves; you can either take action, or you can hang back and hope for a miracle.
- (a) come (b) pop (c) show (d) turn
- Q4 Do anchoring: Give ..... weight to some information instead of waiting as long as possible in order to have all the information.
- (a) disproportional (b) disreputable (c) unexceptional (d) unintentional
- Q5 .....-cost conscious: Repeat the same decision because you have invested so much in this approach (or your current job) that you cannot abandon it or make another decision (or look for a better position).
- (a) High (b) Hire (c) Sunk (d) Sure
- Q6 Look for confirming evidence: Seek out the information to support an existing preselection and ..... opposing ones.
- (a) decry (b) denigrate (c) discount (d) dissuade
- Q7 Pray for a miracle: Emerson said, "As men's prayers are a disease of the will, so are their ..... a disease of the intellect."
- (a) creeds (b) deeds (c) greeds (d) needs
- Q8 Be over-confident: This makes you optimistic and then you make high risk decisions; as Henri Poincare said, "Doubt everything or believe everything — these are two equally convenient strategies, and with either, we dispense ..... the need to think for ourselves."
- (a) for (b) to (c) with (d) (none)
- Q9 Be too prudent: Our doubts are traitors and make us lose opportunities by fearing to make our decision — and not only that, but it is .....; it transmits itself to others who depend on you.
- (a) contagious (b) contractual (c) epidemic (d) pandemic
- Q10 Misrepresentation: Use argument that seems scientific — for example, compute and use the average salary as a typical representative of salary rather than the .....
- (a) medial (b) median (c) medium (d) meridian

*How to Avoid Making Decisions (2)*

- Q1 Pass the .....: Pass off the responsibility of making the decision to someone else; do not make decisions by yourself, but bring in someone to blame if things go wrong.  
 (a) baton (b) buck (c) torch (d) tray
- Q2 Have second thoughts: Second thoughts have ..... more useful decisions than all the difficult circumstances and overwhelming obstacles fate could ever throw at you; and undermining your authenticity by succumbing to someone else's second thoughts is a subtle and seductive form of self-abuse.  
 (a) abhorred (b) aborted (c) abused (d) abutted
- Q3 Succumb to failure: Believe that the choices you will make are predestined and you are ..... to fail (one gets used to failure) versus the result of hard work and thought.  
 (a) bound (b) determined (c) expected (d) seen
- Q4 Set up a committee: A committee is a ..... down which ideas are lured and then quietly strangled; the greatest things are often accomplished by individual people, not by committees.  
 (a) coq au vin (b) corps d'elite (c) coup de grace (d) cul-de-sac
- Q5 False decentralization: this could take place when an authoritative manager assigns accountability to a new 'director of' for every new decision-making problem, but does not ..... any authority.  
 (a) delegate (b) derogate (c) indicate (d) instigate
- Q6 Commonsense-based decisions: If you start making decisions on the basis of ..... wisdom or chatter in the hall, generally speaking, you will make the wrong decision; what is called common sense is almost always uncommon.  
 (a) conventional (b) conversational (c) individual (d) institutional
- Q7 Failure to understand the problem: This is caused by, among other things, subjectivity, irrational analysis, lateness or ....., lack of sensitivity, and lack of focus.  
 (a) predestination (b) preoccupation (c) procrastination (d) proliferation
- Q8 Rationalization to limit the course of actions: This strategy is very popular — ..... the cards to make one alternative clearly right and remove all risk.  
 (a) cut (b) deal (c) shuffle (d) stack
- Q9 Information: Some information gathered is not valid — decisions are often made first and information sought to support the solution, or much of the information gathered is ..... to the decision-making.  
 (a) inconsequent (b) incorrigible (c) irrelevant (d) irreverent
- Q10 False alternative: This attempts to ..... the decision-maker into a corner from which there is no escape except to accept the alternative.  
 (a) box (b) frame (c) screw (d) wrestle

*System Development Life Cycle*

- Q1 As Russel Kay tells it, once ..... a time, software development consisted of a programmer writing code to solve a problem or automate a procedure.  
(a) after (b) at (c) in (d) upon
- Q2 Nowadays, systems are so big and complex that teams of architects, analysts, programmers, testers and users must work together to create the millions of lines of .....-written code that drive our enterprises.  
(a) custom (b) hand (c) machine (d) self
- Q3 The system development life cycle models work well when automating the activities of clerks and accountants, but they don't work nearly as well when building systems for ..... workers — people at help desks, experts trying to solve problems, or executives trying to lead their company into the Fortune 100.  
(a) knowledge (b) sessile (c) think-tank (d) white-collar
- Q4 The waterfall model assumes that the only role for users is in specifying requirements, and that all requirements can be specified in advance; unfortunately, requirements grow and change throughout the process and beyond, calling for considerable feedback and ..... consultation.  
(a) indicative (b) insistent (c) iterative (d) itinerant
- Q5 The fountain model recognizes that although some activities can't start before others — such as you need a design before you can start coding — there's a considerable ..... of activities throughout the development cycle.  
(a) overflow (b) overlap (c) undertow (d) underuse
- Q6 The spiral model emphasizes the need to go back and ..... earlier stages a number of times as the project progresses; it's actually a series of short waterfall cycles, each producing an early prototype representing a part of the entire project.  
(a) recalibrate (b) regurgitate (c) reinstate (d) reiterate
- Q7 In the rapid application development model, initial emphasis is on creating a ..... that looks and acts like the desired product in order to test its usefulness.  
(a) genotype (b) holotype (c) phenotype (d) prototype
- Q8 The ..... model divides the product into builds, where sections of the project are created and tested separately.  
(a) fractile (b) fractional (c) incidental (d) incremental
- Q9 This approach will likely find errors in user requirements quickly, since user feedback is ..... for each stage and because code is tested sooner after it's written.  
(a) extracted (b) insisted (c) queried (d) solicited
- Q10 The synchronize and stabilize method combines the advantages of the spiral model with technology for overseeing and managing source code; this method allows many teams to work efficiently in .....; this approach was defined by David Yoffie of Harvard University and Michael Cusumano of MIT.  
(a) paradigms (b) parallax (c) parallel (d) paratroops

*Database Management Systems*

- Q1 An organisation uses a computer to store and process information because it hopes for speed, accuracy, efficiency, economy etc. beyond what could be achieved using clerical methods; the objectives of using a DBMS must in ..... be the same although the justifications may be more indirect.  
(a) essence (b) quality (c) spirit (d) substance
- Q2 Early computer applications were based on existing clerical methods and stored information was ..... in much the same way as manual files.ed  
(a) parsed (b) partitioned (c) petitioned (d) pigeon-holed
- Q3 But the computer's processing speed gave a potential for relating data from different sources to produce valuable management information, provided that some standardisation could be imposed over departmental boundaries: the idea emerged of the ..... database as a central resource.  
(a) individualized (b) integrated (c) intercalated (d) isolated
- Q4 Data is captured as close as possible to its point of origin and transmitted to the database, then ..... by anyone within the organisation who requires it.  
(a) exacted (b) extended (c) extracted (d) extruded
- Q5 However many ..... have become attached to this idea in practice, it still provides possibly the strongest motivation for the introduction of a DBMS in large organisations.  
(a) codicils (b) contingencies (c) postulates (d) provisos
- Q6 A DBMS gives some protection against change by taking care of basic storage and retrieval functions in a standard way, leaving the applications developer to concentrate on specific organisational requirements; changes in one of these areas need not have ..... elsewhere.  
(a) repercussions (b) resistance (c) resonance (d) reverberations
- Q7 In general a DBMS is a substantial piece of software, the result of many man-years of effort, but because its development costs are spread over a number of purchasers it can probably provide more facilities than would be economic in ..... product.  
(a) a cut-and-dried (b) a made-to-measure (c) an off-the-rack (d) a one-off
- Q8 The points discussed above are probably most relevant to the larger organisation using a DBMS for its administrative functions, the environment in which the idea of databases first originated; in other ..... the convenience of a DBMS may be the primary consideration.  
(a) contents (b) contests (c) contexts (d) contretemps
- Q9 The purchaser of a small business computer needs all the software to run it in package form, written so that the minimum of expertise is required to use it, and the same applies to departments (e.g. Research & Development) with special needs which cannot be ..... by a large centralised system.  
(a) fortified (b) gratified (c) qualified (d) satisfied
- Q10 When comparing database management systems it is obvious that some are designed in the expectation that professional DP staff will be available to run them, while others are aimed at the total .....  
(a) apprentice (b) novice (c) recruit (d) trainee

## TRANS

- Q1 The Tax Revenue ..... Note (TRAN) is a tax-free bond that is issued on a one-year basis specifically for the purpose of improving cash flow to public entities heavily reliant on sporadic property tax distributions.  
 (a) Accumulation (b) Accrual (c) Advance (d) Anticipation
- Q2 As a way to attract orders from brokers, some exchanges or market-makers will pay your broker's firm for routing your order to them, perhaps a penny or more per share: this is called 'payment for order .....'.  
 (a) fetch (b) flow (c) shift (d) shunt
- Q3 A ..... merger can harm competition by making it difficult for competitors to gain access to an important component product or to an important channel of distribution — this is called a 'bottleneck' problem.  
 (a) forward triangular (b) horizontal (c) reverse triangular (d) vertical
- Q4 A 19c3 stock is a stock that was listed on one of the national securities exchanges, such as the NYSE, after April 26, 1979, ..... SEC rule 19c3, which forbids exchange members from participating in off-board trading.  
 (a) absolving it from (b) admonishing it from (c) including it in (d) incorporating it in
- Q5 ..... interest is calculated on the original principal only; accumulated interest from prior periods is not used in calculations for the following periods, and this type of interest calculation is normally used for a single period of less than a year, such as 30 or 60 days.  
 (a) Basic (b) Initial (c) Simple (d) Standard
- Q6 The Fair Debt Collection ..... Act (1977) is a federal law that outlines what information debt collectors can gather on you, and contains specific rules on how debt collectors can communicate with you; these rules are designed to protect you from abuse, harassment, false and misleading tricks and other illegal actions.  
 (a) Practices (b) Procedures (c) Tactics (d) Techniques
- Q7 Rule 405 is the NYSE codification of '..... your customer' rules, which require that a customer's situation be suitable for any investment being made.  
 (a) advise (b) check (c) know (d) match
- Q8 ..... Injury Protection covers the person named in the policy as the 'named insured', residents of the named insured's household related by blood, marriage or adoption, and passengers or pedestrians; these people will be eligible for medical insurance payments no matter who is at fault in the car accident.  
 (a) Panoramic (b) Personal (c) Private (d) Public
- Q9 The Special ..... Right is an international reserve asset, created by the IMF in 1969 to supplement the existing official reserves of member countries; SDRs are allocated to member countries in proportion to their IMF quotas and serve as the units of account of the IMF and other international organizations.  
 (a) Depositing (b) Drawing (c) Tendering (d) Trading
- Q10 During the ..... period of a fixed deferred annuity, your money, less any applicable charges, earns interest at rates set by the insurance company or in a way spelled out in the annuity contract; during the payout period, the amount of each income payment to you is generally set when the payments start and will not change.  
 (a) accumulation (b) collection (c) deposit (d) premium

*Fire Insurance*

- Q1 If insurance data suggests that a serious fire is likely to occur once in 25 years, then the ..... rate of occurrence is  $1/25 = 0.04$ .
- (a) annualized (b) average (c) expanded (d) extrapolated
- Q2 Here's something to consider for those of you who may be selling covered calls on stocks you already own: some folks are reluctant to sell covered calls on stocks because they are concerned about having the stock called ..... from them.
- (a) away (b) out (c) over (d) (none)
- Q3 ..... yield is the dividend or coupon rate stated as a percentage of the security's present market price: for common stock, it is calculated by dividing its annual dividend by its market price, and for preferred stocks, the contractual dividend is divided by the market price.
- (a) Anticipated (b) Expected (c) Indicated (d) Projected
- Q4 Loans from a foreign parent to a Canadian subsidiary cannot fit within the exemption, so corporations have attempted to structure intercorporate debt in other ways, including '.....' loans, where cash is loaned from a foreign parent to an arm's length foreign company that then lends to the Canadian subsidiary.
- (a) back-to-back (b) belly-to-belly (c) side-to-side (d) top-to-bottom
- Q5 The interest earned during the first year is found with the formula for simple interest; if the deposit earns ..... interest, the interest earned in the second year is calculated from the total amount on deposit at the end of the first year.
- (a) accumulated (b) compound (c) extended (d) multiple
- Q6 A company whose shares are traded on the so-called '..... sheets' is commonly one that does not meet the minimal criteria for capitalization and number of shareholders that are required by the NASDAQ and OTC and most exchanges to be listed there.
- (a) black (b) pink (c) red (d) yellow
- Q7 When a dealer sells or leases a car, he always receives cash, whether it's directly from the customer, or from a ..... company or bank who has loaned a customer the money.
- (a) finance (b) investment (c) lading (d) underwriting
- Q8 The odd lot ..... of one eighth or one quarter of a point was one of the ways that the odd lot broker made money, but these days there are no odd lot brokers; small stock trades, whether for 50 shares or 100 shares, are handled by computers rather than by people.
- (a) addition (b) differential (c) discount (d) premium
- Q9 Like the 401(k), the 12 .....-1 fund is named after a section of a federal law — in this case, the Investment Company Act of 1940; the charge is for marketing and distributing the fund — in other words current investors foot the bill to win new investors.
- (a) a (b) b (c) c (d) d
- Q10 The cost of debt ..... which has already been issued is the rate of interest (the internal rate of return) which equates the current market price with the discounted future cash flow from the security.
- (a) allowance (b) capital (c) liability (d) service

*Asset Ownership*

- Q1 ..... receipt is issued by an approved depository to a clearing corporation on behalf of an investor evidencing ownership of the underlying call, interest, stock or bond; upon assignment, the depository agrees to deliver the underlying property to the clearing corporation against the aggregate assignment value.
- (a) A credit                      (b) An escrow                      (c) A retainer                      (d) A trustee
- Q2 Because accounts receivable is a use of your company's cash, close attention should be paid to the ..... receivables; when you find that they are greater than your sales terms, the first step in analyzing your problem is to age your accounts receivable by multiples of your terms.
- (a) charged                      (b) current                      (c) days                      (d) debts
- Q3 An income payment' under a guaranteed income bond contract is treated as a full ..... if it is the final benefit under the contract.
- (a) satisfaction                      (b) settlement                      (c) summation                      (d) surrender
- Q4 To maintain their exposure to JGBs, investors should arrange to enter a market ..... open order onto the Tokyo Stock Exchange for its morning session the following business day; as we close positions against the TSE's opening price, using such an order will ensure that there is no loss of price exposure from this procedure.
- (a) at                      (b) on                      (c) to                      (d) (none)
- Q5 ..... credit is defined as the maximum amount of all loans an individual can have outstanding at one time, beyond which a lender is unwilling to provide additional loans.
- (a) Crest                      (b) High                      (c) Peak                      (d) Top
- Q6 The candlestick techniques we use today originated in the style of technical ..... used by the Japanese over 100 years before the West developed the bar and point-and-figure analysis systems; in the 1700s, a Japanese trader in futures discovered that the markets were strongly influenced by the emotions of the traders.
- (a) charting                      (b) logging                      (c) psyching                      (d) tracking
- Q7 The venture division reaches a consensus on whether to pursue the investment further; if the decision is to continue, an investment ..... is written, summarizing the opportunity and the factors leading to the decision, and if a majority of the subcommittee approves the investment, a commitment is made to the partnership.
- (a) memorandum                      (b) motion                      (c) proposal                      (d) prospectus
- Q8 Even if your stock reaches or passes through the ..... price, your order may not execute if there are orders ahead of yours at the same price: the orders in line ahead of you must be filled first and there may not be enough stock available to fill your order when its turn comes.
- (a) cap                      (b) ceiling                      (c) limit                      (d) zone
- Q9 An investor who buys .....-backed securities provides loans to the homebuyer (or business) as a consequence.
- (a) asset                      (b) debt                      (c) lender                      (d) mortgage
- Q10 Non-resident ..... are subject to U.S. tax on U.S. sourced income only and are able to claim benefits of tax treaties.
- (a) aliens                      (b) citizens                      (c) foreigners                      (d) immigrants

*Option Contracts*

- Q1 An option ..... is an individual who pays a premium for the right to buy or sell the underlying instrument under the terms of an option contract.  
(a) bearer (b) bidder (c) holder (d) owner
- Q2 ..... checks are advertised as being 'safer than cash', because the issuers promise to replace them if they're lost or stolen; however, the reality is often more harsh, because if the issuer decides that you've been negligent, it may refuse to pay up.  
(a) Bank (b) Cashier's (c) Personal (d) Traveler's
- Q3 The ..... to sales ratio takes the current market capitalisation of a company and divides it by the sales it made in the last 12 months (the market capitalisation is the current market value of a company).  
(a) earnings (b) equity (c) price (d) share
- Q4 I, Terry Semel, the CEO of Yahoo! Inc, certify that I have reviewed this ..... report on Form 10-Q of Yahoo! Inc. and based on my knowledge, the financial statements and other information included fairly present the financial condition, results of operations and cash flows of the registrant for the period presented in this report.  
(a) annual (b) monthly (c) quarterly (d) semiannual
- Q5 If a defaulter wants to continue to repay the overdue loans, she can do so by converting the overdue amount into a Flexible Loan, which is actually a ..... loan, and a borrower can negotiate the repayment plan according to her capacity to pay.  
(a) reassigned (b) redistributed (c) rescheduled (d) restructured
- Q6 By ....., we mean cyclical fluctuations: for example, retail sales tend to peak for Christmas and then decline after the holidays, so time series of retail sales will typically show increasing sales from September through December and declining sales in January and February.  
(a) periodicity (b) recurrence (c) rotation (d) seasonality
- Q7 ..... Bond Obligations (CBOs) are investment-grade bonds backed by a collection of junk bonds with different levels of risk, called tiers, that are determined by the quality of junk bond involved; CBOs backed by highly risky junk bonds receive higher interest rates than other CBOs.  
(a) Collateralized (b) Compromised (c) Consolidated (d) Coordinated
- Q8 Procter & Gamble Co. said it will buy the Gillette Co. in a stock ..... worth \$57 billion, creating the world's largest consumer products company with 21 brands with \$1 billion to \$5 billion each in annual sales; P&G will pay 0.975 P&G shares for each share of Gillette, valuing the stock at a premium of 18 percent.  
(a) shift (b) shuffle (c) swap (d) switch
- Q9 It's the end of the financial year, so you'll need to start getting your receipts and bank statements in order in preparation for filing your tax .....
- (a) refund (b) requirement (c) result (d) return
- Q10 Financial Analysis is the examination of a company's financial statements: internal ..... analysis is performed to identify how the company's performance has changed over a period of time, and external comparative analysis is conducted to measure the company's performance relative to its competitors.  
(a) course (b) growth (c) spot (d) trend

*Erosion and Decay*

- Q1 A strategy that might reduce the impact of time erosion is the ..... spread: the combined position of one long option and one short option is less susceptible to the effects of time decay.  
(a) punctual (b) stretch (c) temporal (d) vertical
- Q2 Apex is ..... loan obligation — a derivative security whose underlying instrument is a commercial loan — that LJM2 has with First Union, which since has been acquired by Wachovia Bank.  
(a) a collateralized (b) a mortgaged (c) an amalgamated (d) an extended
- Q3 Should the FRB help bail out billionaire hedge fund managers and millionaire traders — the very people who bought the risky mortgages that led to the current market panic? — that, in essence, is the question swirling around Ben S. Bernanke as he confronts the first crisis of his 18 months as ..... chairman.  
(a) Bancorp (b) Fed (c) SEC (d) Treasury
- Q4 There are many different ways to own gold, but one of the most popular gold bullion coins is South Africa's .....; introduced in 1970, it was the world's first gold bullion coin, and is denominated in ounces of pure gold rather than having a face value.  
(a) Gulden (b) Kence (c) Krugerrand (d) Randmark
- Q5 The maximum loss from a market peak to a market nadir, commonly called the maximum ....., measures how sustained one's losses can be.  
(a) drawdown (b) dropoff (c) fallout (d) setback
- Q6 ..... ADR is a depositary receipt program established at the discretion of the issuer, which selects the depositary; the depositary's role is formalized in accordance with a Deposit Agreement between the depositary bank and an issuer.  
(a) An Underwritten (b) An Undistributed (c) A Sponsored (d) A Subsidized
- Q7 This daily updated chart is your resource for tracking the ..... unit values of the Investment Division of the New York Life Variable Annuity; for more complete performance including average annual total return, please click on the New York Life Variable Annuity Performance Summary.  
(a) accumulation (b) average (c) compounded (d) premium
- Q8 NASHVILLE — The state's strong financial situation had Gov. Phil Bredesen looking forward to his annual meetings with New York bond ..... agencies on Wednesday; Bredesen said he hopes the agencies will continue to assign Tennessee a positive outlook.  
(a) brokering (b) issuing (c) rating (d) selling
- Q9 HR carbon and HSLA plate imports totalled 530,789 tonnes valued at \$457.4 million; ..... YTD import volumes would result in an estimated 579,000 tonnes of imports for all of 2004, which would represent an increase of 64 percent over 2003.  
(a) annualizing (b) extending (c) intercalating (d) interpolating
- Q10 The Securities and Exchange Commission (SEC) has approved the Philippine Stock Exchange Inc.'s (PSE) ..... listing rules for companies acquiring the listing status of a listed company; the new rules will provide the necessary guidelines for compliance and will take effect on September 28, 2006.  
(a) backdoor (b) free pass (c) gate crasher (d) insider

**Bonds**

- Q1 Bondholders have a legal priority to the RTA's local tax revenues, above and beyond any commitment the RTA may wish to make with its subareas that no subarea will pay another subareas' debt; if Sound Transit's bond ..... is prudent, that would present only a modest risk to the subareas not benefited by the bonds.  
 (a) portfolio (b) ratio (c) tender (d) title
- Q2 A simple ..... average is formed by computing the average (mean) price of a security over a specified number of periods; for example, a 5-day average is calculated by adding the closing prices for the last 5 days and dividing the total by 5.  
 (a) flowing (b) moving (c) shifting (d) sliding
- Q3 ..... coverage covers damage to your car if it is stolen, or damaged by flood, fire, or animals; it pays to fix your vehicle less the deductible you choose, and to keep your premiums low, select as high a deductible as you feel comfortable paying out of pocket.  
 (a) Comprehensive (b) Exclusive (c) Extensive (d) Inclusive
- Q4 Warning signs of a weakening trend that coincide with a weakening of fundamentals supports the perception that a price trend ..... may occur.  
 (a) recession (b) retraction (c) retreat (d) reversal
- Q5 ODOT uses a fuel ..... clause on projects where fuel usage is in excess of 25,100 gallons, establishing a base fuel price and a monthly fuel price: if the monthly fuel price drops to more than 25 % of the base price, the clause creates a downward adjustment of the fuel pay item.  
 (a) conservation (b) conversion (c) deceleration (d) deescalation
- Q6 The Divisions of Corporation Finance and Investment Management of the SEC provide filers with opinions on filings where they believe the filing could be improved or enhanced; these ..... letters set forth staff positions on a particular filing only and do not constitute an official expression of the Commission's views.  
 (a) admonition (b) annotation (c) comment (d) critique
- Q7 A ..... bank has no recourse if it pays a counterfeit check; it may never send the item back to the bank of first deposit after the 24-hour deadline.  
 (a) drawee (b) receipt (c) recipient (d) withdrawal
- Q8 Bonds are '..... to maturity' when the proceeds of the refunding issue are deposited in an account for investment in an amount sufficient to pay the principal of and interest on the issue being refunded on the original interest payment and maturity dates.  
 (a) escrowed (b) prerefunded (c) reinvested (d) uncalled
- Q9 Many bonds permit the borrower to pay off the bond before its stated maturity date; this ..... bond is generally bad for the bondholder, because the likely reason for the payoff is that interest rates have declined, so the bondholder will not be able to reinvest the proceeds at the same rate as the original bond.  
 (a) called (b) claimed (c) recalled (d) reclaimed
- Q10 A financial ..... is a professional who helps clients maximize their net worth by proper asset allocation, using stocks, bonds, mutual funds and insurance products to meet their needs; many receive a commission, although fee-based planning is becoming increasingly popular in the industry.  
 (a) adviser (b) broker (c) consultant (d) dealer

*Trading Authorization*

- Q1 ..... trading authorization gives a designated person the power to place orders in an account, request disbursements, and/or to make inquiries concerning the account, such as obtaining account balances.  
 (a) Full (b) Outright (c) Total (d) Unqualified
- Q2 A high ..... is high-priced and highly speculative stock that moves up sharply over a short period; a possible example is the stock of unproven high-technology companies.  
 (a) diver (b) flyer (c) hopper (d) jumper
- Q3 Issuance of the securities is usually approved in the authorizing resolution, and sale is usually authorized in a separate document, the 'sale' or 'award' resolution; all such resolutions, read together, constitute the ..... resolution, which describes the nature of the obligation, the issuer's duties and the issuer's rights.  
 (a) bond (b) gross (c) option (d) share
- Q4 Managed option ..... mutual funds buy stocks and sell or 'write' options on them, pocketing the payments, or 'premium'; some funds are already yielding 9%-11%, which is awfully attractive in today's low-yield market.  
 (a) inclusive (b) income (c) increase (d) interest
- Q5 Economists have for some time recognized that investment expenditures can result in increases in income much larger than the original investment expenditure: this effect has been named the investment .....  
 (a) amplifier (b) generator (c) multiplier (d) propagator
- Q6 The nature of that rally is going to be extremely important, because if it's just a dead cat ....., then I would say we were in for real trouble.  
 (a) bounce (b) bound (c) bourse (d) bout
- Q7 The borrower — the person concerned for taking the real estate by paying a part of the total money on a contract basis — is often called the .....; s/he then pledges real property to the lender, which is usually put forward in the shape of a security against the debt for the rest of the value of the property.  
 (a) debtor (b) lendeer (c) lessee (d) mortgager
- Q8 Our ..... brokerage services are geared toward the long-term investor: whether it's for retirement, college planning, building wealth, preserving capital or a combination of requirements, we'll help you with a complete wealth management package, including trading, hedging, private equity, research ideas, and restricted stock.  
 (a) across-the-board (b) all-inclusive (c) full-service (d) one-stop
- Q9 Many investors react to bad news and sell their TSP stock funds after reading a headline or noticing a big drop in the prices of their TSP funds for the previous day, but ..... the market will often result in lowering your overall return as you sell your stock funds at lower prices based on an immediate emotional reaction.  
 (a) chasing (b) leading (c) sensing (d) tracking
- Q10 The ..... to earnings ratio (P/E) is the most widely quoted number when investors attempt to put a value on a share; you will often see something like "Dodgy.com trades at a forward P/E of 10, making it look fully valued," or "Epic! has a trailing P/E of 30, which makes it look cheap in comparison with other companies in the sector."  
 (a) par (b) portfolio (c) price (d) profit

**Current Assets**

- Q1 A final liquidity ratio, the defensive interval, determines how long a company would be able draw on ..... assets to meet its day to day expenses; this can be especially useful when evaluating small technology companies or biotechnology companies that may have strong patents but no significant revenue as yet.  
 (a) quick (b) real (c) soft (d) swift
- Q2 A contract cannot be ..... by one party unless both parties can be placed in the same situation and can stand upon the same terms as existed when the contract was made; the most obvious instance of this rule is where one party (by taking possession, etc) has received a benefit from the contract.  
 (a) reneged (b) rescinded (c) retracted (d) revived
- Q3 A property can have multiple loans or liens against it; the loan which is registered with county or city registry first is called the first position trust deed, and the lien registered second is called the second .....  
 (a) claim (b) mortgage (c) prerogative (d) suit
- Q4 ..... evolve rules that depend on technical market indicators only; in contrast, fundamentalists evolve rules that only take fundamental indicators into account.  
 (a) Chartists (b) Drafters (c) Graphers (d) Purists
- Q5 A Section ..... Plan, available only to companies with 25 or fewer employees, permits a maximum contribution of the lesser of 15% of compensation or \$30,000, and employees have the option of taking the employer contribution in cash, but must then pay income tax on it.  
 (a) 401(k) (b) 403(b) (c) 405(b) (d) 408(k)
- Q6 ..... security is one held by an investor who is likely to hang onto it for a long time.  
 (a) An absorbed (b) A consumed (c) A digested (d) An inhaled
- Q7 With the sale of Chrysler complete, DaimlerChrysler will change its stock ..... on Frankfurt and New York exchanges this week; starting Thursday, the automaker's stock ticker will be changed from DCX to DAI on the DAX-30 index of companies in Frankfurt and on the New York Stock Exchange.  
 (a) icon (b) logo (c) mark (d) symbol
- Q8 The first tax ..... prepared for the territory bears the date of October 6, 1800, and the names of only twelve taxable dwellers within the Holland Purchase appear on it; the hamlet cannot have been of much consequence to the collector of taxes, for the total amount he could collect there under that assessment was \$4.55.  
 (a) account (b) bill (c) index (d) roll
- Q9 The cost of equity ..... decreases because of globalization for two important reasons: first, the expected return that investors require to invest in equity to compensate them for the risk they bear generally falls, and second, the agency costs that make it harder and more expensive for firms to raise funds become less important.  
 (a) capital (b) interest (c) issuance (d) shares
- Q10 Option grants usually have ..... periods; companies usually set a three to five year period, which means that a grant of 3,000 options with a three year period will give you the right to purchase a thousand shares of the company's stock over each of the next three consecutive years.  
 (a) assignment (b) entitlement (c) qualifying (d) vesting

*The FRB*

- Q1 The consensus view at the start of the quarter was that the U.S. economy would slow and the FRB would ease interest rates, but this view shifted gradually toward a neutral Fed ....., and in fact the FRB made no move to increase or decrease rates in the period.  
 (a) bias (b) outlook (c) perspective (d) prospect
- Q2 "It would be good to have a steady stream of income of three quarters of what I made when I was working," says William Gentry, associate professor of economics at Williams College, "but ..... is not the only way to have a financially secure retirement without a company pension or some other type of defined-benefit plan."  
 (a) annuitizing (b) bequeathing (c) economizing (d) speculating
- Q3 The development and introduction of Long-term Equity ..... Securities by CBOE in 1990 added a whole new range of options possibilities, many suited for conservative stock investors; Index LEAPS let you trade, hedge or invest in the 'entire' stock market or select industry sectors for a time that can be measured in years.  
 (a) Accrual (b) Accumulation (c) Anticipation (d) Attenuated
- Q4 Note, however, that the ..... Volume Index is not a contrarian indicator: even though the PVI is supposed to show what the not-so-smart-money is doing, it still trends in the same direction as prices.  
 (a) Positive (b) Price (c) Public (d) Purchase
- Q5 Federal ..... loans, first disbursed July 1, 2006, are fixed-rate, low interest loans available to undergraduate students attending accredited schools at least half time; they are the most common source of college loan funds.  
 (a) Perkins (b) Plus (c) Sallie Mae (d) Stafford
- Q6 The .....-test ratio measures the ability of a company to use its near cash to immediately extinguish its current liabilities; this ratio indicates a firm's capacity to maintain operations as usual with current cash or near cash reserves in bad periods.  
 (a) Acid (b) Boost (c) Spark (d) Tick
- Q7 Under the ..... withholding rules, the business or bank must withhold on a payment if you have given the payer an incorrect or no taxpayer ID number, or if the IRS has notified the payer to start withholding on interest and dividends because you had not reported all of your interest or dividend income in prior years.  
 (a) auxiliary (b) backup (c) retroactive (d) standby
- Q8 ABX Air, Inc. acknowledged the receipt of an unsolicited ..... of interest from ASTAR Air Cargo Holdings, LLC to acquire all of the outstanding shares of ABX Air for \$7.75 per share in cash; no formal offer has yet been made.  
 (a) declaration (b) expression (c) indication (d) notification
- Q9 During this time, Mizuho Sec. placed a ..... order for the sell order, but because a system irregularity existed that became apparent during such extraordinary circumstances, the order was not processed, and executions continued to be sequentially completed without interruption.  
 (a) cancel (b) hold (c) market (d) stop
- Q10 A payment-.....-kind security is a bond which pays interest in the form of additional bonds, or preferred stock which pays dividends in the form of additional preferred stock.  
 (a) for (b) in (c) of (d) with

*Vehicle Coverage*

- Q1 ..... insurance covers vehicle damage or loss from fire, theft (except by an employee or member of your household), vandalism, falling or flying objects, malicious mischief, lightning, windstorm, earthquake, hail, impact with animals or missiles, riot, civil commotion, and rising water.  
 (a) Blanket (b) Comprehensive (c) Umbrella (d) Universal
- Q2 ..... capital is things that have value but do not do anything by themselves; they are used to pay for things because there is always more of it and people always want it.  
 (a) Book (b) Financial (c) Synthetic (d) Theoretical
- Q3 Back in 1993, the lumber market found itself trading limit ..... for several days; traders that were short lumber futures at that time were unable to buy back their contracts in order to exit the market.  
 (a) out (b) over (c) up (d) (none)
- Q4 In the universe of cyberspace the demand for efficient consumer transactions has lead to the establishment of ..... money, an electronic replacement for cash; it has been defined as a series of numbers that have an intrinsic value in some form of currency.  
 (a) digital (b) internet (c) simulated (d) virtual
- Q5 The bill of exchange is a written order by the ..... to pay money to the payee; bills of exchange are used primarily in international trade, and are written orders by one person to his bank to pay a specific sum on a specific date sometime in the future.  
 (a) bearee (b) bearer (c) drawee (d) drawer
- Q6 Your average cost of ..... is not an absolute indicator of your bank's profitability, but you can use it to spot unhealthy trends, and if you are able to lower costs compared to prime, you may have an advantage that you can exploit by offering loan prices lower than your competition.  
 (a) funds (b) interest (c) investment (d) loans
- Q7 ..... planning is the process by which an individual or family arranges the transfer of assets in anticipation of death; it aims to preserve the maximum amount of wealth possible for the intended beneficiaries and flexibility for the individual prior to death.  
 (a) Estate (b) Inheritance (c) Postmortem (d) Trust
- Q8 With a non-..... credit card, you can make charges just as you would any other credit card, but you have to pay your balance in full every month; the most popular such card is American Express.  
 (a) carrying (b) compounding (c) renewing (d) revolving
- Q9 The capital markets have recognized the tangible benefits to the State's economy of meeting the infrastructure and educational goals of the program and the University's success in implementing them; a milestone occurred in 2002 with the achievement of the high-..... 'double A' credit-rating category from Moody's for its bonds.  
 (a) grade (b) level (c) profile (d) quality
- Q10 An individual ..... pension trust is a type of allocated pension plan funding arrangement under which plan trustees purchase individual level premium annuity contracts for each member of the plan.  
 (a) cooperative (b) coordinated (c) participation (d) policy

*The Growth of Business in Asia*

- Q1 The rapid growth in manufacturing and trade in Asia has led to the rise of domestic companies with ..... Asia Pacific operations in addition to sales in Europe and the US.  
(a) downsized (b) L-size (c) outsize (d) sizeable
- Q2 Many larger Asian companies, namely Chinese, Indian, Japanese, Korean and Taiwanese conglomerates, have become global ..... names.  
(a) common (b) family (c) household (d) popular
- Q3 On the other hand, there has also been a surge in foreign direct investment in Asia from European and US multinational companies, as they ..... in joint-venture arrangements with Asian firms to access local markets.  
(a) coincide (b) disperse (c) partner (d) sign
- Q4 India's R&D industry continues to expand ....., confirming India's dominance in the software, technology and business process outsourcing (BPO) arena and expects to control 51% of the global outsourcing market for software and back-office services by 2008.  
(a) expeditiously (b) experimentally (c) exponentially (d) extravagantly
- Q5 Meanwhile, China ..... in comparison with only 4.9% of the outsourcing market.  
(a) fades (b) fails (c) pales (d) shades
- Q6 The ..... of China's regulations drive many foreign businesses to base their regional treasuries in Singapore or Hong Kong, while Malaysia and China are looking to attract companies to set up onshore SSCs.  
(a) intimacies (b) intricacies (c) vagaries (d) varieties
- Q7 Interaction with local banks in Asia is unavoidable, but some local banks are not able to send Swift messages such as the MT940 or the MT942 and this can make it difficult to obtain good ..... of cash flows and account balances.  
(a) velocity (b) versatility (c) viability (d) visibility
- Q8 However, this is becoming increasingly rare as local Asian banks are rapidly adopting foreign bank standards; especially, with foreign banks buying into local banks, the transfer of technology is ..... standards, albeit within each country.  
(a) eulogizing (b) homogenizing (c) institutionalizing (d) rationalizing
- Q9 Meanwhile, global banks are aggressively ..... their claim in the Asian financial markets; they are lobbying for central banks to introduce standardised regulations.  
(a) making (b) marking (c) staking (d) stating
- Q10 According to Clinton Lee, regional advisor and director at ABN AMRO's Transaction Banking, a common ..... among most Asian countries is their absorption rate of newer technologies to accelerate the pace of organisational change.  
(a) denominator (b) detonator (c) enumerator (d) numerator

*Communications Problems in Disasters*

- Q1 One of the most consistent observations about disasters is that communication is inadequate; an in-depth 1986 study suggests that this is a ..... problem.  
 (a) contiguous (b) contingent (c) continuing (d) continuous
- Q2 One crucial type of information that needs to be shared is that related to a determination of the priority of needed disaster countermeasures and, therefore, resource .....  
 (a) alleviating (b) allocation (c) relocation (d) restructuring
- Q3 Research on disasters suggests that many communications problems are 'people' problems, rather than equipment problems; communication equipment may be in short ....., but more often than not a physical means of communication is available.  
 (a) shrift (b) stock (c) substance (d) supply
- Q4 Examples of 'people' problems in communication include the '..... syndrome', or 'we're the only ones on this island'.  
 (a) David Copperfield (b) Don Quixote (c) Huckleberry Finn (d) Robinson Crusoe
- Q5 Organizations are accustomed to operating ..... and fail to change this approach in disasters where multiple organizations are involved and are dependent on one another; each person gives priority to the information needs of his own organization rather than that of the overall response effort.  
 (a) alternately (b) alternatively (c) automatically (d) autonomously
- Q6 Terminology and procedures used to exchange information vary among different organizations; there is a hesitancy to depend on other organizations, often due to lack of trust or familiarity, or due to political, jurisdictional, and personal .....  
 (a) disputes (b) distances (c) drives (d) druthers
- Q7 The importance of pre-disaster contact helps to explain a seemingly ..... observation made in a number of disasters, that smaller communities with fewer resources tended to coordinate their disaster responses better than larger, more urban areas.  
 (a) paradoxical (b) partial (c) practical (d) pragmatic
- Q8 Unfortunately, the urgency of the disaster situation often ..... the time necessary to exchange preliminary information on-the-spot.  
 (a) precedes (b) precludes (c) predicts (d) prevents
- Q9 The result is that, unless preliminary contact has been addressed before the disaster, there is a ..... to depend on the activities of other organizations and a failure to coordinate and communicate with them.  
 (a) recalcitrance (b) reluctance (c) repulsion (d) resistance
- Q10 When one is dependent on other team members, particularly in life-..... situations, he needs to feel confident in their competence and reliability, and developing this level of trust often requires pre-incident contact over a period of time.  
 (a) challenging (b) constraining (c) terminating (d) threatening

*Electronic Commerce (2)*

- Q1 Electronic commerce is an emerging model of new selling and merchandising tools in which buyers are able to participate in all phases of a purchase decision, while ..... through those processes electronically rather than in a physical store or by phone (with a physical catalog).
- (a) stepping (b) striding (c) traipsing (d) trotting
- Q2 Electronic commerce is coming .....: electronic sales in a recent quarter are double those of the entire previous year.
- (a) of age (b) to a head (c) to term (d) up roses
- Q3 In some instances, companies create electronic-commerce capabilities out of a fear of falling behind competitors or as a result of the general ..... to expand the use of an existing Internet presence.
- (a) momentum (b) moratorium (c) motion (d) movement
- Q4 But the primary value proposition is the ..... of increased revenue from new markets and creation of new, lower-cost, electronic-distribution channels.
- (a) portent (b) presence (c) profit (d) prospect
- Q5 From a customer's perspective, the purpose of an electronic-commerce system is to enable that customer to locate and purchase a desired good or service over the Internet when the customer is interested in making the purchase; its function is no more or less than providing a ..... store.
- (a) baseline (b) platform (c) portal (d) virtual
- Q6 From a merchant's perspective, the key function of an electronic-commerce system is to generate higher revenues than the merchant would achieve ..... the system.
- (a) besides (b) except (c) via (d) without
- Q7 The benefits to the service provider of hosting electronic-commerce services include ..... revenue for helping clients develop electronic-commerce offerings (Web sites, catalogs, storefronts) for the customer's hosted offering.
- (a) enablement (b) enactment (c) escarpment (d) establishment
- Q8 In this scenario, the home shopper still needs Internet access and an access ....., but the service provider could provide any or all of the remaining components on behalf of the merchant.
- (a) apparatus (b) device (c) equipment (d) utensil
- Q9 The electronic-commerce platform chosen by the service provider must support a variety of tasks: the creation of a standard environment for storefronts and advertising sites, the provision of a secure transaction environment, the authorization of credit and ..... payments, and the provision of billing systems.
- (a) clean (b) clear (c) simple (d) single
- Q10 Many small- and medium-sized businesses are struggling with the high cost of ..... to electronic commerce: creating a complete on-line selling environment can require considerable time, money, and technical expertise.
- (a) accession (b) admission (c) egress (d) entry

*IT Project Failures*

- Q1 According to M Bronte-Stewart, IT projects have a bad reputation for going over budget and schedule, not ..... expectations and for providing poor return on investment (Clegg et al, 1997; Keil et al, 1998; Fielding, 2002; The Register, 2002; Jaques, 2004).
- (a) performing (b) producing (c) raising (d) realising
- Q2 Planning and organising projects, selecting suitable software and hardware, and designing effective websites are important business decisions, yet firms often do not take adequate precautions or advice before making ..... of faith, spending large sums of money on inappropriate, unwanted or badly implemented IT systems.
- (a) acts (b) bonds (c) leaps (d) light
- Q3 Many large IT systems contracts are in dispute or have been suspended: a project to replace the British Army, Navy and Air Force inventory systems with a single system was ..... to a halt after 130m had been spent.
- (a) brought (b) down (c) led (d) steered
- Q4 The more IT projects are seen to go wrong, the more the public learns to expect problems and delays, the more developers may think that much of their work is likely to be a waste of effort, and the more those holding the ..... strings may view any IT project as a worry and probably a poor return on investment.
- (a) apron (b) draw (c) purse (d) shoe
- Q5 IT staff can become ....., lose goodwill and fail to accept or follow the advice of managers: for all these reasons we should be looking for ways to reduce the incidence and effects of failure.
- (a) cynical (b) ironical (c) sarcastical (d) satirical
- Q6 The OASIG (1996), a DTI-supported special interest group concerned with the organisational aspects of IT, interviewed a group of leading researchers and consultants who between them had over 900 years of professional work in the field, and were ..... on the experiences of over 14,000 organisations.
- (a) banking (b) borrowing (c) drawing (d) leaning
- Q7 The report to the UK's Economic and Social Research Council published the following ..... findings on the eventual outcomes of IT projects: 80% to 90% do not meet their goals, 80% are delivered late and over budget, and 40% fail or are abandoned.
- (a) disgusting (b) dissenting (c) distracting (d) disturbing
- Q8 The report went on to suggest some of the main reasons why IT projects seem to fail; one is that the Management agenda is too limited in that most IT investments are technology ..... and the main investment motive is only to cut costs.
- (a) coloured (b) edged (c) filled (d) led
- Q9 It is alarming that significant numbers of IT projects still fail to deliver benefits on time, within budget and ..... expectations; a great deal of the 24 billion or so being spent on IT each year in the UK (BCS 2004) is being wasted.
- (a) as (b) for (c) to (d) (none)
- Q10 One way to improve this situation is to carry out a risk estimation exercise that gives a standardised ....., so that the process can be discussed and focussed on important characteristics; results can be compared and users can build up an expertise of experience in evaluating projects' potential for success.
- (a) blueprint (b) mandate (c) paradigm (d) template

*Enterprise Resource Planning*

- Q1 David Caruso, director of enterprise applications research for AMR Research Inc, explains that although pundits, vendors, and buyers alike frequently ..... the concept, ERP backbone is likely one of the most misunderstood terms in the software industry.
- (a) condone (b) conjure (c) intone (d) invoke
- Q2 In general, people view ERP backbone in one of two ways: in terms of the applications included in the suite, or as the system's underlying architecture or .....; both views have merit, but current development activity indicates a trend toward the latter model as the dominant theme over the long term.
- (a) carpentry (b) flooring (c) plumbing (d) rafters
- Q3 During the past several years, many buyers have made system selections to reduce overall systems ownership costs: they standardize on a single technical platform to ease the maintenance ..... and reduce required modifications.
- (a) burden (b) outlet (c) shift (d) turnover
- Q4 Typically, these systems will form a shared services model that a corporation will deploy consistently across the organization, but beyond the shared services, many site-specific requirements become evident as CIOs analyze the unique requirements of manufacturing plants and the ..... of their information system needs.
- (a) disarray (b) disparity (c) diversion (d) division
- Q5 Most organizations would prefer to purchase all business applications from a single provider, but the ..... of the matter is that many of them must look beyond the offerings of ERP vendors.
- (a) case (b) fact (c) gist (d) point
- Q6 Frequently, global organizations must integrate successful plant-level ERP systems, localized applications such as payroll systems ..... to a country's specific legal requirements, and complex problem-solving systems such as advanced planning systems.
- (a) accustomed (b) customed (c) tailored (d) tracked
- Q7 Also, additional third-party applications for specialized needs such as transportation, distribution, and scheduling are common; integrating applications in this way, of course, is called building a 'best-of-.....' solution.
- (a) batch (b) blend (c) breed (d) bunch
- Q8 As an alternative to the single vendor, some companies will consider their business application requirements on a ..... basis.
- (a) case-by-case (b) one-by-one (c) piece-by-piece (d) shop-by-shop
- Q9 In any case, the ..... theme is to select the strongest application or best functional fit for how a business manager might want to run a given business function or process.
- (a) overarching (b) overmastering (c) overpowering (d) overreaching
- Q10 For IT managers, the quest for the best solution is analogous to a search for the Holy .....
- (a) Font (b) Grail (c) Rood (d) Sepulchre

*No Free Lunch*

- Q1 The most important principle upon which to premise an investment ..... is to recognize that there is no free lunch — all investing involves trade-offs; for every perceived reward, there is some associated risk, whether perceived or not.  
(a) aesthetic (b) ethic (c) morality (d) philosophy
- Q2 The Dow Jones Industrial Average is a price-..... index of 30 blue chip stocks.  
(a) adjusted (b) balanced (c) related (d) weighted
- Q3 A limit-.....-close order is a type of limit order to buy or sell shares near the market close only if the closing price is trading better than the limit price.  
(a) at (b) for (c) on (d) to
- Q4 If you have defaulted on a debt in the past and you have either reached a compromise with a creditor to settle your debt, or the creditor has deemed the debt to be non-collectable and has stopped attempts to recover, you may receive ..... of Debt (1099-C) form from the IRS.  
(a) a Cancellation (b) a Discharge (c) a Dissolution (d) an Abandonment
- Q5 ..... is an equitable remedy that wipes out the existing contract and restores the parties to their prior situation; it can occur as a result of innocent or fraudulent representation, mutual mistake, lack of legal capacity, an impossibility to perform a contract not contemplated by the parties, or duress and undue influence.  
(a) Redaction (b) Regression (c) Rescission (d) Retraction
- Q6 Starting from the spot month to the most ..... month option series of the same underlying strike price and call/put type, if the fixing price is smaller than or equal to the fixing price of the preceding option series, it will be adjusted to a value not lower than the fixing price of that series.  
(a) distant (b) future (c) remote (d) terminal
- Q7 This Plan provides for the issuance of non-..... stock options which are not intended to qualify as 'incentive stock options' within the meaning of Section 422 of the Internal Revenue Code of 1986; it is an employment incentive for persons of experience and ability and whose services are considered valuable.  
(a) convertible (b) regulated (c) statutory (d) taxable
- Q8 April 1996 amendments to Regulation T of the Board of Governors of the Federal Reserve System delegated authority to option exchanges to set option ..... requirements in their rules, provided such rules are approved by the Securities and Exchange Commission.  
(a) chain (b) conversion (c) limit (d) margin
- Q9 The ..... portfolio concept is important in a variety of financial theories, including Modern Portfolio Theory (MPT); according to the MPT, investors should concentrate on choosing portfolios based on overall risk-reward concepts, rather than focusing on the attractiveness of individual securities.  
(a) generic (b) ideal (c) market (d) universal
- Q10 To calculate the ..... ratio, take the current assets and subtract the inventory; what you are left with are the items that can be converted into cash immediately; then, divide the result by the current liabilities.  
(a) A/T (b) P/L (c) quick (d) short

*Stock Priority*

- Q1 .....-preferred stock is a preferred stock issue that has less priority in claiming dividends and assets in liquidation than another issue of preferred stock.  
 (a) Second (b) Semi (c) Simple (d) Subordinate
- Q2 ..... earnings per share were calculated according to IAS 33.24 by dividing net income by the average number of shares outstanding, less treasury stock and include the effect of outstanding options, taking into account the share price at the balance sheet date.  
 (a) Accrued (b) Adjusted (c) Diluted (d) Distributed
- Q3 In order to become a ....., a person must pass the General Securities Representative Exam (also known as the 'series 7 exam').  
 (a) financial advisor (b) financier (c) floor manager (d) stockbroker
- Q4 The standard U.S. .... tax return is Form 1040, and U.S. citizens and residents who realize gross income in excess of a specified amount (adjusted annually for inflation) are required by law to file Federal income tax returns (and pay remaining income taxes if applicable).  
 (a) business (b) household (c) individual (d) single
- Q5 The net book value of an asset will never fall below the salvage value (the estimated value of the asset at the end of its useful life), meaning that once an asset is fully ....., no further expenses will be taken during its life.  
 (a) amortized (b) depreciated (c) exhausted (d) utilized
- Q6 A ..... is a straight line that connects two prominent peaks or troughs in the price action of an underlying tradable; no other price action must penetrate the line between the two start points, and in this way it marks a support or resistance area where price has turned and has not been violated.  
 (a) base line (b) line graph (c) line rider (d) trend line
- Q7 So-called ..... stock is between voting and nonvoting stock; its holders may vote only on specific questions or on some corporate matters, but not on the election of the board of directors.  
 (a) semivoting (b) vacillating (c) vetoing (d) vitiating
- Q8 ..... CD pays the holder a fraction of any fall in a given market index.  
 (a) A Bear (b) A Jumbo (c) An Inverse (d) A Yankee
- Q9 ..... number, whose system is owned by the American Bankers Association and operated by Standard & Poor's, consists of nine characters and identifies most securities, including stocks of all registered U.S. and Canadian companies, as well as U.S. government and municipal bonds.  
 (a) A CUSIP (b) A DUNS (c) An EINECS (d) A USDOT
- Q10 MON SEP 10, 2007: The Fed may not touch the fed ..... rate out of concern that a cut could feed inflationary pressures and weaken the dollar; instead, Fed policy-makers might offer up more of the same medicine they did on August 17, when they surprised markets by cutting the less-used discount rate.  
 (a) funds (b) reserve (c) tax (d) term

**LIFFE**

- Q1 The London ..... Financial Futures and Options Exchange (LIFFE, pronounced 'life' as in 'human life', and never 'liff-eee') was the name of a futures exchange based in London, prior to its takeover by Euronext in January 2002; Euronext subsequently merged with the NYSE in April 2007.
- (a) Incorporated (b) Integrated (c) International (d) Investors'
- Q2 ..... of attorney is your legal permission for another adult to act on your behalf; the permission can be granted for a specific, limited purpose and period of time or for much broader purposes (such as handling all of your financial affairs) and an unquantified period of time (such as until your death).
- (a) A certificate (b) An order (c) A power (d) A transfer
- Q3 From the day the ..... index options started trading on the Chicago Board Options Exchange on March 11, 1983, the new market, now known in the trade by its ticker symbol OEX, became a phenomenon for several reasons: for one, no other options or futures have become so popular in so brief a time.
- (a) S&P 100 (b) S&P 400 (c) S&P 500 (d) S&P 600
- Q4 ..... cost is the total cost of obtaining a property, equipment or client; when used in reference to a property or equipment it includes incentives, discounts, and closing costs but excludes sales tax, and in terms of obtaining a new client it refers to promotion costs such as list rental fees and direct-mailing.
- (a) Acquisition (b) Attainment (c) Procurement (d) Purchase
- Q5 Through backward ....., Midas Touch ensures that customers get their value for money; this practice has been introduced to exercise control over fabric procurement and manufacturing activities, and it also ensures that all Midas Touch products gain a consistent quality and are not delayed in delivery.
- (a) acquisition (b) integration (c) production (d) supervision
- Q6 With aid flowing in from the West, Ukraine is in a position to pay ..... rates for the Russian natural gas it consumes, President Vladimir Putin said; the politically-driven decision is also good economics, with Ukraine competing with other export routes and consumers for the best deal rather than by courting favors from Moscow.
- (a) exorbitant (b) market (c) premium (d) standard
- Q7 The process for a bond ..... is as follows: DOA prepares the new replacement bond/note for an amount that equals the current outstanding amount of the EIF loan; several minor changes are made in the original bond/note language to reflect the final loan amount and the replacement of the original bond/note.
- (a) call (b) maturity (c) rollover (d) swap
- Q8 The Profit & Loss from a long or short option position held to expiration is a function of underlier value at expiration; it can be depicted with a graph, which is called a ..... diagram.
- (a) payoff (b) payout (c) Venn (d) Voronoi
- Q9 Although most firms have only one type of common stock, in some instances a multiple capital ..... is used to meet the special needs of the company; small, new companies seeking funds from outside sources frequently use different types of common stock.
- (a) array (b) complex (c) issue (d) structure
- Q10 David M. Walker, ..... General of the United States, is the nation's chief accountability officer and head of the U.S. Government Accountability Office (GAO), whose mission is to help improve the performance and assure the accountability of the federal government for the benefit of the American people.
- (a) Attorney (b) Brigadier (c) Comptroller (d) Inspector

*Producing the Goods*

- Q1 The Cost of ..... includes costs that can be attributed to producing the goods or providing the services of the entity; these costs may be fixed or variable costs, and disclosure of information about them in conjunction with revenue from the sale of goods provides information about the entity's gross margin.  
 (a) Manufacture (b) Operations (c) Overhead (d) Sales
- Q2 Our quality and diverse ..... flow comes from our community of members — venture capitalists, sponsors, incubators and universities, who invest in investment opportunities that focus on any segment with high growth opportunity; at our meetings, the presenting entrepreneurs have exposure to 100 potential investors.  
 (a) cash (b) deal (c) fund (d) option
- Q3 The search for government revenue in fiscally tight times tempts legislators to raise revenue by imposing unusually high excise taxes on cigarettes, liquor, gambling, etc; this type of charge, often called a ..... tax, appeals to voters who view it as a way of discouraging consumption of certain objectionable products.  
 (a) guilt (b) habit (c) sin (d) vice
- Q4 The owner's ..... account is considered as more like an expense account, since when you take money out, you charge that account; it is a contra account, working against your owner's equity account — you charge it when you take equity out of your business.  
 (a) debit (b) drawing (c) liability (d) working
- Q5 The ..... Tax is a tax on your right to transfer property at your death; it consists of an accounting of everything you own or have certain interests in at the date of death — the fair market value of these items is used, not necessarily what you paid for them or what their values were when you acquired them.  
 (a) Beneficiary (b) Bereavement (c) Elegy (d) Estate
- Q6 When coupled with a stock's current price, a readily available piece of information, the ..... high, explains a large portion of the profits from momentum investing; nearness to this figure dominates and improves upon the forecasting power of past returns (both individual and industry returns) for future returns.  
 (a) 1-year (b) 4-quarter (c) 12-month (d) 52-week
- Q7 This statement of financial ..... was prepared in accordance with accounting principles generally accepted in the US, which require management to make estimates and assumptions that affect the amounts reported in the statement for the period presented; actual results could differ from management's estimates.  
 (a) composition (b) condition (c) presentation (d) situation
- Q8 To compensate for lost income from delinquent taxpayers, county governments offer tax ..... at public auctions.  
 (a) deeds (b) liens (c) rebates (d) sales
- Q9 The high-low ..... is calculated by dividing the weekly number of stock highs and lows by the number of total issues traded; a 10-week moving average is applied to smooth out the swings.  
 (a) index (b) indicator (c) rate (d) ratio
- Q10 Whether you're searching for buy-to-let or an auctioned repossession, you could find your ..... property here; we list houses, flats and apartments all over the UK that can offer potential from full redevelopment through to buy-to-let.  
 (a) estate (b) investment (c) mortgage (d) resale

*Shareholder Liability*

- Q1 As a shareholder in a ..... company, if it were to become insolvent (equivalent to bankruptcy in the US) you would only be liable to contribute the amount remaining unpaid on the shares (usually zero, as most shares are issued fully paid).  
 (a) limited (b) private (c) public (d) registered
- Q2 The idea of the price-earnings ..... is that it tells you how many years you would have to wait to get your money back on your investment; if, for example: Goodco's current share price is 1.08 and the EPS is 6p, its P/E is 18 — this means that if you buy a share, and its EPS stays at 6p, you will 'get your money back' over 18 years.  
 (a) indicator (b) percentage (c) quotient (d) ratio
- Q3 The amount of the penalty-free withdrawals that you can take from your IRA varies considerably, depending on which of the three IRS-approved methods you use to calculate the withdrawals; these three methods are 1) the life expectancy method, 2) the amortization method, and 3) the ..... factor method.  
 (a) annuity (b) expectancy (c) longevity (d) mortality
- Q4 ..... mortgage is a security over movable articles of property held by the lender giving the lender recourse against the property in the event of default by the borrower.  
 (a) A bonded (b) A chattel (c) An estate (d) An umbrella
- Q5 ..... investor is a wealthy, sophisticated investor who does not meet SEC net worth requirements but requires less protection because of large financial resources; only 35 such investors can be included per investment.  
 (a) An independent (b) A nonaccredited (c) An unaffiliated (d) An unapproved
- Q6 The company will want to make sure it has sufficiently reserved shares of equity to compensate and motivate its workforce, but while a large option ..... will make it less likely that it runs out of available options, size is taken into account, and can effectively lower the true pre-money valuation.  
 (a) package (b) pool (c) program (d) provision
- Q7 When you're searching for stocks with high dividend yields, one quick check you should always make is to look at the company's ..... ratio, which tells you what percentage of earnings management is doling out to shareholders in the form of dividends: if the number is above 75%, consider it a red flag.  
 (a) payout (b) premium (c) return (d) yield
- Q8 In Nomura's Equity ..... Department, some 60 analysts in Japan follow listed companies, analyzing their corporate value and making judgments regarding their current and future value as investments; other activities include meetings to provide timely information to domestic and foreign institutional investors.  
 (a) Report (b) Research (c) Revaluation (d) Review
- Q9 We have had a fair number of couples requesting .....-to-die insurance to make sure funds are available for a child with special needs for their care and financial security after the death of both parents.  
 (a) ready (b) right (c) second (d) spouse
- Q10 A quick ..... is the purchase and sale of an investment held for only a very brief period of time, such as in day trading, fix-and-flips, contract assigning, and contract flipping.  
 (a) deal (b) fix (c) switch (d) turn

*Data Mining*

- Q1 Data mining, the extraction of hidden ..... information from large databases, is a powerful new technology with great potential to help companies focus on the most important information in their data warehouses.  
(a) predictive (b) preventive (c) proactive (d) provocative
- Q2 Data mining tools estimate future trends and behaviors, allowing businesses to make knowledge-..... decisions.  
(a) driven (b) laden (c) loaded (d) ridden
- Q3 The automated, prospective analyses offered by data mining move beyond the analyses of past events provided by ..... tools typical of decision support systems.  
(a) introspective (b) intuitive (c) reminiscent (d) retrospective
- Q4 Data mining tools can answer business questions that traditionally were too time-consuming to resolve; they ..... databases for hidden patterns, finding information that experts may miss because it lies outside their expectations.  
(a) scale (b) scoop (c) score (d) scour
- Q5 Data mining derives its name from the similarities between searching for valuable business information in a large database — for example, finding linked products in gigabytes of store scanner data — and mining a mountain for a ..... of valuable ore.  
(a) furrow (b) streak (c) trough (d) vein
- Q6 Both processes require either ..... through an immense amount of material, or intelligently probing it to find exactly where the value resides.  
(a) paging (b) sifting (c) threading (d) weaving
- Q7 Data mining tools sweep through databases and identify previously hidden patterns like ..... data that could represent data entry keying errors.  
(a) anadromous (b) analogous (c) anomalous (d) anonymous
- Q8 The technique that is used to perform these feats in data mining is called modeling, and this act of model building is something that people have been doing for a long time, certainly before the ..... of computers or data mining technology.  
(a) access (b) advent (c) ascent (d) avowal
- Q9 If someone told you that he had a good model to predict customer usage, the first thing you might try would be to ask him to apply his model to your customer ....., where you already knew the answer.  
(a) base (b) drive (c) file (d) log
- Q10 With data mining, the best way to accomplish this is by setting aside some of your data in a ..... to isolate it from the mining process; once the mining is complete, the results can be tested against the isolated data to confirm the model's validity.  
(a) cell (b) disk (c) folder (d) vault

*Ukraine Banks*

- Q1 Dmitry Shishkin of Standard Bank is positive that there will be a resolution to the political ..... in Ukraine: the two opposing sides, the President and the Parliament, are looking to reach a compromise.  
(a) correctness (b) leanings (c) stalemate (d) suicide
- Q2 They are being pushed in that direction not only by the weariness of the people on the streets, but also by businesses that back ..... the respective sides and which are growing increasingly impatient about the possible negative impact on the Ukrainian economy arising from political uncertainty.  
(a) down (b) from (c) up (d) (none)
- Q3 A walk to Independence Square in Kiev revealed that sporadic groups of young people on the square (very remotely resembling anything politically motivated) are greatly outnumbered by ..... crowds in the huge modern shopping centre occupying two floors underneath the square.  
(a) bubbling (b) bumbling (c) bursting (d) bustling
- Q4 Not surprisingly, international markets have so far showed remarkable ..... in the face of the political developments in Ukraine, very much to the irritation of many local players who were hoping to make a quick profit on an expected drop in asset prices.  
(a) reluctance (b) resilience (c) resistance (d) resonance
- Q5 The most likely resolution of the political standoff would be a behind-the-..... agreement between the President and the ruling coalition, leading to an election approved by the Constitutional Court.  
(a) fences (b) lines (c) scenes (d) walls
- Q6 Given the tightness of the ..... credit (the spread gap between 10-year Ukrainian and Russian CDS is just 5 bps wider than it was prior to the President's decree), there is little attraction in directional trades.  
(a) federal (b) fiat (c) regnant (d) sovereign
- Q7 Ukraine has relatively few Eurobonds, and the ..... of them are issued by banks.  
(a) bulk (b) bunch (c) mass (d) most
- Q8 Alfa Bank (Ukraine) is part of the Russian financial and industrial ..... Alfa-Group; this Ukrainian bank cannot only rely on the support of its parent company in Russia, but is a rapidly growing and profitable entity in its own right.  
(a) cartel (b) complex (c) concern (d) conglomeration
- Q9 UkrSibBank is the third-largest bank in Ukraine, with a controlling 51% stake held by BNP Paribas; the remaining 49% belongs to two Ukrainian businessmen, who also hold substantial stakes in the country's metallurgical and chemical industries, the ..... of Ukrainian export.  
(a) backbone (b) background (c) source (d) spine
- Q10 According to its financial plans for 2007, Ukraine will borrow about US\$1.2bn externally; this has not been done so far as the political ..... has put these plans on hold.  
(a) tortuousness (b) torture (c) transition (d) turbulence

*A Brief History of DSS*

- Q1 Information Systems researchers and technologists have built and investigated Decision Support Systems (DSS) for approximately 40 years; D.J. Power's paper ..... and explores the developments in DSS from the model-driven DSS in the late 1960s to the implementation of Web-based DSS in the mid-1990s.  
 (a) annals (b) chronicles (c) elaborates (d) monologues
- Q2 Different people perceive the field of Decision Support Systems from various ..... points and report different accounts of what happened and what was important (cf., Arnott & Pervan, 2005; Eom & Lee, 1990b; McCosh & Correa-Perez, 2006; Power, 2003; Power, 2004a; Silver, 1991).  
 (a) access (b) interest (c) perspective (d) vantage
- Q3 In ....., a major historical turning point was Michael S. Scott Morton's (1967) dissertation field research at Harvard University; Morton's study involved building, implementing and then testing an interactive, model-driven management decision system.  
 (a) afterthought (b) hindsight (c) recollection (d) retrospect
- Q4 Fellow Harvard Ph.D. student Andrew McCosh asserts that the concept of decision support systems was first ..... by Scott Morton in February 1964 in a basement office in Sherman Hall, Harvard Business School in a discussion they had about Morton's dissertation.  
 (a) accentuated (b) admitted (c) articulated (d) ascribed
- Q5 The pioneering work of Dantzig, Engelbart and Forrester influenced the feasibility of building computerized decision support systems; in the 1960s, they developed the first hypermedia-groupware system called NLS, which provided for on-screen video teleconferencing and was a ..... to group decision support systems.  
 (a) foreboding (b) forecasting (c) forefather (d) forerunner
- Q6 In 1960, J.C.R. Licklider published his ideas about the future role of multiaccess interactive computing in a paper titled 'Man-Computer .....'; he saw close man-computer interaction as enhancing both the quality and efficiency of human problem-solving, and his paper provided a guide for computer research to follow.  
 (a) Symbiosis (b) Syncretism (c) Synonymy (d) Synthesis
- Q7 In 1974, Gordon Davis published his ..... text on Management Information Systems; he defined a Management Information System as 'an integrated, man/machine system for providing information to support the operations, management, and decision-making functions in an organization'.  
 (a) deferential (b) differential (c) influential (d) referential
- Q8 In 1979, John Rockart of the Harvard Business School published a ground-..... article that led to the development of executive information systems (EISs) or executive support systems (ESS); Rockart developed the concept of using information systems to display critical success metrics for managers.  
 (a) breaking (b) laying (c) planting (d) seeding
- Q9 Donovan and Madnick (1977) classified DSS as either institutional or .....: the former supports decisions that are recurring, while the latter supports querying data for one time requests.  
 (a) ad hoc (b) in vivo (c) pro bono (d) quid nunc
- Q10 Finally, Sprague and Carlson's (1982) book 'Building Effective Decision Support Systems' was an important .....: it further explained the DSS framework of data base, model base and dialog generation and management software, and provided a practical overview of how organizations should build DSS.  
 (a) benchmark (b) headstone (c) landmark (d) milestone

*Prepaid Cards*

- Q1 James Le Brocq of Alliance & Leicester Commercial Bank says that prepaid cards (or .....-value cards) have been in existence for some years, with the US leading the way in finding applications in both the private and public sectors.
- (a) accredited (b) added (c) stated (d) stored
- Q2 The European prepaid market is currently only in its ....., but this is set to change with the number of cards in circulation estimated to grow at over 110% a year for the next four years.
- (a) adolescence (b) dotage (c) infancy (d) puberty
- Q3 It is predicted that by the end of 2010 the use of prepaid cards across the eurozone will ..... 2.3 billion transactions with a 75bn turnover.
- (a) catalyze (b) fabricate (c) generate (d) initialize
- Q4 Prepaid cards represent money on deposit and function in much the same way as conventional debit cards; however, the key difference is that funds are not stored in an account that is directly linked to the card holder, but are ..... onto the card and held at a remote database with a financial services provider.
- (a) doled (b) heaped (c) loaded (d) pasted
- Q5 In this ..... there is no actual value stored on the card itself; they do not act as a substitute for cash, so lost or stolen cards can be easily stopped and replaced.
- (a) content (b) fashion (c) respect (d) style
- Q6 Clearly such revolutionary payments technology will have a significant impact on UK corporates, with uses falling into several categories, including expenses, payroll and ad-hoc remittances, as well as customer-based payments such as gifts, refunds and .....
- (a) extortion (b) gratuities (c) incentives (d) scruples
- Q7 In all cases significant benefits .....
- (a) accrue (b) apply (c) assume (d) attach
- Q8 The advantages of using prepaid cards for employee expense accounts are significant: as well as the general cost savings that are realised in all cases when switching from paper-based payments, employers using prepaid cards can ..... significantly more control over expenses.
- (a) attract (b) enforce (c) exert (d) garner
- Q9 Payments can be ..... by corporate providers, allowing them to limit the scope of where goods and services can be purchased, while a record of all transactions is automatically generated and stored.
- (a) firewalled (b) hamstrung (c) nailed down (d) ring-fenced
- Q10 Also, employee travel abroad can be easily facilitated as the cards can be loaded with a currency of ..... — thus eliminating costs associated with using a debit or credit card outside of its issuing domicile.
- (a) choice (b) convention (c) medium (d) mode

*Object-Oriented Programming Languages*

- Q1 Many modern programming languages depend largely or exclusively on the concept of objects: a close ..... binding of data to the operations that can be performed upon that data.  
(a) automatic (b) enigmatic (c) pragmatic (d) syntactic
- Q2 In these Object-Oriented languages — C++, C#, Java, Eiffel, Smalltalk, Visual Basic.NET, Perl, and many others programmers create classes, each of which defines the behavior and structure of a number of similar objects; then they write code that creates and ..... objects that are instances of those classes.  
(a) articulates (b) eradicates (c) generates (d) manipulates
- Q3 One reason why objects are a powerful programming technique — the reason most often ..... in the early literature on Object-Oriented Programming — is that programmatic objects map naturally to real world objects.  
(a) flouted (b) routed (c) scouted (d) touted
- Q4 This mapping between objects in the real world and more ..... code objects encourages programmers to think in the problem domain, rather than in computer science terms.  
(a) abstract (b) abstruse (c) oblique (d) obtuse
- Q5 This benefit has perhaps been overstated, however; unless you're building a simulator of a real-world process, such ..... 'real-world' objects form just the surface of your system.  
(a) profligate (b) spectral (c) surrogate (d) virtual
- Q6 The complexity of your design lies underneath that surface, in code that reflects business rules, resource allocation, algorithms, and other computer science concerns; if you only use objects to reflect the real world, you ..... yourself with a lot of work.  
(a) bilk (b) fool (c) leave (d) set
- Q7 Coupling refers to the ways in which and degrees to which one part of the system relies on the details of another part: the tighter the coupling, the more changes in one part of the system will ..... throughout the system, while with loose coupling, the interfaces between subsystems are well defined and restricted.  
(a) leak (b) ripple (c) seep (d) wander
- Q8 ..... refers to the degree in which elements within a subsystem form a single, unified concept, with no excess elements: where it is strong, there is easier comprehension and thus more reliable code.  
(a) Adaptation (b) Adherence (c) Cohabitation (d) Cohesion
- Q9 Some Object-Oriented languages are less rigid than others in how much they require you to design around objects, but OO languages certainly support these quality ..... if you take the time to pursue them.  
(a) attributes (b) contributions (c) tribulations (d) tributes
- Q10 It seems that every new OO language author ..... the need to distinguish their language by coming up with new terminology.  
(a) feels (b) gets (c) senses (d) urges

*Optimal Hedging*

- Q1 The optimal hedge consists of a position in a single ..... whose strike price is independent of the level of expense the institution is willing to incur for its hedging program.  
(a) industry (b) market (c) option (d) share
- Q2 If the journal entries are error-free and were posted properly to the general ledger, the total debit balances should equal the total credit balances, and if they don't, then an error has occurred somewhere in the process; the total of the accounts on the debit and credit side is referred to as the ..... balance.  
(a) preliminary (b) provisional (c) tentative (d) trial
- Q3 A ..... settlement allows you to invest in another person's life insurance policy: you purchase the policy (or part of it) at a price that is less than the death benefit of the policy, and when the seller dies, you collect the death benefit.  
(a) funereal (b) sepulchral (c) terminal (d) viatical
- Q4 Shares of The McClatchy Co. dropped 3.2 percent in trading Monday, falling to a 52-week .....; the stock fell 66 cents to \$20.21 in lighter-than-average trading volume, and then it dipped another 6 cents in after-hours trading.  
(a) base (b) close (c) low (d) record
- Q5 A Fed ..... is a Federal Reserve Board action designed to make more credit available by adding reserves to the banking system.  
(a) boost (b) feed (c) lift (d) pass
- Q6 ..... market value is the aggregate worth, in dollars, of a group of securities held in a cash or margin brokerage account, calculated using the prior trading day's closing prices of each security in the account; the figure includes most common investment vehicles, but excludes commercial paper, options, annuities and precious metals.  
(a) Base (b) Current (c) Long (d) Sum
- Q7 Preferred ..... Organization (PPO) plans are the number one choice for millions of Americans: there is freedom of choice among in-network providers, lower out-of-pocket costs (copay only for most in-network office visits) and a strong emphasis on preventive health.  
(a) Patient (b) Physician (c) Practitioner (d) Provider
- Q8 Commodities prices rose across the ..... in the week that the US Federal Reserve cut interest rates to prop up the domestic economy: crude oil surged to an all-time high and gold hit its highest level in 28 years, while strong demand from China and other developing countries helped boost all commodities.  
(a) aisle (b) board (c) floor (d) market
- Q9 .....-stock futures are a way to reap the benefits of a stock's performance without actually owning the stock; one of the advantages they enjoy is that they are cheaper to trade and easier to use for hedging strategies than options.  
(a) Semi (b) Short (c) Single (d) Solo
- Q10 Agilent lived up to the high billing most industry watchers expected in its initial public offering: shares climbed as high as about 50 in morning trading, and yesterday the company raised the price range of the shares coming to the market to \$26 to \$28 per share; the stock priced ..... at \$30 last night, Merrill Lynch said today.  
(a) in (b) out (c) over (d) (none)

*Oil Curves*

- Q1 "Modest demand growth combined with no significant supply increases has caused oil inventories to decline sharply, creating ..... in the oil forward curve," said Jeffrey Currie of Goldman Sachs; in such a market, oil for delivery in the near term is more expensive than for later shipment.  
 (a) backwardation (b) behindment (c) reductability (d) retropricing
- Q2 Should securities held in a collective deposit be repaid on the basis of a lottery, the bank shall distribute the ..... securities pro-rata amongst the holders of the securities, whereby it shall ensure that all depositors enjoy an equal treatment.  
 (a) charged (b) cleared (c) discharged (d) drawn
- Q3 The Trust provides investors with the opportunity to purchase a security representing a proportionate undivided interest in a portfolio of securities consisting of substantially all of the common stocks, in substantially the same weighting, of the S&P 500 Index, each unit of which is referred to as a Standard & Poor's ..... Receipt.  
 (a) Depository (b) Distribution (c) Integral (d) Investiture
- Q4 Many consumers are unaware of the importance of retaining ..... bank checks, through which account holders have a record of who actually signed the back of the check to redeem its face value; this signature is universally required for resolving countless business transaction disputes.  
 (a) cancelled (b) circulated (c) claimed (d) conveyed
- Q5 When a claimant delays in filing an application for benefits, the ..... provisions may allow the late application to be recognized as having been made earlier than it actually was; the purpose is to allow a claimant to be put in the position he or she would have been in had the delay in filing their claim for benefits not occurred.  
 (a) antedate (b) backlog (c) hindsight (d) retrospect
- Q6 The Peer to Patent project allows people to alert the US Patent Office when material is found proving an invention is not new — this pioneering project aimed at improving the quality of patents must be made ..... if it is to work, according to the project's manager; currently the project is only voluntary.  
 (a) compensatory (b) comprehensive (c) compulsive (d) compulsory
- Q7 The higher the loan amount, the bigger the thud if your loan goes belly up, and reducing the ..... ratio is one way lenders cut their risk; to that end, they generally insist on more than the usual 20 percent down on jumbo loans over \$500,000, requiring you to make at least a 25-percent cash down payment.  
 (a) interest-to-principle (b) investment-to-assessment  
 (c) loan-to-value (d) mortgage-to-market
- Q8 If quick growth is necessary, raising money through the sale of stock may provide the best opportunity for fast action; however, wider equity participation implies ..... of ownership, which may not be acceptable to some business owners.  
 (a) a dilution (b) a diminution (c) an expansion (d) an extension
- Q9 The Roanoke Valley ranks consistently lower than the national average, according to the American Chamber of Commerce Researchers Association (ACCRA) Cost of Living ....., which compares groceries, housing, utilities, transportation, health care and miscellaneous goods and services for over 300 urban areas.  
 (a) Index (b) Indicator (c) Scale (d) Standard
- Q10 The US federal income tax system is a 'pay as you go' system: you're required to pay tax over the course of the year rather than waiting until April 15, and the general rule is that you have to pay ..... tax if your withholding doesn't cover 90% of your tax liability.  
 (a) added (b) estimated (c) graduated (d) preempted

*Futures Contracts*

- Q1 CME created the world's first ..... futures contracts by introducing futures on seven foreign currencies in May 1972; the original currency contracts included CME British pounds, CME Canadian dollars, CME Deutsche marks, CME French francs, CME Japanese yen, CME Mexican pesos and CME Swiss francs.  
 (a) commercial (b) exchange (c) financial (d) liquid
- Q2 Capital Cost Allowance may be deducted annually in Canada, which is in no way reflective of the expected useful life of the asset, but is an arbitrary determined amount specified in the Income Tax Act; because it is a deduction from income for tax purposes, CCA acts as a tax ..... in the year in which it is claimed.  
 (a) contra (b) credit (c) rebate (d) shield
- Q3 Any purchase where the down payment is less than 20% is considered a high-..... mortgage, and the mortgage must be insured by the Canada Mortgage and Housing Corporation (CMHC) or Genworth Financial Canada (Genworth).  
 (a) rate (b) ratio (c) return (d) risk
- Q4 To vote as a stockholder ..... record, please click on the vote link above; registered stockholders typically have their shares held in stock certificate form or in book-entry form by IBM's transfer agent, EquiServe Trust Company, N.A.  
 (a) for (b) in (c) of (d) on
- Q5 A ..... bid is, for a single-price auction, a bid to purchase a stated par amount of securities at the highest yield or discount rate awarded to competitive bidders; for a multiple-price auction, it is a bid to purchase securities at the weighted average yield or discount rate of awards to competitive bidders.  
 (a) collaborative (b) noncompetitive (c) passive (d) residual
- Q6 As to Type III securities which are currently defined as securities that "a bank may purchase and sell for its own account subject to a 10 percent limitation, but may neither deal in nor underwrite", the proposal merely redefines it as ..... security that does not qualify as a Type I, II, IV or V security.  
 (a) a depository (b) an acquisition (c) an investment (d) a reservoir
- Q7 A limited ..... account is an arrangement in which a client has given his/her broker the ability to make certain types of trades without prior consent; such an arrangement is only recommended if the investor has a high degree of trust in the broker's honesty and professional ability.  
 (a) disciplinary (b) discretionary (c) plenipotentiary (d) probationary
- Q8 In managing a large portfolio with options on different underlying contracts, the ..... risk is of great importance; one tool is a Value at Risk framework to measure and manage that risk, i.e. to estimate a measure in money with a given degree of confidence of how much one can lose from one's portfolio over a given time horizon.  
 (a) vagrancy (b) variability (c) versatility (d) volatility
- Q9 If enough banks and investors become sufficiently reluctant to lend, the '..... effect' will go into reverse: total credit will contract, so bank deposits will contract, so the supply of money will contract, all with the same degree of leverage with which they were initially expanded.  
 (a) doppler (b) duplicator (c) magnifier (d) multiplier
- Q10 Option ..... are determined by open outcry in the trading pits of commodity exchanges such as the Chicago Board of Trade, New York Cotton Exchange, Chicago Mercantile Exchange, and the Kansas City Board of Trade.  
 (a) payments (b) plans (c) premiums (d) principals

*Financial Records*

- Q1 ..... clerks screen timecards, compute pay by subtracting allotments from gross earnings, close out files when workers retire, resign, or transfer; and advise employees on income tax withholding and other mandatory deductions; finally, they prepare and mail earnings and tax-withholding statements for employees' use in preparing income tax returns.  
 (a) Paycheck (b) Paymaster (c) Payment (d) Payroll
- Q2 The Index of ..... Production is a fixed-weight measure of the physical output of the nation's factories, mines, and utilities; one of the bigger wildcards in this report is utilities, which can be quite volatile due to swings in the weather.  
 (a) Gross (b) Industrial (c) Primary (d) Resource
- Q3 Annuity ..... are the shares you own in variable annuity subaccounts during the period you're receiving income from the annuity; the number is fixed at the time that you buy the income annuity contract, or when you annuitize your deferred variable annuity.  
 (a) bands (b) cells (c) tiers (d) units
- Q4 A tax ..... is a 'statement of supplementary details'; more specifically, it is a form on which you provide information and complete calculations, so that you can transcribe the results onto another form.  
 (a) application (b) return (c) schedule (d) table
- Q5 The SEC scrapped the so-called ..... period rule, allowing companies poised to sell stock or bonds to promote the securities to investors; the Depression-era rule almost derailed Google Inc.'s \$3.47 billion initial public offering in August after Playboy published an interview with the company's founders.  
 (a) dormant (b) gagged (c) quiet (d) tacit
- Q6 The NYSE set about clarifying the procedure by which members may acquire securities and pay their employees a commission for reselling them; last week an Exchange committee made ready to listen to the case of any member desiring to engage in the practice politely but correctly called '..... distribution'.  
 (a) secondary (b) sequential (c) subsequent (d) subsidiary
- Q7 The rule is 'one-way': that is, fully ..... earnings per share should exclude those securities whose conversion, exercise, or other contingent issuance would have the effect of increasing the earnings per share amount.  
 (a) diluted (b) extended (c) recognized (d) subscribed
- Q8 China's central bank Sunday raised the amount banks must set aside in reserves, reducing the money available for lending, in the latest move to rein in the investment boom; the deposit reserve ..... will be raised by 0.5 percentage point to 11 percent starting on May 15, the People's Bank of China said.  
 (a) base (b) level (c) limit (d) ratio
- Q9 The ..... pattern, also called the 'coil', appears in three varieties, ascending, descending, and symmetrical; converging trendlines of support and resistance give all three patterns their distinctive shape, and this occurs, Kahn explains, because "the trading action gets tighter and tighter until the market breaks out with great force."  
 (a) parabola (b) triangle (c) vector (d) wedge
- Q10 The CFTC's market ..... program is intended to preserve the economic functions of futures and option markets by identifying situations that could pose a threat of manipulation and initiating preventive actions.  
 (a) reconnaissance (b) reconnoitering (c) scrutinization (d) surveillance

*Market History*

- Q1 On Monday of last week, the Dow Jones Industrial Average hit a record high while declining stocks overwhelmed advancing stocks by a two to one margin; that ominous divergence has never occurred in the past 75 years of market history and as a consequence, we are moving to a full ..... market defensive mode.  
(a) bear (b) deer (c) spot (d) thin
- Q2 To ensure that seats on the NYSE are used properly, the preparation and approval of ..... agreement between the brokerage firm that provides the financing for the seat and the employee of the company who purchases the right to use the seat is vital, and it must be meet the qualifications established by the NYSE.  
(a) a BPA (b) an ABC (c) an ISO (d) an SEC
- Q3 Trading was halted for more than three hours yesterday at five New York futures and options exchanges because of an electrical short in some damaged cables; to combat the problem, officials at the ..... Exchange Center improvised a temporary solution, and all five exchanges are expected to open as usual on Monday.  
(a) Commercial (b) Commodities (c) Industrial (d) Mercantile
- Q4 When a Federal ..... occurs traders have a number of days to bring the account balance or margin back to a less leveraged position, or the brokerage will be forced to liquidate positions to an acceptable level.  
(a) Call (b) Claim (c) Fiat (d) Order
- Q5 In the next few days, if these news reports have any credibility, I would think that a counter bid would be coming through, but I do not think the Tatas should be in a hurry to raise their offer until we see any real competition — at current valuations, it is fair because without the ..... stock, it is worth much less.  
(a) deal (b) draw (c) short (d) side
- Q6 Price ..... of a Basis Point refers to the change in the price of a bond if the yield changes by 1 basis point (0.01%).  
(a) Adjustment (b) Conversion (c) Shift (d) Value
- Q7 From time to time a small business, especially one performing contracting services, will be asked to ..... his work in advance; simply put, this is a third party obligation promising to pay if a vendor does not fulfill its valid obligations under a contract, a financial guarantee that he will honor the business contract.  
(a) bond (b) pledge (c) seal (d) warrant
- Q8 A judgment in an action to ..... title is binding and conclusive on all persons known or unknown who were parties to the litigation and who have a claim to the property.  
(a) assign (b) fix (c) quiet (d) settle
- Q9 At expiry of the contract, the sellers of the future can deliver any bond with this residual maturity at a predetermined price, so only one of the bonds contained in the basket, the .....-to-deliver, tends to be chosen.  
(a) best (b) cheapest (c) first (d) soonest
- Q10 Nonbusiness ..... must be totally worthless to be deductible, becoming worthless when the surrounding facts and circumstances indicate there is no longer any chance the amount owed will be paid.  
(a) accounts receivable (b) bad debts (c) impairment charge (d) interest earned

*The UAE*

- Q1 The UAE has gained much media ..... lately as a leading marketing and trans-shipment hub for multinational companies serving the Middle East and North Africa.  
 (a) attention (b) attraction (c) support (d) surveillance
- Q2 Overall, nearly US\$72.3bn in goods were imported in 2006, most ..... from India, followed by China and Japan.  
 (a) drawing (b) flowing (c) rippling (d) stemming
- Q3 By year's end, the US expects to ..... nearly a 20% share of the UAE's import market.  
 (a) access (b) claim (c) demand (d) sway
- Q4 The UAE is a Federal Sovereign State, formed in 1971, consisting of seven ..... — Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Quwain, Fujairah and Ras Al Khaimah — and governed by the Supreme Council of the Federation, which is made up of their seven rulers.  
 (a) caliphates (b) emirates (c) sheikdoms (d) sultanates
- Q5 A contracting ..... to GATT since 1964, the UAE joined the World Trade Organization (WTO) in 1996.  
 (a) agent (b) member (c) party (d) signer
- Q6 The main federal legal instruments on investment in the UAE are the Commercial Companies Law and the Trade Agencies Law and these laws contain ..... limiting and regulating the participation of foreign investors in the UAE domestic economy.  
 (a) acts (b) provisions (c) riders (d) segments
- Q7 Specifically, the Trade Agencies Law designates that importing and distribution activities are reserved for ..... UAE 'agents'.  
 (a) exclusive (b) expansive (c) expensive (d) extensive
- Q8 However, a significant portion of trade moves through the UAE's free zones (22 in late 2005) where foreign investors can ..... 100% ownership, operate in a tax-free environment and be exempt from the licensing, agency, and national majority-ownership obligations that apply in the domestic economy.  
 (a) accept (b) admire (c) endure (d) enjoy
- Q9 Recently, changes have been made to the ..... of the Trade Agency Law and reforms are being actively discussed such as adoption of competition legislation, structural reforms, and further liberalization of the services sector.  
 (a) force (b) reach (c) scope (d) span
- Q10 The financial sector is developing rapidly, in part through the creation of financial free zones such as the Dubai International Financial Center, a financial free zone regulated by Dubai and ..... now to more than 100 financial services and associated companies.  
 (a) center (b) core (c) home (d) hub

*Supply Chain Reengineering*

- Q1 A supply chain can be defined as a network of autonomous or semiautonomous business entities ..... responsible for procurement, manufacturing and distribution activities associated with one or more families of related products.  
(a) collectively (b) communally (c) disparately (d) distinctively
- Q2 Different entities in a supply chain operate subject ..... different sets of constraints and objectives.  
(a) of (b) over (c) to (d) under
- Q3 However, these entities are highly interdependent when it comes to improving performance of the supply chain in terms of objectives such as on-time delivery, quality ....., and cost minimization.  
(a) assurance (b) continuance (c) endurance (d) insurance
- Q4 As a result, performance of any entity in a supply chain depends on the performance of others, and their ..... and ability to coordinate activities within the supply chain.  
(a) goodness (b) goodwill (c) willingness (d) willpower
- Q5 A global economy and increase in customer expectations regarding cost and service have influenced manufacturers to ..... to improve processes within their supply chains, often referred to as supply chain reengineering (Swaminathan, 1996).  
(a) strain (b) stress (c) strike (d) strive
- Q6 Supply chain reengineering efforts have the potential to impact performance in a big .....  
(a) block (b) factor (c) rush (d) way
- Q7 Often they are undertaken with only a ..... view of the future, and it is essential to perform a detailed risk analysis before adopting a new process.  
(a) passive (b) phlegmatic (c) preternatural (d) probabilistic
- Q8 In addition, many times these reengineering efforts are made under politically and emotionally ..... circumstances.  
(a) charged (b) checkered (c) distraught (d) disturbed
- Q9 As a result, decision support tools that can analyze various alternatives can be very useful in ..... quantifying gains and helping the organization make the right decision (Feigin, An, Connors, & Crawford, 1996).  
(a) impartially (b) partially (c) partly (d) patently
- Q10 Benchmarking solutions provide insights into current trends but are not prescriptive; this leaves simulation as the only ..... platform for detailed analysis for alternative solutions.  
(a) valuable (b) veritable (c) versatile (d) viable

*Global Information Systems*

- Q1 An information system can be defined as a set of interrelated components working together to collect, store, ....., process, and disseminate information for the purpose of facilitating planning, control, coordination, and decision making in businesses and other organisations (Laudon & Laudon, 1993).  
 (a) recollect (b) resort (c) restore (d) retrieve
- Q2 Therefore, a global information system is an expansion of an information system that operates across geographical and time .....
- (a) aspects (b) boundaries (c) factors (d) limits
- Q3 In addition, Palvia et al. have also defined the global information system as "a computerised system which ..... the business strategy of a multinational organisation and deals with components of the international market as a single market and not as individual markets" (Palvia et al., 1992).  
 (a) designs (b) displays (c) supports (d) sustains
- Q4 In a traditional business information system, the set of interrelated components are usually referred to as hardware, software, data, processes, and people (Shelly, 2001); however, it is necessary to consider a few additional components that are significant to information systems in the global .....
- (a) context (b) hypertext (c) pretext (d) subtext
- Q5 Functional architecture ..... all business functions covered in a global information system and defines important concepts and relationships among the components (Treese & Stewart, 1998); it is needed to allow flexibility for the development of the system in the future.  
 (a) refines (b) reviews (c) specializes (d) specifies
- Q6 In a global environment, computer systems no longer consist of a single large computer servicing an organisation's needs; instead, multiple computers are used to manage and process information, and ideally, the various computers should function and be managed as a single system with the processing distributed ..... the computers.  
 (a) across (b) along (c) through (d) within
- Q7 The essential components of network architecture are compatible hardware and software; by ..... with the telephone system — for two households to communicate, they must use telephones that operate on the same electrical principles, with the same cabling system (hardware), and speaking the same language (software).  
 (a) alignment (b) analogy (c) comparison (d) contrast
- Q8 The design of any network architecture is often based upon the OSI (Open Systems Interconnect) seven-layer network model (Day and Zimmermann, 1983) that was ..... by the International Standards Organisation.  
 (a) amplified (b) codified (c) ratified (d) signified
- Q9 Groupware technology is technology designed to ..... the work of groups; this technology can be applied to communicate, cooperate, coordinate, solve problems, compete, or negotiate.  
 (a) ameliorate (b) delegate (c) escalate (d) facilitate
- Q10 Although management seems to be a political perspective, the organisation could be in trouble if there is no proper management scheme that oversees the operation of the GIS; global information system management can be seen as the ..... for closing the gaps between the global information system and the global business strategy.  
 (a) bridge (b) gate (c) plank (d) thread

*Information Security*

- Q1 The US Nuclear Regulatory Commission must protect classified and sensitive unclassified non-safeguards information (SUNSI) related to U.S. government programs for the physical protection and safeguarding of nuclear materials or facilities to ensure that such information is protected against unauthorized .....
- (a) disclaimer (b) disclosure (c) entrance (d) exposure
- Q2 The lowest level of classified information is Confidential; the ..... higher is Secret, and the highest is Top Secret. Confidential and Secret information will also be either NSI or RD and may be marked C-NSI or S-RD, for example.
- (a) more (b) next (c) second (d) (none)
- Q3 Classified information at the NRC is of two types: National Security Information classified by an Executive Order, whose compromise would cause some degree of ..... to national security; and Restricted Data classified by the Atomic Energy Act, whose compromise would assist in the design, manufacture or utilization of nuclear weapons.
- (a) breach (b) cleft (c) damage (d) slippage
- Q4 Some classified material at NRC and at the facilities it regulates is classified by other government agencies, and the NRC is not ..... to declassify such information without the permission of the originating agency.
- (a) emboldened (b) empowered (c) recommended (d) restricted
- Q5 Access to classified information requires a personnel security clearance (NRC 'Q' or 'L') equal to or higher than the level of information and a .....-to-know.
- (a) have (b) need (c) right (d) want
- Q6 Procedures for obtaining an NRC facility security clearance for ..... regulated by the Commission are contained in 10 CFR Part 95; procedures in 10 CFR Part 25 apply to persons who may require access to classified information related to a license or to a certificate, or to an applicant for a license or certificate.
- (a) alliances (b) allies (c) enemies (d) entities
- Q7 NRC contractors who require access to classified information are subject to security terms and conditions as specified in ..... commitments.
- (a) conditional (b) contractual (c) negotiable (d) notarized
- Q8 Safeguards Information is a special category of sensitive unclassified information authorized by Section 147 of the Atomic Energy Act to be protected; while SGI is considered to be sensitive unclassified information, its handling and protection more closely ..... the handling of classified Confidential information.
- (a) mimic (b) monitor (c) recall (d) resemble
- Q9 Sensitive unclassified non-safeguards information (SUNSI) is information that is generally not publicly available and ..... a wide variety of categories (e.g., personnel privacy, attorney-client privilege, confidential source, etc.)
- (a) encapsulates (b) encompasses (c) engenders (d) envelopes
- Q10 Information about a licensee's physical protection or material control and accounting program for special nuclear material not otherwise ..... as Safeguards Information or classified as National Security Information or Restricted Data is required by 10 CFR 2.390 to be protected in the same manner as commercial or financial information.
- (a) designated (b) designed (c) prepared (d) presented

*Turkish Banking*

- Q1 Last year was a good year for the Turkish economy, which has proven to be resilient against monetary readjustments that in the past would have caused problems; the present government, tied up with the upcoming elections and the EU ..... talks, still manages to master inflation rates and maintain economic growth objectives.  
 (a) access (b) accession (c) success (d) succession
- Q2 Due to ongoing legislative and budgetary efforts, a ..... International Monetary Fund (IMF) report and a cautious but positive Organization for Economic Co-operation and Development (OECD) report on corporate governance were obtained, according to Paul Wouters of Bener Law Office.  
 (a) reassuring (b) reinstating (c) reinsuring (d) resurging
- Q3 Foreign direct investment is improving and on the local financial markets, several new international ..... have established themselves (amongst others, Fortis and Dexia); these firms import the required energy, knowledge and expertise, new types of financial instruments and will enhance competition and innovation.  
 (a) buyers (b) dealers (c) planners (d) players
- Q4 Such ..... are much needed by the comparatively inexperienced local financial markets (both conventional and Islamic) that — sometimes also hindered by reluctant regulatory bodies — struggle to innovate.  
 (a) incentives (b) incursions (c) interventions (d) inventions
- Q5 Dubai Islamic Bank encountered a ..... in trying to acquire MNG Bank (transaction value estimated at US\$160m), but Kuwait-based The International Investor (TII) succeeded in taking over Adabank (formerly owned by the UZAN group) for a total of TL45.1m (US\$32m).  
 (a) deadlock (b) roadblock (c) sandtrap (d) setback
- Q6 Adabank had been seized by the Banking Supervision and Regulation Agency (BDDK) in July 2003 as part of the Imar Bank investigations and was put up for public ..... by the Saving and Deposits Insurance Fund (TMSF).  
 (a) auction (b) ridicule (c) scrutiny (d) tender
- Q7 Kuveyt Turk was in the newspapers several times last year with important Murabahah financings; it is rumoured that it will ..... its balance sheet and — depending on market conditions — could be a candidate for an IPO in 2008-2009.  
 (a) address (b) dress (c) redress (d) undress
- Q8 In May 2006 Bank Asya conducted probably the most successful IPO in Turkish history: US\$150m raised for 20% of the shares, valuing the bank at US\$800m, with US\$7.5bn offers, making it 50 times .....  
 (a) overextended (b) overinvested (c) overpromoted (d) oversubscribed
- Q9 Aside from these Participation Banks, a growing number of Islamic finance houses now have a ..... in Turkey; institutions such as Amlak Finance, Dubai Bank and the National Bank of Kuwait have established representative offices or formed partnerships in order to take an active role in the development of the sector in Turkey.  
 (a) corner (b) foot (c) presence (d) wedge
- Q10 In December 2006, the Qatar-based Doha Bank joined the league by officially opening an office in Istanbul; this followed the strategic alliance between Dubai Bank and Turkey's Daruma Corporate Finance to co-operate in structuring, executing and distributing ..... compliant corporate finance and merchant banking services.  
 (a) Burka (b) Quran (c) Ramadan (d) Shariah

*Hedge Fund Operational Risk*

- Q1 As of 2006, assets under management of the hedge fund industry totaled US\$1.2 trillion; with this rapid growth in the number and diversity of hedge fund managers, investors must understand the importance of conducting a thorough ..... diligence assessing the overall merits of a particular manager.  
 (a) clear (b) due (c) sharp (d) (none)
- Q2 Mike Rasmussen of Capricorn explains that previously the major focus has been on only understanding the investment strategy; however, increasing inflows of institutional capital and the growing numbers of well-publicised fraud cases has led to sophisticated investors ..... the operational risk behind their investment.  
 (a) addressing (b) expressing (c) lamenting (d) segmenting
- Q3 Regulators and investors alike are paying more attention to hedge funds, as this relatively new asset class is growing at a tremendous pace with ..... interest from the retail investor to public pension plans.  
 (a) acute (b) fervent (c) keen (d) lofty
- Q4 Therefore it is equally important to understand the investment strategy that seeks risk-adjusted returns, as it is to identify the operational risk that negatively ..... your investment.  
 (a) addresses (b) challenges (c) exposes (d) involves
- Q5 With the tremendous scope of differing strategies that are currently available, investors need to understand where possible weaknesses such as weak controls, poor providers and lacking internal information may lie: each one of these factors if they are not monitored or resolved can result in a ..... on performance.  
 (a) drag (b) drug (c) load (d) lock
- Q6 When making an investment decision, you should be well informed on the quality of the hedge fund manager and take ..... that sufficient attention has been given to operational as well as investment issues.  
 (a) comfort (b) pleasure (c) satisfaction (d) umbrage
- Q7 It is important that a hedge fund has a chief operations officer whose dedicated function is to address all operational issues of the hedge fund. the primary reason for this is that the trading manager should be responsible for producing ....., not the day-to-day running of the business.  
 (a) alpha (b) beta (c) gamma (d) delta
- Q8 It is essential to understand how a hedge fund has established the internal controls that regulate trading; hedge funds with prime brokers, for example, understand the efficiency of 'best ..... ' practice with straight through processing capabilities to limit manual interaction.  
 (a) elimination (b) elocution (c) execution (d) exemption
- Q9 Additionally, there needs to be a clear ..... between those responsible for trading and trade reporting, to limit the possibility of trade discrepancies.  
 (a) communication (b) distinction (c) integration (d) segregation
- Q10 With the expanding number of hedge funds and financial opportunities available to investors, understanding the operational risk of any investment must be examined; however, ..... in mind that from a universe of 9,000 hedge funds, the top 100 account for nearly two thirds of the entire industry's US\$1.2 trillion in assets.  
 (a) bear (b) carry (c) have (d) set

*Traffic Estimation and Prediction Systems*

- Q1 Intelligent transportation could be seen as a high-tech search for the road less .....
- (a) driven (b) followed (c) traveled (d) used
- Q2 It ..... for improved traffic flow to ensure safer, quicker, less expensive, and more energy-efficient travel.
- (a) forces (b) forges (c) strikes (d) strives
- Q3 Many intelligent transportation systems (ITS) are being designed to better manage traffic on frequently used roads to reduce ..... and achieve these goals.
- (a) congestion (b) constriction (c) construction (d) contention
- Q4 Inside cars, navigational systems with display panels are intended to guide drivers around ..... traffic and help them avoid accidents.
- (a) cramped (b) heavy (c) long (d) thick
- Q5 Traffic management technologies are designed to communicate with drivers on busy interstate highways through navigational systems and ..... message signs.
- (a) variable (b) viable (c) virtual (d) visible
- Q6 The Federal Highway Administration (FHWA) ..... a Dynamic Traffic Assignment (DTA) research project to develop advanced software tools that will be used to address complex traffic control and management issues in the information-based, dynamic ITS environment.
- (a) initiated (b) installed (c) instigated (d) invested
- Q7 Under the DTA project, ORNL's Energy Division, along with researchers at both the University of Texas at Austin and MIT, are developing real-time Traffic Estimation and Prediction System (TrEPS) software tools; the goal is to help traffic management centers (TMCs) anticipate and ..... traffic problems.
- (a) avert (b) converge (c) convert (d) reverse
- Q8 TrEPS uses traffic surveillance data in ..... with advanced traffic models to estimate and predict traffic network conditions and to generate guidance for travelers.
- (a) alliance (b) conjunction (c) line (d) tandem
- Q9 "The typical operations of traffic management centers tend to be relatively reactive in .....", says Bill Kn, ORNL program manager for intelligent transportation systems at the National Transportation Research Center (NTRC).
- (a) crisis (b) fact (c) nature (d) view
- Q10 "Using real-time traffic data from road sensors monitoring the number of cars and their speed, TrEPS predicts traffic conditions in the near future; thus, it could help TMCs become more proactive by alerting them to control measures that ..... to poor traffic flow."
- (a) cater (b) deal (c) lead (d) react

*The Risks of Technology*

- Q1 Technology has given us constant, real-time access to vast amounts of data; it has ..... the capital markets to extraordinary heights (and depths) and made ordinary products, such as phones, cameras, televisions and computers, do extraordinary things.  
 (a) powered (b) projected (c) propped (d) pulled
- Q2 Yet, warns Bruce Lynn of The Financial Executives Consulting Group, there is a darker, riskier side to technology: did it contribute to the dotcom .....?  
 (a) debacle (b) miracle (c) oracle (d) treacle
- Q3 And what about its role in the ongoing ..... of the mortgage-backed securities markets now (2007) affecting the US, Germany and France?  
 (a) blowup (b) copout (c) meltdown (d) turnover
- Q4 Treasury professionals spend many hours making cash, debt or investing decisions by setting various control limits and using the latest ..... of portfolio management.  
 (a) credos (b) gambits (c) mottos (d) tenets
- Q5 It is possible that treasury's ability to perform these tasks in the future is being ..... by the very tool being used to reach those decisions, namely technology.  
 (a) cauterised (b) jeopardised (c) lionised (d) polarised
- Q6 Does the use of more technology '..... boxes' simply shift risk from one area (market or credit risk) to another (operations) because some systems do not play well with others or because IT resources to fix these issues become available only after a problem is discovered?  
 (a) black (b) control (c) file (d) soap
- Q7 Are the tools we use (i.e. technology) really to blame or does the fault lie with the tool's operator because what is being produced does not address the issue ..... hand?  
 (a) at (b) by (c) in (d) to
- Q8 The various systems vendors would have you believe that more technology is better; every treasurer is promised that s/he will be able to call up large amounts of data from the company's servers or data warehouses, analyse it, and then distribute reports via email around the world before anyone's ..... becomes cold.  
 (a) browser (b) coffee (c) nose (d) trail
- Q9 What appears to be forgotten in the pursuit of technology is the issue of the '..... link': not all systems will be up to date all of the time, they speak different 'languages', and they may be missing data and/or contain errors.  
 (a) external (b) missing (c) severed (d) weakest
- Q10 In this age of web-based, real-time information, the combination of new systems with old can create unacceptable levels of operating risk, especially for senior managers responsible for certifying that their company has well-established financial controls, that they have examined them and that they .....  
 (a) care (b) do (c) should (d) work

*Risk in the FX Market*

- Q1 The average volume in FX markets is around US\$2 trillion, which poses ..... challenge to developing and maintaining robust cross border currency settlement process; a robust cross-currency settlement process is therefore a need of the day.  
(a) a forcible (b) a formidable (c) an indomitable (d) an invincible
- Q2 The Group of 10 (G-10) have identified issues in the riskless settlement of cross-border and multi-currency FX transactions, and thanks to their efforts, efficient settlement systems have since evolved that today try to address specific FX risks by incorporating risk ..... processes.  
(a) allegation (b) delegation (c) litigation (d) mitigation
- Q3 These provide a ..... level to the participants in global FX markets, according to K. Shivram and G. Ramaswamy of Cognizant Technology Solutions.  
(a) cohort (b) comfort (c) contact (d) content
- Q4 FX trading and settlement poses many forms of risk, but it is the settlement risk that most needs to be addressed: the dollars involved in settlement risk are huge, a large bank having almost three times the ..... to settlement risk that it has to credit risk.  
(a) access (b) disclosure (c) excess (d) exposure
- Q5 FX settlement risk clearly has a credit risk .....: whenever a party cannot make its payment of the currency it sold conditional upon its final receipt of the currency it bought, it faces the possibility of losing the full principal value involved in the transaction.  
(a) dimension (b) dissension (c) distention (d) distortion
- Q6 FX settlement risk also includes a liquidity risk: if a party does not receive the currency it purchased when it is due, it would need to cover and finance this shortfall until its counterparty ..... its obligation.  
(a) filled (b) honored (c) respected (d) sealed
- Q7 The FX market is also unique in comparison to other financial markets in ..... it is a 24-hour market.  
(a) being (b) case (c) fact (d) that
- Q8 The final settlement of a currency is ..... in the financial centre of that currency's home country; for instance the final settlement of the US dollars happens in New York as the final settlement of pounds sterling happens in London.  
(a) affected (b) affective (c) effected (d) effective
- Q9 Differing time zones, market open and close timings, and settlement deadlines in various geographies ..... another risk called the Herstatt risk.  
(a) disperse (b) emanate (c) irradiate (d) transmit
- Q10 Due to time zone differences, several hours can ..... between a payment being made in one currency and the offsetting payment being made in another currency, and between these times, a counterparty may have paid in funds, before it receives funds the counterparty defaults.  
(a) elapse (b) expire (c) transpire (d) unwind

*IFRS Adoption*

- Q1 According to Richard Keys of PwC, the second wave of International Financial Reporting Standards (IFRS) has two .....
- (a) faces (b) facets (c) forces (d) fronts
- Q2 The first is the new troop of countries that are adopting these international accounting standards, following in the ..... of Europe and Australia in 2005.
- (a) backtracks (b) bootprints (c) footsteps (d) pathway
- Q3 The second is the new and revised collection of standards that will be ..... in 2009.
- (a) implanted (b) implemented (c) implied (d) imported
- Q4 IFRS has already become the ..... international language of accounting.
- (a) de facto (b) de novo (c) de rigueur (d) de trop
- Q5 International Financial Reporting Standards are already the basis for accounting in over 100 countries worldwide and the International Accounting Standards Board (IASB) ..... this total will increase to 150 by 2011.
- (a) anticipates (b) articulates (c) calculates (d) corroborates
- Q6 Relatively recently, we have heard announcements that countries such as Canada, Korea, Japan and India will adopt full IFRS by 2011; China too is ..... the IFRS wave and is committed to convergence with IFRS.
- (a) coasting (b) making (c) riding (d) surfing
- Q7 The Ministry of Finance has undertaken an extensive project along this road, ..... in the adoption of new Chinese accounting standards that bring about substantial convergence with IFRS, and further work on full convergence continues.
- (a) coalescing (b) contriving (c) converging (d) culminating
- Q8 These moves have ..... significant pressure for change on the US market.
- (a) bestowed (b) exerted (c) instigated (d) sustained
- Q9 Within the last few months, the SEC has been consulting about removing the requirement for foreign entities listed in the US to ..... their IFRS accounts to US GAAP; by 2009 and possibly earlier, most expect full IFRS to be acceptable in the US without the need for this costly process.
- (a) realign (b) reassess (c) reassign (d) reconcile
- Q10 The SEC has also sought views on whether to give US companies the option of using IFRS instead of US GAAP, and it is probably only a ..... of time until this idea becomes a reality.
- (a) consideration (b) length (c) matter (d) period

*Converting Free Reserves*

- Q1 ..... shares are issued to the existing shareholders by converting free reserves or share premium account to equity capital without taking any consideration from investors; as a result, liquidity in the stock increases, and Effective Earnings per share, Book Value and other per share values stand reduced.  
 (a) Accumulated (b) Bonus (c) Preferred (d) Supplemental
- Q2 The Times has learnt that NTL, the US-listed \$5.64 billion cable operator, has held talks with City financiers; it has been persuaded by UK bankers of the benefits of a ..... listing on the London exchange after its expected merger with Telewest.  
 (a) secondary (b) subordinate (c) subsequent (d) subsidiary
- Q3 First take the ending balance on your bank statement, then enter all of your outstanding checks and deposits; if your register matches the calculated amount, your ..... is balanced.  
 (a) account (b) checkbook (c) expenditure (d) P & L
- Q4 In any period, cash used in financing activities related to common stock repurchased may differ from the comparable change in stockholders' ....., reflecting timing differences between the recognition of share repurchase transactions and their settlement for cash.  
 (a) capital (b) equity (c) interest (d) reserves
- Q5 We will automatically increase the face amount of insurance under this policy from time to time to reflect increases in the Consumer Price Index (CPI); we will not require evidence of the insured person's insurability for these increases, but the increases will be subject to the terms of this cost-of-living .....  
 (a) amendment (b) codicil (c) rider (d) supplement
- Q6 Supposedly, top-bracket tax breaks will result in more jobs being created, higher wages for the average worker, and an overall upturn in our economy — this is at the heart of the infamous .....-down theory.  
 (a) buckle (b) knuckle (c) tackle (d) trickle
- Q7 When ..... bank purchases Treasury securities in a quarterly Treasury bond auction, it acts as underwriter and distributor; the securities are held in the bank's trading account assets portfolio, and often resold to other banks, and to private investors.  
 (a) a central (b) a dealer (c) an investment (d) a primary
- Q8 On the surface, ..... investing seems a no-brainer for anyone with a modicum of social conscience: "We won't invest in companies that sell tobacco products, or firms that use nuclear power," explains David Shuttleworth, vice president of marketing and sales for Canada's largest family of 'green' mutual funds.  
 (a) environmental (b) ethical (c) moral (d) moralistic
- Q9 A business can realize a financial ..... gain by making more EBIT (earnings before interest and income tax) on the amount borrowed than the interest on the debt.  
 (a) absolute (b) capital (c) leverage (d) relative
- Q10 Some managers of big portfolios, having sold their losers and taken profits in a few winners, are busy rotating into sectors that they think will star next year — but are any of these stocks attractive to individual investors who care only about profits and not dressing ..... a portfolio to impress a client?  
 (a) down (b) out (c) up (d) (none)

*Orderly Market Development*

- Q1 There can be no assurance as to the prices at which our common stock will trade, if any trading market develops at all; until an orderly market develops in our stock, the price at which such trades may fluctuate significantly and may be lower or higher than the price that would be expected for a fully ..... issue.  
 (a) assigned (b) distributed (c) offered (d) underwritten
- Q2 Most states and many local governments offer industrial ..... bonds as a way to encourage relocations and expansions of companies that provide good jobs and expand economic opportunities for residents and the community; an IRB is a loan to a company to build or buy a facility or buy land and/or equipment.  
 (a) reconstruction (b) relief (c) renovation (d) revenue
- Q3 When a local or state government has a need for financial support between today and the issuing of a long term bond, the ..... note helps to fill in the gap; essentially, it is a short term bond that is designed to provide recognition of some sort of debt obligation currently coming due.  
 (a) anticipation (b) booster (c) commitment (d) promissory
- Q4 The incremental performance gains now achieved by regularly doubling the number of transistors on a chip, such as a desktop microprocessor, aren't as significant as they used to be: this is the law of ..... marginal returns, an economic law that states the marginal return on a unit of input decreases as more inputs are added.  
 (a) declining (b) decreasing (c) diminishing (d) dwindling
- Q5 Using market data from 1934 to 1972 and analyzing returns at various levels of predictive ability, results show that to perform better than simply remaining fully invested in stocks, one must be able to predict the market with at least 83% accuracy, an ability extremely difficult for even the best market ..... to sustain.  
 (a) pacer (b) runner (c) timer (d) trailer
- Q6 The LSE launched techMARK, an attempt to lure ..... startups to list their shares in the UK rather in the US's Nasdaq or Germany's Neuer Markt; participants aren't limited to online companies, but originate from such sectors as biotechnology and semiconductors as well as software, Internet and fibre-optics.  
 (a) high-tech (b) IT (c) new age (d) radical
- Q7 The loan should be reclassified from an account receivable to a note receivable in PGE's books, and if payment of the loan does not appear probable within a year, the loan should be reclassified as ..... asset in FERC Account 123, Investment in associated companies.  
 (a) a convertible (b) a fixed (c) an intangible (d) a noncurrent
- Q8 ..... inventory is shown on the financial records and is computed from the initial inventory plus purchases less requisitions or withdrawals; it typically differs from the physical inventory on hand due to shrinkage (loss caused by such factors as evaporation and thefts).  
 (a) Base (b) Book (c) Stock (d) Straight
- Q9 The Accelerated Cost ..... System as a method of asset depreciation was unique in three ways: property class lives were established, calculations were based on an estimated salvage value of zero, and shorter recovery periods were used, resulting in an accelerated write off of capital costs.  
 (a) Recoup (b) Recovery (c) Retention (d) Return
- Q10 Do you balance your checkbook each month? — banks CAN make mistakes, but even more likely is that you'll make a math error in your checkbook .....  
 (a) account (b) register (c) summary (d) voucher

*IPOs*

- Q1 Initial public offerings (IPOs) are primary ..... by companies that were not publicly traded prior to the offering.  
(a) allotments (b) apportionments (c) disposals (d) distributions
- Q2 The dollar amount of a depository institution's reserve ..... is determined by applying the reserve ratios specified in the Federal Reserve Board's Regulation D to an institution's reservable liabilities.  
(a) authority (b) capability (c) establishment (d) requirement
- Q3 In order to create a ..... chart, you must have a data set that contains open, high, low and close values for each time period you want to display; the hollow or filled portion is called the 'body', while the long thin lines above and below the body represent the high/low range and are called 'shadows' (or 'wicks' and 'tails').  
(a) candlestick (b) lantern (c) mannequin (d) tadpole
- Q4 Workers in .....-employer plans who switch employers end up with smaller retirement checks because their pension from the first employer is frozen and they must start over earning retirement benefits.  
(a) previous (b) primary (c) single (d) stated
- Q5 ..... is the process of taking private property for public use through the power of eminent domain; when private property is taken by the government, the owner is entitled to receive just compensation.  
(a) Appropriation (b) Condemnation (c) Demesne (d) Seizure
- Q6 A tax ..... is an investment strategy designed to allow you to take a tax loss in your portfolio while at the same time adjusting factors such as credit quality, maturity, etc. to better meet your current needs and the outlook of the market.  
(a) shift (b) slide (c) swap (d) switch
- Q7 A transaction is ..... if it increases the number of shares outstanding for a corporation, and for this reason, a transaction is also said to be so if it reduces earnings per share, since the denominator of this ratio is the number of shares outstanding.  
(a) dilutive (b) generative (c) inductive (d) productive
- Q8 Even though the mutual fund investor is not legally bound, ..... accumulation plan may have some requirements, such as a minimum number of purchases per year or a minimum annual investment amount; the investor should be aware of this, and decide whether an open account might be more suitable.  
(a) a discretionary (b) an electoral (c) an optional (d) a voluntary
- Q9 Investors must ask, "What am I paying for and what should I expect in return as a Genentech shareholder?"; I believe that most prudent long-term investors will conclude that they're paying for a great company, but one that's so ..... valued it won't deliver the kind of returns that will make its considerable risks worthwhile.  
(a) closely (b) fully (c) highly (d) poorly
- Q10 MidAmerica ..... Exchange, founded in 1868, is the fourth-largest in the US, providing futures contracts, mostly in agricultural products such as pigs, oats and soya beans, and also in precious metals and some financial products.  
(a) Commodity (b) Mercantile (c) Produce (d) Resource

*Printing Money*

- Q1 Most of the federal ..... is owed to Americans, and virtually all of it is in dollars, which means that it can be paid off or bought back by the simple device of printing money or, in more sophisticated fashion, open-market operations of the Federal Reserve.  
(a) bondage (b) debt (c) exchange (d) principal
- Q2 While discussing President Ford's WIN (Whip Inflation Now) proposal for tax increases, I supposedly grabbed my napkin and a pen and sketched a curve on the napkin illustrating the trade-off between tax rates and tax revenues, so Jude Wanniski named the trade-off 'The ..... Curve'.  
(a) Khaldun (b) Kuznets (c) Laffer (d) Lorenz
- Q3 CSC, Inc is the 23rd company currently authorized to act as a counterparty to the FRBNY in its open market operations; "Becoming ..... dealer for the Federal Reserve is a complementary extension of Countrywide's emergence as a provider of diverse financial services," said Ron Kripalani, President.  
(a) a contract (b) an accredited (c) a primary (d) a vested
- Q4 The ..... Industrial Classification has been replaced by the new NAICS, but several data sets are still available with SIC-based data; both SIC and NAICS classify establishments by their primary type of activity.  
(a) Selected (b) Standard (c) Stereotyped (d) Systemized
- Q5 In securities markets, ..... account with a broker shows frequent purchases and sales; such accounts generate commissions (which are charged on purchases as well as sales), and thus they are usually given preferential treatment in differentials on rate of interest charged, for example, on debit balances.  
(a) an active (b) an operating (c) a rolling (d) a working
- Q6 Since the ..... value of a convertible bond (the value of the bond without the conversion feature) is embedded and is a component of the total market value of the convertible, changes in fixed income determinants may not directly affect its market price.  
(a) book (b) investment (c) original (d) straight
- Q7 If a business determines that, on the average, 3% of its accounts receivable becomes worthless during the taxable year, the business may deduct 3% and add this amount to its bad debt .....; however, the Tax Reform Act of 1986 repealed this method for all businesses except certain financial and thrift institutions.  
(a) allowance (b) expense (c) offset (d) reserve
- Q8 If you're in today's 28% or 31% tax brackets, a ..... fund will let you keep more income than a comparable taxable investment, and if you live in a high-tax locale like California, a single-state fund that holds only bonds issued in your state may be an even better choice, provided you understand the risks.  
(a) mini (b) mojo (c) moto (d) muni
- Q9 The ..... utilization rate represents the percentage of the economy's total plant and equipment that is currently in production; usually, a decrease in this percentage signals an economic slowdown, while an increase signals economic expansion.  
(a) capacity (b) industrial (c) optimal (d) resource
- Q10 The ..... dividend is a political slogan popularized by George H.W. Bush and Margaret Thatcher in the early 1990s, purporting to describe the economic benefit of a decrease in defense spending; the term was frequently used at the end of the Cold War, when many Western nations significantly cut military spending.  
(a) butter (b) disarmament (c) moral (d) peace

*Interest in Common*

- Q1 A ..... is an estate in real property consisting of an undivided interest in common in portions of a parcel of real property together with a separate interest in space in a residential, industrial or commercial building or industrial and commercial building on such real property, such as, but not restricted to, an apartment, office or store.  
 (a) condominium (b) cooperative (c) mortgage alliance (d) mutual lease
- Q2 The AEA is an international professional association of ..... devoted to assessing the strengths and weaknesses of programs, policies, personnel, products, and organizations to improve their effectiveness; it has approximately 5000 members representing all 50 states in the US as well as over 60 foreign countries.  
 (a) economists (b) estimators (c) evaluators (d) examiners
- Q3 Nasdaq is a competing ..... market, different from an auction market in that many market makers use their own capital, research, retail, and/or systems resources to represent a stock and compete with each other to buy and sell that stock; auction markets have only one person, a specialist, in a centralized 'floor'.  
 (a) dealer (b) direct (c) share (d) source
- Q4 The NSW Partnership Act makes provision for ..... partnership structures whereby the liability of a partner contributing capital can be restricted to the amount of financial contribution, provided that the person doesn't take part in the management of the business.  
 (a) asymmetric (b) corporate (c) fiduciary (d) limited
- Q5 ..... security is a floating rate note or bond that becomes a fixed income investment when the rate to which it is pegged drops to a specified level; the adjustments to the interest rate are usually made every six months and are tied to a certain money-market index.  
 (a) A droplock (b) A fixed-wing (c) An ironclad (d) A rock-bottom
- Q6 In addition to protecting debts, insurance is now purchased to provide some income for the surviving family; while this financial ..... approach often provides a short-term solution to losing a breadwinner, it seldom replaces all the contributions a breadwinner makes to his or her household.  
 (a) constraints (b) needs (c) notions (d) strains
- Q7 Instead of inputting a volatility parameter into an option model (e.g. Black-Scholes) to determine an option's fair value, the calculation can be turned round, where the actual current option ..... is input and the volatility is output.  
 (a) price (b) return (c) sale (d) value
- Q8 Inflation can result from a decrease in aggregate supply, whose two main sources are an increase in wage rates and an increase in the prices of raw materials; these sources operate by increasing costs, and the resulting inflation is called cost-..... inflation.  
 (a) boost (b) drive (c) lift (d) push
- Q9 Only if all possible claims are fairly priced will their nature have no impact on firm value; if you know that your stock is being priced at half its fair value by an ..... market, issuing more of it to new stockholders will not be in the interests of your existing stockholders.  
 (a) inadvertent (b) inattentive (c) incognizant (d) inefficient
- Q10 The average contributions of highly ..... employees cannot exceed the average contributions of other employees by more than about 2 percent; if the HCEs exceed this threshold, the 401k plan could lose its tax-qualified status and all contributions and earnings would have to be distributed to all plan participants.  
 (a) coddled (b) compensated (c) competent (d) considered

**Credit Risk**

- Q1 The credit crisis of 2007 has market participants worldwide paying more attention than ever to the ..... management of their risk exposures.  
(a) arcane (b) astute (c) eclectic (d) elite
- Q2 No investment, trading counterparty or client is completely ..... and free of risk, says Frank Reiss of Euroclear.  
(a) candid (b) pristine (c) sterile (d) transparent
- Q3 This sentiment has ..... to the short-term cash markets as well, with treasury desks acutely aware that the reluctance of certain banks to lend freely in the inter-bank market is creating caution and apprehension among the most seasoned professionals.  
(a) percolated (b) permeated (c) pressured (d) prevailed
- Q4 Risk-taking brings profit, but good risk management allow firms to keep it; for example, the growing over-the-counter (OTC) derivatives market involves lots of risk and provides ..... rewards for those that navigate well.  
(a) beautiful (b) gorgeous (c) handsome (d) pretty
- Q5 The three foremost derivatives classes — interest rate swaps, equity and credit derivatives — have soared to 327 trillion outstanding according to International Swaps and Derivatives Association figures; however, this ..... growth has not been matched by adequate attention to operational risks.  
(a) expeditious (b) meteoric (c) reciprocal (d) spontaneous
- Q6 In fact, the rise in OTC derivatives trading and the lack of post-trade standardisation and automation is a cause for serious concern; today, firms ..... with piles of unprocessed transactions, leading to severe breaks in reconciliation, and problems with collateral and exposure management further downstream.  
(a) dawdle (b) fumble (c) grapple (d) ramble
- Q7 Adding to this operational conundrum is the November 2007 Basel II deadline — guidelines that set out to ..... operational risk from credit risk.  
(a) asseverate (b) discriminate (c) integrate (d) segregate
- Q8 As from 1 November, firms will be required by law to have rigorous risk and capital management measures in place, designed to ensure that banks hold capital reserves ..... to the risk exposures arising from their lending and investment practices.  
(a) commensurate (b) equivalent (c) proportional (d) relevant
- Q9 Today's changing market dynamics and the vast sums at ..... have rocked the market into greater risk awareness.  
(a) gaze (b) large (c) once (d) stake
- Q10 And as the market knows only too well, dynamics that are not managed can ..... untold financial risks.  
(a) enlarge (b) enlist (c) ensue (d) entail

*Threat Assessment for Information Assurance*

- Q1 The Information Assurance Advisory Council (IAAC) project team was assigned to enable the research to benefit from consultations with IAAC members and to use IAAC as a ..... channel for the research results.  
(a) discrimination (b) dissemination (c) dissertation (d) distillation
- Q2 Amongst both governments and businesses, there is increasing concern that information security ..... and cybercrime will undermine trust in the new economy and threaten the development of the Information Society.  
(a) blankets (b) breaches (c) fissures (d) fractures
- Q3 However, the current information systems security ..... is a reactive model that involves detection of, and reaction, to attacks once they are underway.  
(a) paradigm (b) plan (c) posture (d) program
- Q4 There is a ..... end-user need to increase warning time so that organisations can take preventive steps to minimise their losses from cyber-attacks.  
(a) peremptory (b) pressing (c) problematic (d) proximal
- Q5 Due to the need to limit the project to observable open source indicators, the project focused upon one portion of the threat spectrum, namely crackers and .....  
(a) hacktivists (b) phishermen (c) spammarians (d) trollsters
- Q6 The project involved the establishment of a comprehensive ..... for monitoring numerous sources of communications about and between threat actors.  
(a) agenda (b) domain (c) effort (d) regime
- Q7 By fusing technical indicators with a range of indicators based on attacker motives and intentions, the project was able to categorise threat entities, ..... in trend analysis and provide some threat course of action prediction.  
(a) engage (b) enlist (c) immerse (d) invest
- Q8 Substantive, positive discoveries were made about the viability of employing early warning methodologies against sub-state cyber-threats but the programme did not attempt to actually predict an ..... attack.  
(a) imminent (b) implicit (c) implied (d) irremediable
- Q9 Threat profiling, taking into account motives, intentions, capabilities and behavioural patterns, emerged as one of the most profitable ..... in building predictive indicators of sub-state cyber threats.  
(a) avenues (b) boulevards (c) lanes (d) roads
- Q10 The project proved the concept of building a systematic, repeatable and quality-assured Intelligence Process to collect, ..... and analyse open source communications concerning sub-state threat actors.  
(a) allocate (b) collate (c) distribute (d) update

*The Role of China in Asia*

- Q1 Over the past two decades, China has embarked on a process of development that has taken it at ..... speed from a poor, largely rural economy to a global economic force.  
 (a) backbiting (b) backbreaking (c) breadwinning (d) breathtaking
- Q2 The sheer size of its workforce and the speed of its transformation have posed enormous challenges for many countries around the world, but nowhere more than in its own .....  
 (a) backyard (b) garden (c) grounds (d) outback
- Q3 The challenge is particularly important in Asia because from the point of view of smaller and in some cases more-developed Asian economies, it would be hard not to see China's low-cost labor force and enormous scope for ..... of scale as a fearsome competitive threat.  
 (a) economies (b) expansions (c) facilities (d) factories
- Q4 At the same time, China offers enormous opportunities as both a partner in production and a huge potential market of more than a billion consumers; other Asian economies may try to seek out markets in China, perhaps in ..... consumer goods likely to be of interest to the burgeoning middle class.  
 (a) upend (b) upscale (c) upside (d) upstream
- Q5 Or other Asian countries may try to '.....-back' on China's extraordinary success as a low-cost exporter by integrating production processes through trade fragmentation.  
 (a) cash (b) piggy (c) razor (d) roll
- Q6 They will certainly try to avoid direct competition with China, and this could involve looking for ..... where China is less active and shifting export-oriented industries in those directions.  
 (a) corners (b) niches (c) trades (d) venues
- Q7 It is also ..... that the increased reliance on domestic demand in the less-developed countries does not appear to have been reflected in lower rates of GDP growth in these countries.  
 (a) creditworthy (b) noteworthy (c) praiseworthy (d) trustworthy
- Q8 To the extent that countries are able to use China as a market, China may be becoming an independent ..... of growth for the region.  
 (a) engine (b) motor (c) root (d) seed
- Q9 To the extent that China is taking market share from other countries, it is also acting somewhat like a ....., forcing countries out of some areas of production; however, in the long run the principle of comparative advantage should dominate, and all countries should benefit.  
 (a) minesweeper (b) muleskinner (c) screwdriver (d) steamroller
- Q10 We examined both macroeconomic and microeconomic data to ..... some light on this issue.  
 (a) beam (b) bear (c) shed (d) show

*Latin America's Lack of Competitiveness*

- Q1 After 59 months of uninterrupted expansion, investors in Latin America keep ..... themselves and wondering out loud, "When will it end?"  
 (a) kicking (b) pinching (c) rubbing (d) scratching
- Q2 The recent financial market correction felt around the world on the heels of the US sub-prime mortgage crisis brought many a dooms-dayer to the ..... with predictions of currency slippage and spiking interest rates, says John Price of InfoAmericas.  
 (a) fore (b) front (c) stage (d) stand
- Q3 But Latin America is far less ..... than it used to be to contagion, politically-inspired capital flight, or drastic currency corrections; the region will not fall from one fatal blow, but it does risk death by a thousand cuts if it fails to reform itself into a more competitive economy.  
 (a) amenable (b) favorable (c) malleable (d) vulnerable
- Q4 The reforms of the 1990s have proven their worth in this time of plenty: by shrinking government, professionalizing monetary policy, floating currencies and freeing capital markets, the money entering the region is staying .....  
 (a) home (b) on (c) put (d) through
- Q5 Even in today's populist social environment, political leaders have made fiscal discipline and conservative monetary policy ..... of their economic strategies.  
 (a) hallmarks (b) heralds (c) landmarks (d) lanyards
- Q6 Bolivia's president, Evo Morales, hardly a ..... of commerce, remarked soon after taking office that "inflation and corruption hurt the poor the most".  
 (a) captain (b) colonel (c) commander (d) corporal
- Q7 If Latin America is doing so well, why can't it compete? — even the region's economic darling, Chile, is dropping like a ..... in global competitiveness rankings.  
 (a) ball (b) fly (c) leaf (d) stone
- Q8 Return on investment in a country is driven by productivity, and in Latin America, productivity performance is the .....: from 2003 to 2005, Latin American economies, when measured in dollars, expanded by an astonishing 53% but their productivity over the same three years grew by less than 4%.  
 (a) husks (b) lees (c) nuts (d) pits
- Q9 Today's winning industries in Latin America, such as mining (which attracted an impressive 23% of global exploration investment in 2006), metals, energy and agrifood, together provide little ..... to government to keep trade open.  
 (a) impetus (b) inertia (c) input (d) interest
- Q10 The nail in the ..... for free trade thinking in Latin America could come from a rejection by Washington politicians of proposed trade agreements with Peru, Colombia and Panama.  
 (a) bucket (b) coffin (c) foot (d) haystack

*Herrings*

- Q1 In the 1950s and 1960s, Norwegian spring-spawning herring (*Clupea harengus*) was a major commercial species, ..... by vessels from Norway, Iceland, Faroe Islands, the former Soviet Union and several European nations.
- (a) garnered (b) gleaned (c) harvested (d) reaped
- Q2 However, during this period the stock was subjected to ..... exploitation by several European nations, especially Norway, Iceland and the former Soviet Union, employing new and substantially more effective fishing technology.
- (a) heavy (b) solid (c) strict (d) weighty
- Q3 The annual catch peaked at 2 million MT in 1966; by this time, however, the stock was in serious ..... and a complete stock collapse occurred by the end of the decade.
- (a) decline (b) decrease (c) demise (d) descent
- Q4 Because of the overfishing and poor recruitment, the spawning biomass of the two major herring stocks fell ..... in 1968 and 1969.
- (a) imperceptibly (b) precipitously (c) tragically (d) undeniably
- Q5 Finally, with catch levels falling to practically nothing in 1970, a fishing ..... was declared.
- (a) abeyance (b) hiatus (c) moratorium (d) sanction
- Q6 In its ..... state, the adult population ceased migration and both adults and juveniles remained in Norwegian waters year round; recruitment remained weak throughout the 1970's and it was not until the strong year class of 1983 joined the adult population in 1986 that the stock began to recover.
- (a) depleted (b) depraved (c) depressed (d) deprived
- Q7 Until recently the situation was quite .....: there was no comprehensive regional agreement about the utilisation of the stock, so Norway, Russia, Iceland and Faroe Islands were able to fish at will within their own jurisdictions, and in international waters the stock could be caught legally by any interested fishing nation.
- (a) chaotic (b) episodic (c) frenetic (d) spasmodic
- Q8 In 1995, the Advisory Committee on Fishery Management recommended a total allowable catch (TAC) for the Norwegian spring spawning herring of 513,000 MT, but Norway announced an individual TAC of 650,000 MT; then Iceland and Faroe Islands followed ..... and announced their own combined TAC of 250,000 MT.
- (a) along (b) suit (c) that (d) through
- Q9 The European Union did not take part in a TAC commitment and continued fishing at near capacity, but in 1997, the EU became a ..... to an agreement limiting the maximum total catch to 1,498,000 MT.
- (a) partisan (b) partner (c) signatory (d) signature
- Q10 The stock of spring-spawning herring showed great ..... and continued to increase.
- (a) livelihood (b) mortality (c) persistence (d) robustness

*Intuitive Bookkeeping*

- Q1 ..... bookkeeping can be used to account for cash and bank based systems and has the advantage of being simple and intuitive to use, but it will not account for non-cash or non-bank transactions, which have a significant effect on accounts but do not immediately cause a change in the cash or bank accounts.  
 (a) Cash Flow (b) Ledger (c) Outsource (d) Single Entry
- Q2 The U.S. Virgin Islands has received its second ..... grade bond rating from Standard & Poor's; the announcement by one of the world's leading rating agencies granting its BBB- rating follows the recent announcement by Moody's to grant the territory its BAA3 rating.  
 (a) approved (b) investment (c) preferred (d) quality
- Q3 A market ..... strategy increases your potential tax liabilities: if you sell your stocks after two good years in the market, based upon the empirical findings that a bad year is more likely to follow, then you'll have to pay capital gains taxes when you sell your stocks, and over your lifetime as an investor you will pay more in taxes.  
 (a) testing (b) timing (c) tracing (d) tracking
- Q4 The first few personnel added to a project will add a lot to productivity, after which there is a diminishing ..... to a point where this is actually negative and growingly negative for each added person due to the communication and coordination overhead.  
 (a) advantage (b) effect (c) payoff (d) return
- Q5 An option pricing ..... is a graphical representation of the estimated theoretical value of an option at one point in time, at various prices of the underlying stock.  
 (a) curve (b) distribution (c) model (d) slope
- Q6 American Funds is a ..... of 30 mutual funds and the American Funds Target Date Retirement Series with a wide range of investment objectives and a unique approach to investment management.  
 (a) family (b) kindred (c) lineage (d) relation
- Q7 The triple ..... pattern is composed of three sharp lows, all at about the same price level: prices fall to a support level, rise, fall to that support level again, rise, and finally fall, returning to the support level for a third time before beginning an upward climb.  
 (a) basement (b) bottom (c) dive (d) drop
- Q8 ..... deed is a legal document that helps to transfer your share of interest in the property (house, land, mobile home, etc) to another person; while the interest is transferred, no warranty is made that the grantor actually has ownership rights on the property or that the property is free of debt.  
 (a) A common law (b) An easement (c) An individual grant (d) A quitclaim
- Q9 The major benefit of having ..... risk is that it gives you the ability to stick with an option trade no matter how far the market goes against you, or how volatile the market becomes; there is no margin to pay like in futures and you cannot be stopped out of your position on a minor correction.  
 (a) controlled (b) limited (c) minimized (d) monitored
- Q10 WebSideStory Investor .....: Our goal is to present existing and potential investors with an accurate portrayal of the company's performance and prospects; come here to find the latest financial news and information about us, including earnings announcements, webcasts and more.  
 (a) Affairs (b) Promotions (c) Publicity (d) Relations

*The National Debt*

- Q1 The national debt can be thought of as the accumulated debt the government owes from all those years of borrowing money to pay off the annual federal .....
- (a) bonds (b) deficits (c) expenditures (d) instruments
- Q2 ..... market refers to the purchase or sale of securities between the time of their initial issuance and before they mature; many money market instruments are sold and bought several times by different investors before they mature.
- (a) Recycle (b) Resale (c) Secondary (d) Secondhand
- Q3 There are roughly six main categories of ..... liabilities: Long-Term Debt, also known as Funded Debt, Bonds Payable, Obligations Under Capital Lease, Deferred Tax Liability, Pension Liability, and Mortgages Payable.
- (a) intangible (b) noncurrent (c) nonrefundable (d) unhedged
- Q4 For tax years 2004 and earlier, use the tax ..... if your taxable income is less than \$100,000; if \$100,000 or more, use the tax rate schedules.
- (a) calculation (b) listing (c) minimum (d) tables
- Q5 The literature focuses on Chinese and Japanese exchange rate strategies as the origin of the Asian crisis; McKinnon and Schnabl argue that, from 1995 to 1998, the depreciation of the Japanese yen eroded the international competitiveness of its smaller neighbouring countries, which kept ..... to the dollar.
- (a) fixing (b) floating (c) pegging (d) posting
- Q6 A ..... contribution is an extra contribution paid in addition to the mandatory contribution a member can pay to the pension fund in order to increase the future pension benefits.
- (a) arbitrary (b) discretionary (c) salutory (d) voluntary
- Q7 The ..... started as an alternative to the NYSE; it originated when brokers began meeting on the curb outside the NYSE in order to trade stocks that failed to meet the Big Board's stringent listing requirements.
- (a) AMEX (b) COMEX (c) NASDAQ (d) NYMEX
- Q8 Congress created the Commodity Futures Trading ..... (CFTC) in 1974 as an independent agency with the mandate to regulate commodity futures and option markets in the United States; the agency's mandate has been renewed and expanded several times since then, most recently by the Commodity Futures Modernization Act of 2000.
- (a) Commerce (b) Commission (c) Committee (d) Community
- Q9 Stop-and-..... should be used sparingly, when conditions require it; if your stop loss gets hit, it usually means that the market will go against you for some time before moving back in your direction, so your outlook should be to reinstate your original trade in the original direction, not trade in the opposite direction.
- (a) recall (b) reorder (c) reverse (d) review
- Q10 ..... assumes that an entity sells, uses or disposes of its newest inventory first; using this method to evaluate and manage inventory can be tax advantageous, but it may also increase tax liability.
- (a) FIFO (b) LIFO  
(c) specific identification (d) weighted average

*Investment in Plant, Property and Equipment*

- Q1 ..... is commonly found on the Cash Flow Statement as 'Investment in Plant, Property and Equipment' or something similar in the Investing subsection.  
 (a) Capex (b) Flox (c) Invex (d) Opex
- Q2 While a Private Investment in Public ..... transaction is marketed to a limited number of investors over a short period of time, a traditional public transaction may require a broader marketing process and, in the case of an add-on offering, the filing of a registration statement with the SEC prior to pricing.  
 (a) Companies (b) Corporations (c) Entity (d) Equity
- Q3 There are two major types of limitations on debt: the first has to do with how long debt problems can show up on your credit reports, and the second is the ..... of limitations, which gives creditors a certain time period — in most states, three to six years — in which to sue you over a debt.  
 (a) code (b) edict (c) statute (d) writ
- Q4 A CGT asset is ..... asset at a time if, at that time: (a) you own the asset and (i) you use it, or hold it ready for use, in the course of carrying on a business; or (ii) it is used, or held ready for use, in the course of carrying on a business by your affiliate, or by another entity that is connected with you.  
 (a) an active (b) an integral (c) an operating (d) a tangible
- Q5 Interest dividends paid by a ..... bond fund may be taxable under the federal alternative tax (AMT) system if the bonds held by the fund are issued to cover the costs associated with certain private activity projects, such as housing projects, hospitals, airport expansion projects, or industrial parks.  
 (a) metropolitan (b) municipal (c) preferred (d) public
- Q6 The distinction taken in courts of equity is between a title which the court considers to be so clear that it will enforce its acceptance by a purchaser, and one which the court will not go so far as to declare a ..... title, but only that it is subject to so much doubt that a purchaser ought not to be compelled to accept it.  
 (a) bad (b) dead (c) null (d) void
- Q7 If you don't specify an exchange code after entering a stock or index symbol, our database will match the symbol with its ..... exchange — usually the TSE in Canada or the NYSE or Nasdaq in the United States.  
 (a) inaugural (b) initial (c) primary (d) principal
- Q8 The ..... takes the body of the butterfly — two options at the middle strike — and splits it between two middle strikes rather than just one; in this sense, it is basically a butterfly stretched over four strike prices instead of three.  
 (a) collar (b) condor (c) long butterfly (d) split spread
- Q9 The insurer of a ..... life annuity calculates its obligation only until the last regular payment preceding the annuitant's death; because the payments expire when you do, selecting this form of annuity is, in a sense, a bet that you expect to live longer than the average person.  
 (a) limited (b) single (c) standard (d) terminal
- Q10 The husband of televangelist Juanita Bynum denies treating her cruelly and says they have not been continuously separated since June, as her divorce petition alleges; in his ....., Bishop Thomas Weeks also asks for a divorce, but says he and Bynum spent one night together in August that boosted his hopes for reconciliation.  
 (a) counterclaim (b) deposition (c) rebuttal (d) testimony

*Canada Pension Plan*

- Q1 The Canada Pension Plan ..... benefit is a one-time, lump-sum payment made to the contributor's estate; if there is no estate, the person responsible for the funeral expenses, the surviving spouse or common-law partner or the next of kin may be eligible, in that order.  
(a) death (b) deceased (c) demise (d) departed
- Q2 ..... bonds are debt securities that states, cities, counties and other governmental entities issue to raise money for such as building schools, highways, hospitals, sewer systems, and other special projects; a primary feature is that the interest is generally exempt from federal income tax.  
(a) Civic (b) Municipal (c) Public (d) Urban
- Q3 A ..... of credit is an arrangement you can make with your financial institution that allows you to borrow money up to a pre-determined limit; as you pay it down, you can draw on it again, back up to the limit you are allowed.  
(a) length (b) letter (c) lien (d) line
- Q4 Each warrant is exercisable for 1/2 share of common stock at \$0.15 per warrant share, they are only exercisable in ..... lots (i.e. 2 warrants exercisable at \$0.30 for 1 share of common stock), and are exercisable for a period of three years and expire October 10, 2005.  
(a) double (b) even (c) paired (d) twin
- Q5 This paper examines the empirical relationship between technology and financial .....: it tests whether real flexibility increases debt capacity by lowering default risk or decreases debt capacity by enabling shareholders to risk-shift through risky production strategies or asset substitution.  
(a) foundation (b) fundamentals (c) infrastructure (d) structure
- Q6 ..... earnings per share (also called fully diluted EPS) takes into account all shares currently outstanding, plus the number of shares that would be outstanding if all convertible bonds and convertible preferred stock (preference shares) were exchanged for common stock (ordinary shares).  
(a) Extended (b) Gross (c) Primary (d) Qualified
- Q7 In today's Kinder Morgan deal, Goldman has signed something else, something called a 'highly ..... letter', which means that Goldman thinks it can most probably find lenders and sell bonds, and will try really hard, but if this proves too difficult, Goldman isn't on the line for the money.  
(a) conceivable (b) confident (c) liable (d) likely
- Q8 Included in foreign denominated debt is a ..... currency bond issued in yen, totalling 18,635 million yen (1998: 18,635 million yen), and repayable in US dollars totalling \$150 million US (1998: \$150 million US); the bond has been hedged to \$200 million (1998: \$200 million), and matures on February 29, 2000.  
(a) base (b) dual (c) primary (d) secondary
- Q9 Notice what happens by adding a little bit of asset B to the portfolio that consists entirely of A: moving up and to the left on the curve, the return increases and the risk decreases; in modern portfolio theory parlance, asset A must be an ..... portfolio.  
(a) imperfect (b) imprecise (c) inadequate (d) inefficient
- Q10 The important variables on an adjustable rate mortgage are the ..... frequency (one year is the most common), the base index (typically Treasury yield that matches the ARM frequency) and spread (typically 250-300 bps) used to calculate the new interest rate, the caps, and the teaser rate (a below-market initial rate).  
(a) refit (b) renew (c) reset (d) review

*Constituent Companies*

- Q1 ..... share weighted index is a stock index in which stocks affect the index in proportion to the number of shares outstanding of the constituent companies (i.e. the number of stocks listed) and thus the company with more shares outstanding influences the index more greatly.  
(a) A corporate (b) A market (c) An issue (d) An open
- Q2 '..... mortgage' means an obligation to pay a sum of money evidenced by a note and secured by a lien upon real property containing two or fewer residential units or on which two or fewer residential units are to be constructed and includes such an obligation on a condominium or cooperative unit.  
(a) Domicile (b) Homeowner (c) Premises (d) Residential
- Q3 Any agreement that tends to insure an investor his relative price advantage or percentage ownership is ..... provision.  
(a) a maintenance (b) an antidilution (c) a stabilization (d) a status quo
- Q4 In the late 70s, Wall Street came up with a scheme by which lenders could make one package of many mortgages and sell these packages to investors, who then traded the securities among themselves: thus was born a bubbling ..... mortgage market.  
(a) residual (b) retail (c) secondary (d) subsidiary
- Q5 A company may not have taxable income, but may show ..... profit either by adopting the straight-line depreciation method or by not debiting capital expenditure on scientific research and development to its profit and loss (P&L) account.  
(a) accrued (b) book (c) intangible (d) real
- Q6 A nondeductible ..... to a traditional individual retirement account (IRA) typically occurs because an individual participates in an employer retirement plan and has modified adjusted gross income above certain levels.  
(a) admission (b) contribution (c) exclusion (d) inclusion
- Q7 Flag and .....: these two short-term chart patterns are continuation patterns formed when there is a sharp price movement followed by a generally sideways price movement; the pattern is then completed upon another sharp price movement in the same direction as the move that started the trend.  
(a) Banner (b) Blanket (c) Pennant (d) Poster
- Q8 Owners of a ..... account are ultimately responsible for keeping track of their available funds, even though the bank will routinely issue its own accounting statements; some banks will protect account holders by making the proper payments and notifying the owner that an overdraft has taken place.  
(a) cash (b) checking (c) money market (d) time deposit
- Q9 Nasdaq said today that it had scaled back its proposal to reduce the minimum number of shares that can be traded under the commission's new order-handling rules; its original proposal would have reduced the minimum ..... size from 1,000 shares to 100 for all 5,540 stocks to be covered by the new rules.  
(a) batch (b) lot (c) offer (d) quote
- Q10 Options contracts are sold in lots of 1,000 shares and each contract has a specific strike price; BHP has an option ..... that expires every month whereas a stock such as Rinker Limited (RIN) may only have options every 3 months.  
(a) sequence (b) series (c) strand (d) string

**IKEA**

- Q1 The Sweden-based Inter IKEA Systems BV (IKEA) is the world's largest furniture retailer that specializes in ..... but inexpensive Scandinavian designed furniture.  
(a) faddish (b) lavish (c) rakish (d) stylish
- Q2 In addition to furniture, IKEA also sells ..... items such as utensils, hooks, clips, stands, etc.  
(a) complementary (b) detachable (c) practical (d) utility
- Q3 IKEA's founder, Ingvar Kamprad, has built an international furniture chain of 226 stores in Europe, Africa, Asia and the US; it has been successful in almost all countries, because of public ..... of the IKEA brand.  
(a) acceptance (b) approbation (c) approval (d) awareness
- Q4 IKEA is far more than a furniture merchant; it sells a lifestyle that customers around the world embrace as a signal that they've ....., that they have good taste and recognize value.  
(a) achieved (b) arrived (c) satisfied (d) succeeded
- Q5 The British design magazine Icon said, "If it wasn't for IKEA, most people would have no access to ..... contemporary design."  
(a) affordable (b) expensive (c) impressive (d) modern
- Q6 The magazine also voted Kamprad as the most influential ..... in the world.  
(a) cabinetmaker (b) marketmaker (c) pacemaker (d) tastemaker
- Q7 Kamprad established IKEA in 1943 at the age of seventeen; he came ..... with the name IKEA by combining the first letters of his name (Ingvar Kamprad), followed by the first letters of the farm and village he grew up in (Elmtaryd and Agunnaryd).  
(a) out (b) through (c) up (d) (none)
- Q8 Kamprad started his business by buying pens, Christmas cards, matches, cigarette lighters, nylon stockings and other items in .....; he sold these items to the residents of Smaland at a reasonable price, but still made healthy profits.  
(a) bulk (b) particular (c) stock (d) town
- Q9 To save more money, Kamprad would ..... his packages on the trucks that delivered milk.  
(a) bandwagon (b) piggyback (c) snowball (d) upload
- Q10 IKEA soon started making money, and in 1945, Kamprad started promoting business through mail ..... catalogues, as conducting individual sales calls became impossible.  
(a) business (b) delivery (c) franchise (d) order

*Global Marketing Strategy Factors*

- Q1 Going global has become the economic ..... of many organizations, according to Jonathan Elimimian, Department of Business and Economics, Johnson C. Smith University.  
 (a) aspiration (b) destination (c) fascination (d) inspiration
- Q2 It is important to be aware of the fact that the world is so technologically complex and fast changing that it is difficult to identify the current level of global marketing changes facing ..... economies.  
 (a) conditional (b) marginal (c) parochial (d) transitional
- Q3 We already know that strategic alliances and ..... with different countries worldwide bring new capabilities, capacities, technologies and new strategic business ideas to these new markets.  
 (a) affinity (b) consanguinity (c) fraternity (d) proximity
- Q4 Economies that are ..... global societal strategies to enter the world market will need to recognize the importance of other countries' social and cultural complexities.  
 (a) embellishing (b) embracing (c) enacting (d) entrancing
- Q5 The ..... of globalization and constant competitive shifts have increased the volatility of corporate posture both in domestic and global markets.  
 (a) immediacies (b) importunities (c) indelicacies (d) intricacies
- Q6 For now, the playing ..... is not equal access to global market entry between industrialized nations and emerging economies of the world.  
 (a) field (b) ground (c) pitch (d) space
- Q7 Everything in the vast ..... of globalization favors the industrialized nations, which are wealthy, technologically advanced, creative and determined to dominate the world market.  
 (a) area (b) arena (c) stadium (d) studio
- Q8 These advanced nations are fully aware of the extra economic and technological power they possess with technologies, information, capabilities, access and knowledge of what the world market is .....  
 (a) about (b) around (c) found (d) (none)
- Q9 Global societal strategy will be ..... to all businesses worldwide as the world market is becoming closer due to advanced technological infrastructures.  
 (a) imperative (b) imperious (c) implicated (d) implied
- Q10 Most evolving economies will definitely find it difficult to ..... a global market already dominated by the industrialized nations.  
 (a) imitate (b) initiate (c) penetrate (d) perpetrate

*Cash as a Strategic Asset*

- Q1 According to Thomas Schickler of JPMorgan Chase Treasury Services, cash, having reached unprecedented levels on the balance sheets of companies around the world and still growing, has been cast in a new .....
- (a) film (b) light (c) mould (d) stream
- Q2 Once considered simply a consequence of business activities, cash has evolved into a strategic asset, valued as a hedge against market volatility and amassed to stay ..... in a world of business opportunities.
- (a) ample (b) humble (c) nimble (d) simple
- Q3 This ..... change in how cash assets are viewed and treated has implications for corporate treasurers, who are looking to minimise risks, optimise returns, get the most from their cash portfolios and make the most of their own valuable time.
- (a) climate (b) earth (c) sea (d) weather
- Q4 The historical market perception was that holding cash would ..... shareholder value and, therefore, cash should be quickly deployed, but that's not necessarily the case, especially not today.
- (a) abort (b) absorb (c) erase (d) erode
- Q5 Today, companies are holding more cash than ever before, and this build-up of cash levels can be attributed to a number of factors, ranging from increased sensitivity to overcapacity following the ..... of the 'Internet bubble' to geopolitical instability.
- (a) implosion (b) imposition (c) impotence (d) impression
- Q6 Throughout the recent cycles in monetary policy and capital market conditions, companies have consistently expanded their cash holdings, but economic cycles alone do not explain the continuing cash build-up, which suggests a fundamental shift in how companies view cash: as an asset class in its own .....
- (a) account (b) case (c) right (d) way
- Q7 Recent events in the global capital markets have led to a ..... reassessment of risk, and emphasised the importance of synchronising the credit and liquidity components embedded in investment alternatives with the needs and risk tolerance of the corporation.
- (a) holistic (b) whole-hearted (c) wholesale (d) wholesome
- Q8 Corporate treasurers are increasingly considering the trade-off between resources ..... and basis points gained, incorporating the cost of execution to determine total economic return.
- (a) expected (b) expended (c) entended (d) extracted
- Q9 To enhance the return on the overall cash portfolio, corporate treasurers see a greater need to break down the portfolio into different types of cash: ..... cash, the least predictable, to meet daily needs; reserve cash, providing a liquidity cushion; and strategic cash, the most predictable, for discretionary use.
- (a) factional (b) fictional (c) fractional (d) frictional
- Q10 Greater insight into the cash components provides true pricing power, while failure to create sufficient delineation among the components can significantly ..... total returns.
- (a) derogate (b) dessicate (c) deteriorate (d) detonate

*The Secondary Debt Market*

- Q1 "With the credit ..... likely to grow worse before it gets better, what are commercial banks doing in the face of this problem?" asks Kingsley Greenland of DebtX.  
(a) crash (b) crunch (c) crush (d) crutch
- Q2 Increasingly, the answer is to sell loans in the debt market; powered by electronic trading, the global secondary market is now sufficiently liquid on a day-to-day basis to efficiently dispose of non- or poorly-..... debt, as well as high-quality loans, as part of normal portfolio rebalancings.  
(a) doing (b) performing (c) returning (d) servicing
- Q3 Loan sales have become a ..... weapon because electronic due diligence, trading and closing allow competitive bidding of everything from multi-billion credits to loans or pools of loans as small as US\$1million.  
(a) portentous (b) portable (c) potable (d) potent
- Q4 As a result, loan sales are now more attractive than the traditional solution of ..... loan workouts; rather than incur the expense and management distraction of sticking with problem assets, it now makes more sense to sell and put the problems behind.  
(a) projected (b) promoted (c) protected (d) protracted
- Q5 The market's liquidity has translated into strong price execution, which makes a loan sale strategy all the more .....  
(a) commanding (b) compelling (c) condoning (d) conducting
- Q6 Today, debt can be traded at a fraction of the cost and time compared to the traditional, offline environment because electronic trading has eliminated much of the ..... in the process.  
(a) friction (b) inertia (c) momentum (d) resistance
- Q7 The high fixed transaction costs that previously ..... liquidity have largely gone away.  
(a) depressed (b) expressed (c) impressed (d) suppressed
- Q8 In previous years, ..... diligence required investors to make onsite visits to search boxes of loan documents, collateral information, appraisals, operating statements, court proceedings or other underwriting documents.  
(a) bank (b) clear (c) due (d) staff
- Q9 If investors decided against making an offer, or another bid was accepted, travel expenses and management time went .....  
(a) unrecovered (b) unreported (c) unrequited (d) unrewarded
- Q10 At electronic trading platforms, investors can now view hundreds or even thousands of pages of loan documents online; ..... of documents can be easily searched, and sophisticated financial modeling is built right into the platform.  
(a) reams (b) rolls (c) scrolls (d) stacks

*Inventory Management*

- Q1 The modern era of inventory management began in 1913 with the publication of a paper by a Westinghouse engineer, Ford W. Harris, on inventory optimization; over the succeeding decades, dozens of new and more ..... inventory optimization techniques were invented.  
 (a) elaborate (b) elegant (c) essential (d) established
- Q2 "But suddenly the music stopped," exclaims George Brown of Ewe Lamb Technologies: in the early 1980s, Japanese corporations began ..... out industry after industry in the United States and Europe.  
 (a) bailing (b) hollowing (c) reaming (d) tunnelling
- Q3 From analyses of their successes, one factor was obvious — Japan ..... far less inventory in proportion to sales than was considered 'optimal' — and minimization subsequently superseded optimization as the guiding philosophy of inventory management.  
 (a) employed (b) enlisted (c) heaped (d) hired
- Q4 Minimization dogma says that inventory is the corporate equivalent of 'fat' and should therefore be eliminated; treasury, for its part, was more than happy to endorse this fashionably ..... philosophy.  
 (a) anemic (b) anorexic (c) bulimic (d) dyslexic
- Q5 After all, through the magic of the liquid asset cycle, reductions in inventory wonderfully reappear as cash in treasury's .....
- (a) coffer (b) coffin (c) sarcophagus (d) sepulchre
- Q6 Minimization's ..... song was that 'a corporation can never be too rich or too lean'.  
 (a) simple (b) siren (c) swan (d) sweet
- Q7 A second explanation for the minority's inventory-contentment is almost certainly the misuse of 'nave' ratios (a ratio is said to be nave when it is completely ..... from true corporate objectives and performance).  
 (a) distracted (b) distraught (c) divided (d) divorced
- Q8 Most common naive ratios are 'inventory-to-sales' and its reciprocal, 'turns', which can provide a comforting but false sense of accomplishment as their numbers 'improve'; the inherent ..... of both is the assumption that less inventory is always better than more.  
 (a) canard (b) conundrum (c) palindrome (d) paradox
- Q9 This simply is not true: anyone who experienced the barren shelves of Moscow's Soviet-era department stores, or is told by a ..... that there are no more coffee-lids, will attest to the obvious fact that inventory shortages are a major source of customer dissatisfaction, lost sales, and lost profit.  
 (a) barista (b) canasta (c) rasta (d) turista
- Q10 The two major failed philosophical opposites, minimization and optimization, happen to nail down the extreme ends of a broad 'feasibility range' for inventory, and by slicing the middle ..... into a series of progressive investment options, we can calculate the expected returns, maturities, and risks for each increment.  
 (a) court (b) distance (c) field (d) ground

**Tax Planning**

- Q1 Whether planning for retirement, making an effort to reduce income taxes or maximizing current income, there are many excellent tax-deferred or tax-deductible investment options to consider; in fact, there are many tax-..... accounts from which your investment representative can choose, based on your goals.  
 (a) advantaged (b) averted (c) restrained (d) restricted
- Q2 Making a payment with a check and then changing your mind can be an expensive proposition: putting a stop-payment ..... on that check will cost anywhere from \$18 to \$32 at the 10 largest banks surveyed by Bankrate.com.  
 (a) demand (b) inquiry (c) order (d) request
- Q3 In the case of ..... liquidation by companies themselves, the companies are solvent and are terminated (and consequently liquidated prior to their dissolution) due to the companies wanting to discontinue operations, for whatever reason.  
 (a) a Chapter 7 (b) a Chapter 11 (c) an arbitrary (d) a voluntary
- Q4 Issues involving salvage value and useful life continued to arise, so Congress enacted IRC 168 in 1981; the ..... Cost Recovery System was intended to provide a less complicated method for computing depreciation by eliminating salvage value and specifying recovery periods for various asset classes.  
 (a) Absolute (b) Accelerated (c) Amended (d) Averaged
- Q5 For sophisticated investors, our firm, also registered as a ..... Trading Advisor (CTA), offers a wide variety of investment and trading solutions to suit various portfolios and investment strategies in asset management using commodities, futures and options.  
 (a) Certified (b) Commercial (c) Commodity (d) Corporate
- Q6 NetBank, the online bank with \$2.5 billion in assets, has been shut down after investments in risky mortgages defaulted at an alarming rate; customers with \$100,000 or less with the bank will be made whole by ..... insurance, and those with more will become creditors in the bank's receivership.  
 (a) FDIC (b) FDICIA (c) FRS (d) FSLIC
- Q7 The Power Authority has begun marketing its tax-free bonds for a \$7 billion takeover of LILCO; the investors who stand to gain the most are New York and Puerto Rico residents, for whom the bonds are exempt from local, state and Federal income taxes — ..... exemption for New York City residents.  
 (a) an absolute (b) an aggregate (c) a total (d) a triple
- Q8 Most investors are familiar with ..... I quotes; these quotes are the ones we're all comfortable with — Bid, Ask, Last trade, Volume, and so on.  
 (a) Class (b) Grade (c) Level (d) Step
- Q9 ..... Oscillator is a momentum indicator developed by George Lane that measures the price of a security relative to the high/low range over a set period of time; the indicator oscillates between 0 and 100, with readings below 20 considered oversold and readings above 80 considered overbought.  
 (a) An Anharmonic (b) An Isotropic (c) A Parametric (d) A Stochastic
- Q10 After 36 years in the investing business, Roger King has settled on several ways to root out stock bargains, but his favorite among them is to find stocks selling for less than what a buyer of the whole company might pay, the so-called ..... market value approach.  
 (a) breakdown (b) private (c) separate (d) wholesale

*Unsecured Debt*

- Q1 A ..... is a long-term debt instrument used by governments and large companies and is usually unsecured, in that there are no liens or pledges on specific assets; the advantage to the issuer is that they leave specific assets burden free, and thereby leave them open for subsequent financing.
- (a) bill (b) bond (c) debenture (d) note
- Q2 June 14 Regular Sale: We had a real big run of cows on an ..... market: overall, the market was steady but uneven on feeding cows; bulls were steady to higher; and heiferettes were strong to higher.
- (a) active (b) agile (c) alert (d) alive
- Q3 In Latin America, fiscal policy has not played a relevant ..... role: in recession, fiscal policy is typically oriented towards keeping financial solvency under control, while during booms, expenditure tends to expand with the phase.
- (a) anti-inflationary (b) countercyclical (c) interdisciplinary (d) macroeconomic
- Q4 ..... instrument is an instrument whose value is determined directly by markets: stocks, commodities, currencies and bonds.
- (a) A linear (b) An absolute (c) An elementary (d) A primary
- Q5 Financial commentators are beginning to see the Fed's emergency rate cut as 'Bernanke's first big mistake' — instead of holding the line against inflation, the Fed is now ..... out Wall Street; cutting rates suddenly, the Fed has come to the aid of speculators and the financial industry.
- (a) backing (b) bailing (c) bawling (d) bucking
- Q6 A ..... payment loan involves two transactions: the first occurs when a bank makes a loan and the second when the loan is repaid; these loans are often used to meet seasonal financing needs, as when a toy wholesaler who needs to buy inventory will obtain a loan and repay it after the Christmas season.
- (a) dual (b) due (c) simple (d) single
- Q7 Interest shall accrue at the rate of nine (9) percent per annum on the paid-in ..... account of each Partner, as determined from time to time, and such interest shall be paid by the Partnership semi-annually.
- (a) capital (b) credit (c) personal (d) principal
- Q8 A triple ..... lease is an agreement that lets the tenant shoulder all the costs that are related to paying real estate taxes, maintenance, building insurance, and other kinds of fees such as rent; the tenant is also responsible for shouldering expenses for any repairs that need to be done to the property.
- (a) need (b) net (c) threat (d) trap
- Q9 As its name suggests, ..... IRA is essentially a medium through which a transfer may be made from one qualified plan to another, and if properly structured, money is rolled over tax-free between plans with a temporary layover here.
- (a) a conduit (b) a corridor (c) an interim (d) an interval
- Q10 When your employer sends your pay to your checking or savings account rather than issuing you a paper check, you're participating in .....; these arrive and are made available to you more quickly than paper checks, and can be automatically divided among different accounts based on your direction.
- (a) cash back (b) direct deposit (c) line of credit (d) standing order

*Life Insurance*

- Q1 After his wife was killed in a traffic accident, David was left to bring up their two-year-old daughter alone; the grieving electrician knew he could never replace 29-year-old Sarah, but he hoped that claiming on their ..... life insurance policy would help meet the costs of suddenly becoming a lone parent.  
(a) dependent (b) dual (c) second death (d) survivalist
- Q2 In 1920, the NYSE established the Stock ..... Corporation to provide a centralized system to enable the verification of information between brokers in a securities transaction and the subsequent settlement (delivery of certificates in exchange for payment) among members, banks and companies.  
(a) Clearing (b) Conveyance (c) Transfer (d) Transmittal
- Q3 The marketing people claim a range of advantages for ..... of funds: less risk than investing in just one or two funds, a diversified portfolio both geographically and among different asset classes without having to buy dozens of funds, and avoiding the headache of constantly monitoring a portfolio.  
(a) files (b) funds (c) pools (d) portfolios
- Q4 The big advantage of ..... cost accounting is that it leads to absolute certainty and it fits in perfectly with the cash flow statement and so there is no doubt about balance sheet amounts; whereas the alternatives, where accountants attempt to take inflation into account, can lead to many problems.  
(a) actual (b) historical (c) initial (d) original
- Q5 An even ..... is a position for which the long position and short position have equal premiums, and therefore the investor neither pays nor receives a premium.  
(a) share (b) spread (c) stake (d) stop
- Q6 The fundamentals support \$100 oil because society is happily filling their gas tanks at that price, and the issue isn't geopolitics or speculation, it's pure ..... of demand; we have calcified our demand for oil through our massive, and largely not unloadable (due to refinanced mortgages) commitment to suburbia.  
(a) inelasticity (b) inevitability (c) stability (d) sterility
- Q7 In order to maintain the status quo, it is necessary to keep tight control on the amount of currency that is made available to the general public; increasing the amount of ..... money involves the addition of new cash to the economy, not replacing instruments that have been worn down by time and distribution.  
(a) active (b) hard (c) open (d) tender
- Q8 The Nikkei 300 is a ..... value-weighted index of the 300 major issues selected to represent listed stocks on the first section of the Tokyo Stock Exchange; it uses a weighted average based on capitalizations of component firms that contrasts with the widely followed Nikkei Stock Average, which is an average price.  
(a) book (b) market (c) relative (d) share
- Q9 The vertical axis of the ..... chart shows an equal distance along the axis for each absolute change in price; a stock that moves from \$20 to \$30 shows the same absolute change as an increase in price from \$50 to \$60, even though the move from \$20 to \$30 represents a 50% advance while the move from \$50 to \$60 represents only a 20% advance.  
(a) flat (b) graphic (c) linear (d) projection
- Q10 The ..... annual growth rate of an investment is computed by the formula:  $(P_v / P_0) (1/n)^{-1}$ , where  $P_v$  = Present value,  $P_0$  = Beginning value and  $n$  = Number of periods; the result is multiplied by 100 to obtain a percentage.  
(a) average (b) compound (c) effective (d) rolling

*MagicTicker*

- Q1 MagicTicker is a stock ..... ticker that looks much like the tickers you see on CNBC; it is fully configurable so you can watch just the stocks you want, and you can also input the number of shares you own for all your stocks and watch your portfolio move in real time.  
(a) count (b) quote (c) sale (d) watch
- Q2 For instance, say that, as the trading day opens, this Internet stock is at \$400: As long as the lowest price does not fall \$2.00 from its highest price, your order remains active, and if GOOG is able to reach \$404 without falling \$2.00, the new ..... price automatically advances to \$402 (\$404 — \$2.00).  
(a) opt (b) out (c) set (d) stop
- Q3 Clearly, the terms of the trust made King Jr.'s interest contingent upon whether the trustee chose to make payments to him from the trust income; in other words, unlike ..... trust, on the terms of the trust alone, King Jr. had no entitlement to any property of the trust.  
(a) a declassified (b) an indeterminate (c) a nondiscretionary (d) an unrestricted
- Q4 It is not so long ago that companies would put their ..... funds in government bonds or life insurance company annuities; as inflation rose in the 1960s and 1970s, companies found that rising salaries and low fixed-income returns made their retirement plans very expensive.  
(a) capital (b) employee (c) mutual (d) pension
- Q5 If the exercise price of a warrant or option is higher than the average price of the common shares during the accounting period, the exercise of the warrant or option will be .....  
(a) antiderivative (b) antidilutive (c) derivative (d) dilutive
- Q6 CKD Galbraith is one of the leading estate agencies in Scotland specialising in top quality Scottish ..... property from castles to cottages and sporting estates to farm land.  
(a) recreational (b) regal (c) residential (d) rural
- Q7 Burger King Announces ..... Offering: Burger King Holdings Inc. announced today that the private equity funds controlled by TPG Capital, Bain Capital Partners and the Goldman Sachs Funds intend to initially offer 23 million shares of Burger King common stock in an underwritten offering.  
(a) Secondary (b) Subsequent (c) Subsidiary (d) Supplementary
- Q8 The ..... shares are recorded in the records that are maintained by the agent, so that there is always a permanent record of the value of the shares, and who holds the rights to the shares; however, the actual stock certificates are never printed or forwarded to the investor.  
(a) base (b) book (c) paper (d) post
- Q9 The BU Foundation is a federally-recognized 501(c)(3) non-profit organization, so gifts to the Foundation are therefore tax ..... to the fullest extent of the law.  
(a) deductible (b) excluded (c) free (d) sheltered
- Q10 You cannot use 1040EZ if you claim the child and dependent care .....; it is a percentage, based on your adjusted gross income, of the amount of work-related child and dependent care expenses you paid to a care provider.  
(a) allowance (b) credit (c) deduction (d) exemption

*Suffrage*

- Q1 ..... stock is stock that allows for the right of suffrage with respect to the firm's affairs.  
 (a) License (b) Option (c) Preferred (d) Voting
- Q2 One approach to accounting for depreciation is to use one of the ..... methods (including the Sum of the Year's Digits and the Declining Balance), which are more conservative and, in most cases, accurate, assuming as they do that an asset loses a majority of its value in the first several years of use.  
 (a) accelerated (b) aggregated (c) concentrated (d) consolidated
- Q3 Municipal bond ..... protects investors in two ways: occasionally, cities or states that issue debt securities get into financial difficulty and may not be able to pay interest and principal on their debt as scheduled, or rating agencies may lower the ratings on an issuer's securities, causing the market value of its securities to decline.  
 (a) coverage (b) hedging (c) insurance (d) offset
- Q4 Washington, D.C., Sept. 27, 2007 — The Securities and Exchange Commission today charged the Federal Home Loan ..... Corporation (Freddie Mac) with securities fraud in connection with improper earnings management beginning as early as 1998 and lasting into 2002.  
 (a) Assistance (b) Finance (c) Guaranty (d) Mortgage
- Q5 Using ..... II quotes, an average investor can make a very informed decision as to whether to buy or sell based on this sometimes extensive information about who is willing to purchase or unload a particular stock and for how much.  
 (a) Level (b) Order (c) Stage (d) Tier
- Q6 ..... Mortgage Insurance (PMI) is extra insurance that lenders require from most home buyers who obtain loans of more than 80% of their new home's value; it protects a lender against loss if a borrower defaults and enables borrowers with less cash to have greater access to home ownership.  
 (a) Peripheral (b) Private (c) Proxy (d) Public
- Q7 ..... is a term for a person who handles large sums of money, usually involving money lending, financing projects, large-scale investing, or large-scale money management; the term has upscale and haughty connotations, and the stereotype portrayed by the term is typically of a wealthy and powerful person.  
 (a) Entrepreneur (b) Financier (c) Magnate (d) Tycoon
- Q8 The margin maintenance rules require that the investor's ..... (the current value of his stock less the value of the margin loan) stay at a certain level; if the maintenance rules require that it remain at 50 percent, and then the stock value falls below 50 percent, the investor would receive a 'margin call' from the brokerage firm.  
 (a) equity (b) interest (c) moiety (d) stake
- Q9 The balance of ..... is an accounting of a country's international transactions over a certain time period; it shows the sum of the transactions (purely financial ones, as well as those involving goods or services) between individuals, businesses, and government agencies in that country and those in the rest of the world.  
 (a) commerce (b) exchange (c) payments (d) trade
- Q10 If you are receiving or making payments for a loan or installment sale, but little or no interest is stated on the contract, the Internal Revenue Service assumes a rate of interest based on the published ..... federal rate.  
 (a) accredited (b) applicable (c) authorized (d) average

*The Markets in Financial Instruments Directive*

- Q1 According to Sanjima DeZoysa, Banking & Technology Editor for gtnews, the financial services industry currently faces an ..... amount of regulation that have two distinct objectives.  
(a) unanticipated (b) unprecedented (c) unsolicited (d) unsuspected
- Q2 The first is the increasingly ..... compliance environment in which firms must prove they have effective controls and processes in place to ensure accountability and an effective corporate governance model.  
(a) astringent (b) plangent (c) pungent (d) stringent
- Q3 The second objective is the ..... goal of the regulators, particularly in Europe, to encourage greater harmonisation, competition and customer protection within all financial markets.  
(a) overarching (b) overbearing (c) overreaching (d) overseeing
- Q4 This commentary considers some of the most significant regulations affecting the industry and how organisations are currently ..... with this.  
(a) coopting (b) coping (c) handling (d) heading
- Q5 Most EU regulatory work is based on the Financial Services Action Plan; the Markets in Financial Instruments Directive (MiFID) is a fundamental ..... of the FSAP and aims at increasing the range of investment activities that can be passported by firms, making it easier to conduct cross-border business.  
(a) pedestal (b) pillar (c) platform (d) post
- Q6 One of the main objectives of MiFID is to ensure that all clients have the necessary knowledge and experience to understand the risks involved in a product before investing in it: banks are ..... to ensure that retail clients are informed of potential risks connected with trading financial instruments.  
(a) coerced (b) intoned (c) obliged (d) remanded
- Q7 While the ..... behind MiFID are justified, there has been criticism about the regulators' expectations of the implementation process.  
(a) aspersions (b) aspirations (c) insinuations (d) inspirations
- Q8 "More ..... should be taken of the project management disciplines that are needed if legislation is to be implemented properly without giving rise to undue risks that occur if consequential changes are rushed," insists Paul Richards at the International Capital Markets Association.  
(a) account (b) action (c) concern (d) consideration
- Q9 "While MiFID has now come into force, there is still more work to be done in terms of whether firms have dotted the i's and ..... the t's on issues such as documenting procedures and finalising client agreements and consents," says Bernadine Reese, director, financial services group at Protiviti.  
(a) crossed (b) dashed (c) spotted (d) topped
- Q10 In the UK, further policy documents are expected in 2008 from the country's regulatory body, the Financial Services Authority (FSA), and a key issue ..... forward will be the position of collective investment scheme (CIS) operators in the post-MiFID world.  
(a) carrying (b) going (c) marching (d) setting

*Outsourcing in the Banking Sector*

- Q1 Santosh Patnaik of the United Bank of India reminds us that the idea of outsourcing has its roots in the 'competitive advantage theory' ..... by Adam Smith in his book 'The Wealth of Nations', published in 1776.  
 (a) instigated (b) instituted (c) propagated (d) prostituted
- Q2 A hundred years ago, the automotive industry was so vertically integrated that the largest car companies owned vast ..... of fields on which they grazed their own sheep to produce wool for use in car seats!  
 (a) grids (b) grounds (c) traces (d) tracts
- Q3 In the 1970s, the industry realised that it simply couldn't be good at everything; it then began to consolidate, converge and sell off those parts of the business that could be better sourced externally, especially where external suppliers could ..... greater economies of scale by supplying multiple manufactures.  
 (a) allocate (b) concentrate (c) fabricate (d) generate
- Q4 Business process outsourcing involves a third party managing the entire business process, such as accounting, financing, customer support and human resources; BPO is a strategy offering a ..... business value proposition for companies to gain operational efficiency, focus on core expertise, save time and reduce costs.  
 (a) coercing (b) compelling (c) constraining (d) convincing
- Q5 If one doesn't have the time, money or skill to do the job internally, or if there is a function that is a burden or is ..... affecting other parts of the business, outsourcing is worth considering.  
 (a) asymmetrically (b) detrimentally (c) inadvertently (d) unsuspectedly
- Q6 When companies first started thinking about outsourcing non-strategic functions, such as payroll, facilities management and logistics, their goal was to reduce costs; today, however, there is a far wider range of reasons why these organisations regularly ..... outsourcing core operations to third-party specialists.  
 (a) commutate (b) complicate (c) contemplate (d) correlate
- Q7 Since the 1990s, banks have been improving their efficiency ratios by acquiring or upgrading technology, cost cutting and consolidation; but now that further improvements are proving ....., costs have been trimmed to the minimum and consolidation gains have waned, banks are under pressure to improve earnings.  
 (a) delusive (b) disruptive (c) elusive (d) eruptive
- Q8 Outsourcing has thus become a way of moving banks' ..... resources away from trivial operations to value-added services, such as business strategy and execution, new opportunity identification and pricing, business results and interpretation, and M&A planning.  
 (a) fixed (b) fluid (c) scant (d) scarce
- Q9 With investor expectations growing day by day, banks are forced to re-examine their core functions; in effect, the distinction between core and non-core is ..... but surely diminishing, thereby increasing the number of functions that could be outsourced.  
 (a) simply (b) slightly (c) slowly (d) smoothly
- Q10 Outsourcing can be a huge success story but there are challenges; poorly-planned deals have ..... shortcomings — companies overestimate the economic benefits, fail to establish the right baseline for price negotiations and performance tracking, or are not prepared to manage the transition and post-deal situation.  
 (a) drab (b) dread (c) grave (d) grim

*Risks in the Baltic States*

- Q1 The Baltic states have enjoyed years of strong and sustained growth that has raised per capita income, hastening ..... with average EU levels; they have been among the four fastest-growing EU countries since 2001, remarks Edward Parker of Fitch Ratings.
- (a) concurrence (b) connivance (c) convergence (d) conversion
- Q2 However, Estonia, Latvia and Lithuania are, to varying degrees, facing rising inflation, tightening labour markets, rapid credit growth and substantial current account deficits, indicating that their economies are .....
- (a) overgrowing (b) overheating (c) overperforming (d) overspeeding
- Q3 The ..... in price stability has pushed back the euro adoption timetables for all three countries and Fitch expects inflationary pressures, particularly the requirement to adopt EU excise duties and raise administrative prices, and higher gas import prices, to be sustained in the medium term.
- (a) deceleration (b) decimation (c) deterioration (d) detonation
- Q4 Furthermore, the Baltic countries' currency pegs and the inflation differential with the rest of the EU contribute to 'perverse' pro-cyclical low real interest rates (as nominal interest rate par has largely been attained), ..... the economic and asset price boom in these countries.
- (a) spanking (b) spearing (c) spiking (d) spurring
- Q5 Fast-..... growth and labour emigration have driven unemployment rates to multi-year lows, adding to wage pressures: Estonia, Latvia and Lithuania had unemployment rates of 5.6%, 6.9% and 5.9% respectively at end-2006, all below the EU average of 7.9%.
- (a) geared (b) laned (c) paced (d) rated
- Q6 Growth levels far above the EU average have been financed for the ..... part through the rapid rise of external liabilities, which has fuelled the increase in external imbalances.
- (a) best (b) first (c) great (d) most
- Q7 All three countries' gross external debt levels were above the A-range median in both 2005 and 2006; Latvia's gross external debt ..... rose to over 100% in 2006, and the proportion of short-term external liabilities is also considerable, raising near-term financing risks.
- (a) baggage (b) burden (c) charge (d) cargo
- Q8 Nevertheless, Fitch believes there are important factors that ..... the negative pressure that growing external imbalances place on the ratings.
- (a) attenuate (b) correlate (c) legislate (d) mitigate
- Q9 Crucially, all three Baltic countries have had public external debt levels below 20% of GDP since at least 1993 and all are net public external creditors; low public debt levels, as well as small budget deficits (or a budget surplus in Estonia's case) also allow the Baltic countries scope to ..... any cyclical downturn.
- (a) bolster (b) buffet (c) catch (d) cushion
- Q10 Comparing the Baltic countries' macroeconomic indicators with those of pre-crisis Asia leads to the consideration of whether they are vulnerable to the type of financial market ..... that contributed to the spread of the crisis in Asia.
- (a) contagion (b) contraction (c) infection (d) implementation

*The Ukraine*

- Q1 With a booming economy and financial reformation underway, Ukraine is an increasingly attractive ..... for foreign investors.  
 (a) component (b) composition (c) proponent (d) proposition
- Q2 After parliamentary elections, Yulia Tymoshenko and Yushchenko's political groups are expected to form a coalition in the next government; even after this outcome, it seems likely there will be regular ..... of political uncertainty, but Ukraine is still booming economically, with GDP rising year-on-year by 7.7%.  
 (a) bounds (b) bouts (c) spates (d) spurts
- Q3 Although Ukraine is not a European Union (EU) ..... country, under the leadership of Yushchenko it is looking more towards the EU rather than Russia for its political and macroeconomic model.  
 (a) candidate (b) delegate (c) nominee (d) participant
- Q4 The Orange Revolution at the end of 2004 came ..... as Yanukovych's victory in the presidential election sparked mass protests, resulting in the election re-run that was won by Yushchenko.  
 (a) about (b) around (c) off (d) on
- Q5 This event ..... Ukraine's global profile and is also seen as the starting point of the real interest shown by foreign investors in the country's financial services sector.  
 (a) elevated (b) escalated (c) expanded (d) extended
- Q6 The Ukrainian hryvnia is not yet fully ....., but is expected to be completely deregulated by the end of 2008.  
 (a) convenable (b) conversable (c) convertible (d) conveyable
- Q7 Domestic and inter-bank payments in Ukraine are made through the real-time settlement system, called the System of Electronic Payments (SEP), which has been in ..... since the mid 1990s and is owned and operated by Ukraine's central bank, the National Bank of Ukraine.  
 (a) location (b) place (c) residence (d) site
- Q8 Liquidity management remains a great challenge for banks and corporates in Ukraine: cash concentration structures are not regulated by Ukrainian laws and can be treated as inter-company lending, which is the sole ..... of financial institutions.  
 (a) prerogative (b) proprietorship (c) sponsorship (d) support
- Q9 Presently, foreign banks may operate only representative offices or Ukrainian subsidiaries; this will open up more possibilities for the Ukrainian banks to develop new services and products, and to introduce a new advanced format of payments and cash management systems which are ..... particularly high demand from multinational clients.  
 (a) for (b) in (c) of (d) (none)
- Q10 Ukraine is currently in the process of ..... to the World Trade Organisation (WTO) and this will also mean increasing standardisation of the financial environment and will result in a more attractive environment for foreign investors.  
 (a) acceding (b) accessing (c) ascending (d) aspiring

*The Act of State Doctrine*

- Q1 The Act of State Doctrine, a ..... of law so old its roots may be traced back to the 17th Century, entered into American jurisprudence in the classic case *Underhill v. Hernandez*.
- (a) case (b) fact (c) rule (d) statute
- Q2 In an 1892 revolution, General Hernandez ..... the existing Venezuelan government and took control of Ciudad Bolivar, where plaintiff Underhill lived and ran a waterworks system for the city.
- (a) expelled (b) exposed (c) expropriated (d) expunged
- Q3 Underhill, an American citizen, repeatedly ..... to Hernandez for an exit passport, but his requests were refused, and Underhill was forced to stay in Bolivar and run the waterworks.
- (a) applied (b) beseeched (c) entreated (d) pleaded
- Q4 Hernandez finally ..... and allowed Underhill to return to the United States where he instituted an action to recover for his detention in Venezuela.
- (a) recanted (b) relented (c) reneged (d) retorted
- Q5 In finding for the defendant, a New York Court determined that Hernandez had acted as a military commander, and through this position he had ..... governmental authority.
- (a) imparted (b) implicated (c) imposed (d) imputed
- Q6 The Court reasoned that every sovereign state is bound to respect the independence of every other sovereign state, and the courts of one country will not ..... in judgment on the acts of the government of another, done within its own territory.
- (a) reign (b) rule (c) sit (d) stand
- Q7 In later decisions, the courts ..... on the principals and policies underlying the Act of State Doctrine.
- (a) expatriated (b) expiated (c) expounded (d) expressed
- Q8 *Banco Nacional de Cuba v. Sabbatino* stated that although the Doctrine is not implicit in the Constitution, it does have constitutional .....
- (a) infrastructure (b) overviews (c) sustenance (d) underpinnings
- Q9 The court acknowledged an implied separation of powers in Act of State questions, reasoning that sensitive areas of foreign policy were better ..... to the executive branch.
- (a) given (b) left (c) sent (d) taken
- Q10 After *Sabbatino*, Congress moved swiftly to ..... the act of state doctrine, but the judiciary has undermined the effort by narrowly interpreting the amendment and continuing to apply the doctrine wherever it does not conflict with a constrained reading of the Hickenlooper Amendment.
- (a) condone (b) contain (c) curtain (d) curtail

*Gain in Market Price*

- Q1 A gain (or loss) in the market price of an investment is called capital ..... and is one way for investors to profit from an investment in company; the other is through dividend income.  
 (a) accrual (b) accumulation (c) acquisition (d) appreciation
- Q2 ..... premium life insurance can also benefit the insured or the purchaser during his or her lifetime: the purchaser can surrender the policy for its cash value at any time, and a few policies guarantee the cash value to be no less than the one-time deposit.  
 (a) Simple (b) Single (c) Sole (d) Solitary
- Q3 Shares were higher in afternoon trade, led by Siemens and BMW, helped by a higher opening to trade across the Atlantic and by investors altering and building their positions on ..... witching day — the day on which options, index options and future contracts all simultaneously expire.  
 (a) quarterly (b) synchronized (c) triple (d) united
- Q4 Section 1.150-1(b) defines the term '..... borrower' as the obligor on a purpose investment: for example, if an issuer invests proceeds in a purpose investment in the form of a loan, lease, or similar obligation to another entity and the obligor uses the proceeds to carry out the governmental purpose of the issue.  
 (a) channel (b) collateral (c) conduit (d) conveyance
- Q5 There are a number of ways or platforms (referred to as 'levels') that Nasdaq uses to provide share price quotes to the public; the main difference between these levels is the extent of information and access provided to the investing, and only NASD member firms which are market makers have the ability to utilize ..... quotes.  
 (a) Level I (b) Level II (c) Level III (d) Level IV
- Q6 The Student Loan ..... Association is a publicly traded company that is the largest provider of educational loans in the U.S.; it was originally formed in 1972 as a government enterprise but as of 2004 is a completely independent publicly traded company.  
 (a) Finance (b) Guaranty (c) Marketing (d) (none)
- Q7 ..... stock is a stock issued under an agreement that provides for fixed payments at scheduled intervals; in the case of a company's liquidation, it is treated as an equity; investors will not receive payment until all debt is paid.  
 (a) Debenture (b) Galvanized (c) Preferred (d) Secure
- Q8 From 1997 to 2004, the Program in ..... Economics aimed to promote research addressing salient real-world economic and social issues.  
 (a) Analytical (b) Applied (c) Practical (d) Pragmatic
- Q9 To even ..... is to close out, liquidate, or cover an open position; it is the elimination or reduction of a current long or short position by making an opposite transaction of the same security.  
 (a) out (b) over (c) up (d) (none)
- Q10 If the property is a space rental mobile home park, ..... rental property includes the space that is rented by the owner of that space but does not include the mobile home that serves as the actual dwelling if the dwelling is owned and occupied by the tenant and not by the owner of the rental space.  
 (a) incidental (b) inferential (c) referential (d) residential

*Loyalty Discount*

- Q1 Hargreaves Lansdown says that thanks to its commission rebating service, you can buy into the 711 most popular funds for nothing and a further 276 with costs of 0.25% or less; it also offers a loyalty discount on the annual management fee, which is available if you invest through its fund .....
- (a) department store                      (b) franchise                                      (c) one-stop shop                                      (d) supermarket
- Q2 In an asset-based loan, the lender advances funds based on a percentage of the accounts receivable and inventory; ..... accounts receivables (past due receivables, inter-company receivables, and other lower quality receivables) are not included in the borrowing base.
- (a) ineligible                                      (b) intangible                                      (c) substandard                                      (d) substantial
- Q3 ..... market is an efficient market, because the large number of buyers and sellers ensure prices are set at market levels; investors know they are paying or receiving a fair price when they buy or sell shares or any other investments, as prices aren't distorted by a lack of supply or demand.
- (a) A liquid                                      (b) An acting                                      (c) A thin                                      (d) A volatile
- Q4 Global Financial data now offers daily close data for US stocks — open a member account today to receive your free daily close data back to 2000, and access ..... data back to inception for an additional fee.
- (a) compacted                                      (b) historical                                      (c) original                                      (d) retired
- Q5 The ..... risks from securities trading are either simple credit risks (where the risk is of non-payment) or a combination of credit risk with the risk of a position in a derivative (where the risk is of non-delivery).
- (a) correspondence                                      (b) correspondent                                      (c) counterpart                                      (d) counterparty
- Q6 Municipal investment ..... are entities that hold a stake in numerous municipal bonds and then sell shares to the public that represent an interest in those bonds; when the municipal bonds then pay off interest or mature, they pass the income on to their shareholders.
- (a) brokerages                                      (b) companies                                      (c) portfolios                                      (d) trusts
- Q7 A number of corporations offer commercial paper directly to investors through the Bloomberg Direct ..... Commercial Paper Auto-Ex offering system; participating corporations allow both dealers and institutional investors to electronically purchase commercial paper with a variety of terms on a fully executable basis.
- (a) Broker                                      (b) Dealer                                      (c) Issuer                                      (d) Provider
- Q8 Although option ..... are frequently referred to as sellers, because they initially sell the option that they create, thus taking a long position in the option, they are not the only sellers.
- (a) holders                                      (b) makers                                      (c) putters                                      (d) writers
- Q9 Warren Buffett filters the universe in which he manages capital down to the important and knowable; it is on the basis of the enlightenment which his circle of ..... conveys upon his cognition that he seeks to make all of his capital management decisions.
- (a) acquaintance                                      (b) acquisition                                      (c) competence                                      (d) comprehension
- Q10 Every individual necessarily labours to render the annual revenue of the society as great as he can; he intends only his own security and directs his industry in such a manner as its produce may be of the greatest value, but he is led by an invisible ..... to promote an end which was no part of his intention.
- (a) hand                                      (b) heart                                      (c) thought                                      (d) thread

*Invesco*

- Q1 The Anglo-American fund management company Invesco has proposed moving its ..... listing from London to New York following the recent loss of its foreign private issuer status in the United States.  
 (a) major (b) master (c) primary (d) principal
- Q2 Stocks are tax ..... when you consider that the taxes do not have to be paid until they are sold and you take profits; then you pay short-term capital gains tax if you've held the stock less than a year or long-term capital gains tax if you've held the stock longer, and the difference in these taxes is significant.  
 (a) efficient (b) friendly (c) observant (d) reductive
- Q3 Generally speaking, the .....-Squared of a manager versus a benchmark is a measure of how closely related the variance of the manager returns and the variance of the benchmark returns are.  
 (a) K (b) N (c) R (d) T
- Q4 The capital markets continued to be volatile during the quarter, as concerns about sub-prime mortgages, the economy and terrorism ebbed and flowed; by quarter end, bond yields had increased modestly in what can be described as a ..... (e.g. long rates increased more than shorter rates).  
 (a) Bear Flattenner (b) Bear Steepener (c) Bull Flattenner (d) Bull Steepener
- Q5 Genelabs Technologies Inc said it would raise about \$23.7 million in ..... financing; the biopharmaceutical company said several institutional investors agreed to purchase about 12.9 million common shares and warrants to purchase about 2.6 million common shares, for \$1.84 a unit.  
 (a) debt (b) direct (c) margin (d) market
- Q6 ..... stock is a stock of a company which is inferior to a blue chip in some way, such as by being lower quality, being higher risk or having smaller market capitalization.  
 (a) Common (b) General (c) Ordinary (d) Secondary
- Q7 Instead of a bid and ask price where there is a definable spread, a ..... market is one where all trades, whether buys or sells, go through at the same price.  
 (a) choice (b) level (c) null (d) zero
- Q8 To calculate ..... per common share: (share capital of common stock + contributed surplus + retained earnings) / number of common shares outstanding.  
 (a) book ratio (b) book value (c) total assets (d) total earnings
- Q9 The controlling shareholder of the company that owns the Chicago Sun-Times offered to give up his control: Conrad Black said he would consider putting into ..... trust his shares of Hollinger Inc, which would put Hollinger in the hands of people independent of Black and not involved in the current litigation against him.  
 (a) a floating (b) an absolute (c) an arm's-length (d) a voting
- Q10 The benefit of a .....-limit order is that the investor can control the price at which the trade will get executed, but the order may never get filled if the stock's price never reaches the specified limit price; this may happen especially in fast-moving markets where prices fluctuate wildly.  
 (a) post (b) put (c) set (d) stop

*Convertible Mortgages*

- Q1 A borrower is usually required to pay fees to change from a convertible ..... mortgage to a fixed-rate loan, and the conversion can only happen during a specific period of time; it is common to find that this fixed rate is slightly higher than standard fixed rates.  
(a) ARM (b) HIP (c) LEG (d) TOE
- Q2 A book-..... security is one that is not available to purchasers in physical form; such a security may be held either as a computer listing on the records of a central holder (as is the case with certain U.S. Government securities) or in the form of a single, global certificate.  
(a) entry (b) equivalent (c) form (d) free
- Q3 The ..... has helped millions of Americans secure their dream of homeownership since 1934; it provides mortgage insurance on loans made by approved lenders throughout the United States and its territories and is the largest government-backed mortgage insurer.  
(a) Fannie Mae (b) Federal Home Loan Mortgage Corporation  
(c) Federal Housing Administration (d) Freddie Mac
- Q4 Subject to subsection (2), the duty and authority of the drawee institution to pay a cheque are terminated by (a) ..... of payment, (b) notice of the drawer's mental incapacity to incur liability on a cheque, or (c) notice of the drawer's death.  
(a) command (b) countermand (c) demand (d) reprimand
- Q5 According to ERISA, regulatory and case law requires that retirement plan sponsors and their advisors act for the exclusive benefit of participants and with the skill, care and diligence of a prudent .....  
(a) consultant (b) expert (c) individual (d) investor
- Q6 Latin American markets financing on international capital markets boomed in the first quarter of 2000, despite increasing volatility in industrial financial markets; net financing ..... picked up in the first quarter of 2000, boosted by improved credit quality, a record of new debt issuance and low amortization payments due.  
(a) flows (b) issues (c) means (d) streams
- Q7 If you are considered to be ..... participant in a company plan, and your income is above certain limits, then you cannot take a tax deduction for your traditional IRA contribution.  
(a) a known (b) an active (c) an interested (d) a willing
- Q8 Your company's stock can list on The NASDAQ Stock Market in addition to being traded on your current exchange; NASDAQ launched the highly successful ..... listing program in 2004 to offer companies an opportunity to experience its superior market performance firsthand without disruption.  
(a) double (b) dual (c) duo (d) duplicate
- Q9 In his May 2006 speech, David Walton of the Monetary Policy Committee of the Bank of England commented that "the ..... of risks has shifted a little too much to the upside on inflation for comfort, and that, I believe, justifies a small tightening in monetary policy".  
(a) balance (b) level (c) offset (d) scale
- Q10 ..... Personal Financial Planning Specialists are provided credentials through the Certified Financial Planner Board of Standards; after the examination, the CPA may offer services in personal financial planning, assessing the financial condition of clients and making sure they are utilizing available resources to the best advantage.  
(a) Accredited (b) Affiliated (c) Approved (d) Authorized

*Financial Data*

- Q1 ..... thinks that a corporation's security prices are determined by its future earnings and dividend abilities; besides studying a corporation's financial data, s/he will also examine its industry and how the economy will affect the company's core business.  
(a) A determinist (b) A fundamentalist (c) An empiricist (d) A pragmatist
- Q2 If you're looking for adventure in the stock market world, a capital ..... fund may be just the thing for you; these are high-risk and, you hope, high-payoff funds invested in companies that show high growth potential.  
(a) acceptance (b) accumulation (c) aggression (d) appreciation
- Q3 Employees are usually not pleased when their company carries out a pension ..... plan: by replacing the pension plan backed by the company with a fixed annuity backed by an insurance company, pensioners are no longer covered by the guarantee of the Pension Benefit Guaranty Corporation.  
(a) conversion (b) diversion (c) reversion (d) subversion
- Q4 As to their potential ....., these two species of clams are perceived as being too different from clams currently available on the market; the low response rates and shellfish dealers' unwillingness to evaluate free samples lead us to conclude that it is unlikely that there will be a widespread, mainstream demand for them.  
(a) applicability (b) lucrativeness (c) marketability (d) praiseworthiness
- Q5 ..... risk defies forecasting, though some ambitious minds never stop trying; recall how stunned everyone in the markets was by its ultimate manifestation in modern memory, the terrorist attacks of Sept. 11, 2001, on New York and Washington.  
(a) Accident (b) Chance (c) Event (d) Hazard
- Q6 In margin trading, brokerage firms loan capital to traders so they may purchase more than they would otherwise be able to; but should the market turn against the trader, and they find themselves unable to liquidate their position, the trader can be left with a ..... balance.  
(a) back (b) balk (c) debit (d) due
- Q7 Contributions to a simple IRA are made up of salary reduction contributions and employer contributions; you, as the employer, must make either matching contributions or ..... contributions, and may choose either method of making employer contributions on a yearly basis.  
(a) arbitrary (b) directive (c) mandatory (d) nonelective
- Q8 ..... trading is said to occur when an entity sometimes trades as a broker for customers, and at other times trades for its own account; it is quite pervasive throughout the United States securities and futures markets as well as in financial and commodity markets throughout the world.  
(a) Double (b) Dual (c) Shift (d) Switch
- Q9 Securities which are nearly risk-free are sometimes referred to as '..... paper'.  
(a) clean (b) fine (c) neat (d) white
- Q10 Some businesses avoid double taxation by qualifying for the ..... theory — the incomes from mutual funds, REITs, and limited partnerships are only taxed once because interest, dividends, capital gains, etc are passed through to you; you pay tax on the income, but the business does not.  
(a) avoidance (b) conduit (c) cui bono (d) tax flow

*International Claims*

- Q1 There seems to be a ..... that surrounds international accounts, says David Greenberg, Divisional Vice President International Operations Collection Services, ABC-Amega Inc: they're perceived as being difficult to collect and more complicated to handle than domestic claims.
- (a) charisma (b) glamour (c) halo (d) mystique
- Q2 The fact is that while laws may differ somewhat among countries, for the most part they are similar enough to allow for effective ....., if you know how to proceed.
- (a) deportation (b) deposition (c) disposition (d) dispossession
- Q3 Since most companies do not have the resources in-house to pursue collection of past due claims outside of their home country, most international claims are ..... with commercial collections firms for handling.
- (a) engaged (b) lodged (c) placed (d) submitted
- Q4 Because of the ..... collection tactics used in many countries, collection agents are viewed as thugs or gangsters in some areas of the world; as a result, overseas debtors tend to be more wary of 'collectors' and feel obliged to protect themselves from international fraud.
- (a) incestuous (b) inscrutable (c) unscrupulous (d) unsuitable
- Q5 They require documentation that will assure them that the person attempting to collect the claim actually represents the creditor, so sending a copy of the placement form to the debtor can literally open .....
- (a) doors (b) eyes (c) files (d) locks
- Q6 Submit the complete contract to the collection agency together with the terms and conditions; this outlines the legal basis for pursuing the claim and defines the precise entity that contracted ..... you for the sale; it will also provide valuable information as to the choice of law, forum, or venue for resolving disputes.
- (a) from (b) to (c) with (d) (none)
- Q7 A copy of the purchase ..... provides valuable, specific details of the sale.
- (a) bill (b) form (c) order (d) request
- Q8 A clear statement of account, ..... into principle and interest, will allow the collection agency to define precisely how you arrived at the figure you've placed for collection.
- (a) broken (b) cloven (c) done (d) severed
- Q9 Invoice copies are a ..... of specific information concerning the sale, containing terms of the sale, to whom the goods were shipped, who was billed for the goods, a description of the goods sold, and the method of transport used.
- (a) heap (b) plethora (c) spate (d) wealth
- Q10 A well-..... credit application will provide valuable information that can assist the collection agency in pursuing payment; in addition to important banking and reference information, it contains terms, conditions, and on occasion, a signed personal guarantee.
- (a) crafted (b) drawn (c) thought (d) wrought

*Anti-Fraud Regulations*

- Q1 Treasury departments and banks are facing increasing regulatory requirements to minimise financial crime, but how can they balance compliance with the needs of the business and what tools are ..... their disposal?  
(a) at (b) for (c) in (d) (none)
- Q2 Methods of payment and banking are becoming more ....., as seen in the latest automation, electronic peer-to-peer payment networks and methods of identity authentication, among others.  
(a) cosmopolitan (b) sophisticated (c) urbane (d) worldly
- Q3 This is a world that is trying to combine the speed of product delivery with security enhancements, so when the regulator imposes tougher standards in the area of financial crime, it is no wonder that some corporates and banks can feel somewhat .....  
(a) overcome (b) overextended (c) overpowered (d) overwhelmed
- Q4 One of the most basic ..... measures for all organisations is to acknowledge the fact that they are at risk from financial crime — that applies as much to a small local company as it does for a multi-billion dollar multinational, says Ben Poole of gtnews.  
(a) preliminary (b) preservative (c) preventative (d) primary
- Q5 The risk can sometimes be greater for small and medium enterprises, as they are more likely to operate on very tight margins and will not have a reserve of funds to ..... back on if they are affected by fraud.  
(a) fall (b) lean (c) sit (d) stand
- Q6 Smaller companies don't often have a qualified IT administrator, which can leave their network open to attack from ..... outside influences.  
(a) ambitious (b) ambivalent (c) maladroit (d) malevolent
- Q7 As Barry Schofield notes: "Companies produce newsletters, policy-meeting minutes and so on, filled with project data, details about people, company status updates and other information; although information on a computer can be extremely important, the same piece of information written on a ..... is just as valuable."  
(a) handcuff (b) napkin (c) shirtsleeve (d) tissue
- Q8 As well as taking control of financial crime issues, companies also face a whole ..... of government compliance issues and regulations.  
(a) slew (b) slough (c) slue (d) sluff
- Q9 As new and revised regulations are implemented, it is important that organisations of all sizes keep up to date with what is required of them; if they do not, they can expect to be penalised by the regulator, as well as possibly ..... themselves open to fraud.  
(a) cause (b) leave (c) make (d) put
- Q10 ..... into action by global events such as 9/11, Enron, the dot-com crash and even the current credit crunch, regulators around the world have created a vast amount of legislation that banks and corporates must abide by or face the consequences.  
(a) Brung (b) Flung (c) Stung (d) Wrung

*Corporate Espionage*

- Q1 Whether it comes from an internal or external source, corporate espionage can hit all corporates hard, especially SMEs where margins are .....
- (a) nearest (b) neatest (c) thinnest (d) tightest
- Q2 Since the primary motivation behind cyber crime switched from ..... to money, the corporate security stakes have never been higher.
- (a) bedlam (b) hoodlum (c) mayhem (d) random
- Q3 The protection of data should never be underestimated, as a recent event involving Her Majesty's Revenue and Customs in the UK highlights, where a CD containing confidential details of millions of people ..... missing.
- (a) found (b) seen (c) went (d) (none)
- Q4 Most small and medium enterprises don't believe their company will be targeted; if a company is not in the defence industry or the company is relatively small, the thinking is, they aren't at risk, but this ..... common attitude can be any small business' weakness.
- (a) all too (b) ever so (c) so very (d) still yet
- Q5 The nature of a targeted attack means that it is probably going to be aimed at your weakest spot: for example, a laptop or a worker that secretly uses ..... file sharing programs to download videos.
- (a) face-to-face (b) man-to-man (c) one-to-one (d) peer-to-peer
- Q6 It's a struggle to keep track of the status of each computer, and many smaller companies are trying to use complicated and hugely technical enterprise security products that simply weren't designed with them in mind; consequently, corporate espionage is likely to give them even more of a ..... going forward.
- (a) headache (b) heavy load (c) lagtime (d) lead weight
- Q7 While the 'bad guys' might be getting more sophisticated in their attacks, small businesses have typically failed to keep ..... with their defences.
- (a) clear (b) pace (c) rank (d) step
- Q8 But not all espionage is hi-tech ..... and gadgetry.
- (a) prestidigitation (b) sleight-of-hand (c) sorcery (d) wizardry
- Q9 Small businesses urgently need to look at ways of closing up potential ..... in their network, such as tools that give them the ability to successfully implement safe computing policies, software rollouts and updates, while offering the necessary ease of use and management.
- (a) gates (b) holes (c) tunnels (d) walls
- Q10 Corporate spies are perfectly happy to get information from the easiest, most overlooked sources, and more often than not, the offender is a ..... employee or someone at director level trying to set up as a competitor or give a company's intellectual rights away to a competitor for reward or revenge.
- (a) discouraged (b) disenchanting (c) disgruntled (d) dismayed

*Foreign Corrupt Practices Act*

- Q1 As a result of SEC investigations in the mid-1970's, over 400 U.S. companies admitted making ..... or illegal payments in excess of \$300 million to foreign government officials, politicians, and political parties.  
 (a) questionable (b) questioned (c) unanswerable (d) unanswered
- Q2 The abuses ran the ..... from bribery of high foreign officials to secure some type of favorable action by a foreign government to so-called facilitating payments that allegedly were made to ensure that government functionaries discharged certain ministerial or clerical duties.  
 (a) gambit (b) gamble (c) game (d) gamut
- Q3 Congress enacted the FCPA to ..... a halt to the bribery of foreign officials and to restore public confidence in the integrity of the American business system, and it was intended to have and has had an enormous impact on the way American firms do business.  
 (a) bring (b) call (c) forge (d) stage
- Q4 Several firms that paid bribes to foreign officials have been the subject of criminal and civil enforcement actions, resulting in large fines and suspension and ..... from federal procurement contracting, and their employees and officers have gone to jail.  
 (a) debarkation (b) debarment (c) defalcation (d) disenfranchisement
- Q5 Following the passage of the FCPA, the Congress became concerned that American companies were operating at a disadvantage compared to foreign companies who ..... paid bribes and, in some countries, were permitted to deduct the cost of such bribes as business expenses on their taxes.  
 (a) robustly (b) routinely (c) wisely (d) wistfully
- Q6 Accordingly, in 1997, the United States and thirty-three other countries signed the OECD Convention on ..... Bribery of Foreign Public Officials in International Business Transactions.  
 (a) Combating (b) Commuting (c) Condoning (d) Controlling
- Q7 The antibribery provisions of the FCPA make it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to a foreign official for the purpose of obtaining or retaining business ....., or directing business to, any person.  
 (a) as or for (b) by or with (c) for or with (d) from or by
- Q8 Since 1998, they also apply to foreign firms and persons who take any act in ..... of such a corrupt payment while in the United States.  
 (a) acceptance (b) corroboration (c) furtherance (d) instigation
- Q9 The FCPA also requires companies whose securities are listed in the United States to ..... its accounting provisions.  
 (a) mark (b) meet (c) take (d) treat
- Q10 These provisions, designed to operate in ..... with the antibribery provisions of the FCPA, require corporations to make and keep books and records that accurately and fairly reflect the transactions of the corporation and to devise and maintain an adequate system of internal accounting controls.  
 (a) effect (b) respect (c) synch (d) tandem

*Security Offers*

- Q1 Securities are issued in the ..... market by one of the following methods: an offer to the public by an issuer through a prospectus; an offer to specific known persons selected by the sponsors; or an offer in which existing shareholders are offered new securities.
- (a) open (b) options (c) primary (d) stock
- Q2 On the other hand, hostile takeovers often result in the management being fired anyway, so the effectiveness of a ..... pill defense really depends on the situation.
- (a) diet (b) people (c) poison (d) sleeping
- Q3 At any given time, a minimum of four different expiration months are available for every ..... stock.
- (a) futures (b) listed (c) optionable (d) trading
- Q4 ..... benefits cannot be lost by a participant even if the participant terminates service with the employer before qualifying for full retirement benefits; these benefits are determined by applying the years of credited service to the vesting schedule used by the retirement plan.
- (a) Nondeductible (b) Nonforfeitable (c) Nonnegotiable (d) Nonreturnable
- Q5 A municipal ..... is a short-term debt instrument, generally with a maturity of less than one year, issued by state or local government, and repayable from the general fund of the issuer or a defined revenue source.
- (a) bond (b) deposit (c) loan (d) note
- Q6 A ..... security is a readily tradable equity or debt security with quoted prices, including commercial paper and treasury bills; it is a 'close to cash' asset which is classified as a current asset.
- (a) liquid (b) marketable (c) short-term (d) viable
- Q7 To be accurate, the term ..... preference should only pertain to money returned to a particular series of the company's stock ahead of other series of stock.
- (a) allocation (b) contribution (c) distribution (d) liquidation
- Q8 Most SME businesses looking for venture money aren't going to find big firms interested in what they're doing, and that's where the ..... venture capital market becomes critical; this highly elusive source of financing is very unstructured and largely informal, comprising a diverse set of high net worth individuals.
- (a) clandestine (b) confidential (c) intangible (d) invisible
- Q9 One objective of ..... accounting is to eliminate the 'money illusion' by reducing the accounts to 'real terms'; the purchasing power or constant dollar method does not meet this general objective.
- (a) creative (b) expansion (c) inflation (d) recessive
- Q10 It is deemed as significant if a security breaks above the resistance level or below the support level: analysts usually interpret this to mean that the security will reach new highs or lows and thus, its ..... trading range expands.
- (a) historical (b) maximal (c) natural (d) traditional

*Eurobonds*

- Q1 Paula Perttunen had also talked to her boss about the merits of doing ..... Eurobond issue, which could cost 34 percent below a straight issue; the problem was that Finnish laws limited the amount of a local firm's equity that could be held by foreigners to 20 percent, and Nokia was already approaching that limit.  
 (a) a conventional (b) a convertible (c) a unilateral (d) an unsecured
- Q2 All .....-rate mortgage programs come with a pre-set margin, and are tied to a major mortgage index such as the Libor, COFI, or MTA; some banks and lenders will allow you to choose an index, while many rely on just one of the major indices for the majority of their products.  
 (a) adjustable (b) floating (c) restricted (d) specified
- Q3 The debt to the sum of USD 15,000 was caused by the debtor's failure to fulfil the obligations under the independent-work contract dated November, 15, 2005 and the ..... dated October 21, October 23, November, 11 and November 26, 2005.  
 (a) invoices (b) pro formas (c) receipts (d) vouchers
- Q4 "Beware of Triple ..... Hour": what sounds like a line from a cheap horror movie is actually a warning you are likely to hear four times a year when three speculative derivatives all expire on the same Friday.  
 (a) Freddie (b) Thrilling (c) Witching (d) Zombie
- Q5 For investors looking to minimize their tax bite, there are tax-..... bond funds, which invest in municipal bonds (debt offerings from state and local municipalities) whose distributions aren't subject to federal taxes nor taxes in the states and localities that issue the bonds.  
 (a) clear (b) favored (c) free (d) immune
- Q6 A stop ..... is an order to buy (or sell) a security once the price of the security climbed above (or dropped below) a specified stop price; when the specified stop price is reached, the stop order is entered as a market order (no limit) or a limit order (fixed or pre-determined price).  
 (a) less (b) limit (c) loss (d) low
- Q7 Chances are a super ..... bond will be redeemed in its entirety well before the stated maturity date; for instance, if municipal waste comes in slowly — 150,000 tons per year — the counties will have 30 years to pay off the bonds.  
 (a) city (b) savings (c) sinker (d) social
- Q8 ..... funds permit investors to concentrate on a specific investment segment and yet diversify their investments among various issuers; they entail more risk but offer greater potential returns than funds that diversify their portfolios.  
 (a) Industry (b) Purpose (c) Sector (d) Special
- Q9 A convertible bond is a ..... security because conversion of the bond by an investor will result in more shares of common stock outstanding and a reduction in earnings per share.  
 (a) collateral (b) dilatory (c) residual (d) transitory
- Q10 The central idea of the random ..... theory is that the market, an aggregate of financial actions by many with their several different purposes and intents, is not inherently knowable; to outperform the market assumes that you understand the market, when actually you are making assumptions.  
 (a) act (b) field (c) guess (d) walk

*Personal Possessions*

- Q1 Almost everything you own and use for personal or investment purposes is a ..... asset; examples are your home, household furnishings, and stocks or bonds held in your personal account.  
(a) capital (b) durable (c) fixed (d) net
- Q2 The subprime ..... has been in full swing ever since February 7th 2007, when HSBC (HBC) raised subprime loan loss reserves by 20% and New Century (NEW) announced a net loss for 4Q06 and an accounting probe to determine how big that loss was.  
(a) blowup (b) breakout (c) meltdown (d) pratfall
- Q3 Like many small business owners, you may find that it's too expensive to pay an accountant to do routine ..... chores; someone in your organization must take on the responsibility of keeping an accurate set of financial records.  
(a) auditing (b) balancing (c) bookkeeping (d) reckoning
- Q4 These are all cases of the movement of goods irrespective of international sales and purchases, though the movements themselves appear in the international records of imports and exports, and therefore it seems to be assumed, though without any warrant, in the international records of the ..... of trade.  
(a) annals (b) balance (c) effects (d) payments
- Q5 The value of landscape trees, used for many architectural, engineering, climatic and aesthetic purposes, is normally greater than the dollar value of the marketable wood they contain, and a realistic ..... of landscape trees is often required to settle legal disputes, damage claims or casualty loss.  
(a) appraisal (b) assessment (c) estimate (d) estimation
- Q6 While there are a number of markets that are used for trading stocks, the ..... market is concerned with buying and selling tangible goods, and may involve such diverse types of products as crude oil and related products, computer supplies such as memory chips, or basic foods such as grains, sugars, or produce.  
(a) actual (b) bone fide (c) material (d) real
- Q7 ..... M is that portion of the IRS regulations dealing with the conduit theory, in which investment companies and real estate investment trusts avoid double taxation by passing interest and dividend income and capital gains directly through, without taxation, to shareholders, who are taxed as individuals.  
(a) Chapter (b) Section (c) Subchapter (d) Subsection
- Q8 The ..... Securities Association was the trade association for primary dealers in US government securities, including MBSs; in 1997, they became known as the Bond Market Association.  
(a) Federal (b) National (c) Public (d) United States
- Q9 Until ..... Liability Companies came on the scene, businesspersons (other than sole proprietors) had a choice of business entity generally only of corporations or partnerships, involving a tradeoff between limitations on the liability of the owners for debts of the business and tax savings through a single tax on income.  
(a) Legal (b) Limited (c) Regulated (d) Restricted
- Q10 Normally, applying for and receiving a Federal ..... Number through the mail takes six to eight weeks, but with online application, your information is e-filed instantly with IRS when you complete the online application form; they will save this information and immediately assign the number to your business.  
(a) ID (b) Incorporation (c) Registration (d) Tax

*Money Market Performance*

- Q1 Money market performance is an annualized historical ..... based on the seven-day period ended on said date, annualized in the case of its effective form by compounding the seven-day return, and does not represent actual one-year return.  
 (a) accrual (b) profit (c) result (d) yield
- Q2 ..... debt is all outstanding bonds, debentures, notes and similar debt instruments of a company payable after one year.  
 (a) Firm (b) Fixed (c) Floating (d) Funded
- Q3 The Glass-Steagall Act created ..... between commercial banking and investment banking until it was eliminated by the Financial Services Modernization Act of 1999.  
 (a) a firewall (b) an affiliation (c) a rivalry (d) a synergy
- Q4 The Nebraska Microenterprise Partnership Fund makes interest-only (or ..... ) loans for lending capital for microlending by micro programs and small community revolving funds; this capital is then loaned to micro businesses.  
 (a) enterprise (b) evergreen (c) grameen (d) groundswell
- Q5 Dual-..... funds have a set expiration date, at which time all preferred shares in the fund are redeemed, giving the common shareholders sole ownership of the fund; the latter then decide whether to liquidate the fund and divide up the proceeds or to convert it to an open-end mutual fund.  
 (a) ended (b) option (c) ownership (d) purpose
- Q6 With ..... lease, you identify the asset (and negotiate the price) and arrange for the leasing company to buy it from the manufacturer (if new) or the previous owner (if used) to rent it to you.  
 (a) a direct (b) an indirect  
 (c) a purchase leaseback (d) a sale-and-leaseback
- Q7 Asked why she doesn't just pay with cash, Yukako says that she prefers the convenience of ..... card: "It's safer than carrying cash, and you don't have a huge bill to pay at the end of the month."  
 (a) an ATM (b) a debit (c) a cheque guarantee (d) a credit
- Q8 ..... risk will be measured by an index of severity consisting of nine composite indicators, armed conflict, governance and political stability, militarization, population heterogeneity, demographic stress, economic performance, human development, environmental stress and international linkages.  
 (a) Country (b) National (c) State (d) Sovereign
- Q9 The information contained in recorded broadcast of Adobe Systems Incorporated's conference ..... held on December 14, 2006 at 2 p.m. Pacific Time speaks as of that date; investors should not assume that these comments remain operative at a later time.  
 (a) call (b) meeting (c) report (d) session
- Q10 The securities and futures markets have ..... breakers that provide for brief, coordinated, cross-market trading halts during a severe market decline as measured by a single day decrease in the Dow Jones Industrial Average (DJIA).  
 (a) circuit (b) deal (c) record (d) strike

*Natural Resources*

- Q1 Commodities like gold, natural gas and similar natural resources are one traditional ..... hedge: demand typically rises for such commodities, raising their prices to the advantage of their investors.  
 (a) deflation (b) depression (c) inflation (d) recession
- Q2 If timberland is destroyed or purloined, or if trees are condemned for public use, the property owner might be entitled to a deduction from his income tax; this kind of loss is termed involuntary .....  
 (a) condemnation (b) condition (c) consolation (d) conversion
- Q3 The ..... value of a business is equal to the value of its individual assets, assessed as if the entity would cease carrying on business; there are in fact two types, dependent on the time available for the process.  
 (a) absolute (b) equivalent (c) liquidation (d) residual
- Q4 NASD Rule 2220 states that members must charge their customers fair prices and commissions, while Interpretive Guideline 1220 provides a guide to what constitutes a reasonable ..... in light of this rule.  
 (a) adjustment (b) mark-up (c) profit (d) sale
- Q5 The key difference between municipal ..... bonds and general obligation bonds is that the latter are covered by the full faith and credit and taxing ability of the issuer, while the former are repaid from the income of the project they finance, such as a housing project or a hospital.  
 (a) debt (b) liability (c) returns (d) revenue
- Q6 Several states have enacted regulations covering power of sale foreclosure in the last few years; however, almost thirty states still have no practical method of ..... foreclosure.  
 (a) extralimital (b) nonjudicial (c) non-statutory (d) paralegal
- Q7 Paying ..... dividend can solve this problem: by offering a stock dividend at a slight discount, investors can perhaps be persuaded to opt for payment in new shares, so that cash can then remain with the company.  
 (a) a dual (b) an alternative (c) an optional (d) another
- Q8 If Charles's will indicates that his heirs are to receive their inheritance ".....", his daughter Anne will get half the property and his deceased son Albert's two children will share the other half in equal portions through Albert by right of representation.  
 (a) per capita (b) per centum (c) per se (d) per stirpes
- Q9 Alibris, the complete metrology solution provider and The Netherlands' Entrepreneur of the Year in 2007, announced its IPO on Eurolist by Euronext Amsterdam; 55 million euros of newly issued shares will be in the ..... offering.  
 (a) inceptive (b) initial (c) original (d) primary
- Q10 Because of the narrow coverage margins of the City's waterworks revenue bonds, any fluctuations in revenue due to inclement weather, etc, may affect the financial performance of the system and cause a reduction in coverage below the rate .....  
 (a) agreement (b) assessment (c) contract (d) covenant

*Useful Life*

- Q1 The ..... value is the sum for which the lessee can purchase the vehicle at the end of its lease term, if s/he decides s/he would like to buy it.  
 (a) remainder (b) remnant (c) residual (d) resilient
- Q2 After deciding what percent of the portfolio to devote to a sector ..... strategy, the investor then identifies the business cycle to target, and once this is accomplished, he determines which companies will benefit from it.  
 (a) alternation (b) navigation (c) rotation (d) substitution
- Q3 A bond agreement may also include a ..... fund provision requiring a company to repay a specific number of bonds in specific years or to retire a portion of a bond issue each year until it has been fully repaid.  
 (a) debt (b) depreciation (c) reimbursement (d) sinking
- Q4 Stock traders will frequently choose the simple buy-low-and-sell-high, range-limited approach, but as we attempt to choose the next major bottom or top, we may experience the frustration of our trade being stopped ....., while the market continues to slightly new lows or highs.  
 (a) down (b) in (c) out (d) up
- Q5 The manager of ..... fund may intentionally sell some stocks for losses specifically so that these losses can offset future gains or actively sell shares with the highest cost to create as slight a gain as possible — or even a loss.  
 (a) a mutual (b) an acumen (c) an index (d) a tax-managed
- Q6 In the administration of estates for private individuals, the ..... company has mostly replaced personal attorneys, because it has the advantage of corporate responsibility and continuous life, proper offices, burglar-proof safes, and specialized employees in each department.  
 (a) accountancy (b) custodial (c) legal (d) trust
- Q7 A wage ..... permits your creditor to require that your employer deduct funds from your pay check in order to pay your debt, and because it is a voluntary deduction to which you must agree, it can be enforced without a court ruling.  
 (a) assignment (b) attachment (c) engagement (d) garnishment
- Q8 ..... Gross Income equals income from taxable sources less allowable adjustments; it is utilized to determine taxable income by deducting personal exemptions plus either itemized or a standard deduction.  
 (a) Adjusted (b) Calculated (c) Initial (d) Total
- Q9 Its Corporate ..... Committee has reviewed all criteria for qualified independent underwriters and recommended certain amendments to the Board of Governors of the NASD, which has approved them.  
 (a) Accreditation (b) Ethics (c) Financing (d) Oversight
- Q10 Payroll taxes are garnished under the authority of the Federal ..... Contributions Act; in the first 1935 legislation, the benefit provisions were listed in Title 2 of this law, and that is why Social Security is sometimes called 'the Title 2 program'.  
 (a) Insurance (b) Pension (c) Retirement (d) Welfare

*Personal Guarantees*

- Q1 In a limited ..... partnership, several individuals or companies share the costs and profits of the business, but their responsibility is restricted to the sum of money they have invested and to any personal guarantees given.  
(a) contract (b) involvement (c) liability (d) obligation
- Q2 The ....., also called the 'Cubes', is an exchange-traded fund; it tracks the NASDAQ 100 index, containing the key stocks of the NASDAQ Composite Index quoted each night on the TV news.  
(a) CCC (b) KKK (c) QQQ (d) UUU
- Q3 In a ..... S corporation, the net profit or loss is deemed distributed to its shareholders, who must include it in their individual tax returns irrespective of whether they actually receive the cash.  
(a) Chapter (b) Section (c) Subchapter (d) Subsection
- Q4 ..... form a part of trading in the market: such a commodity is traded for either cash or some other commodity, and this transaction includes an exchange between two or more parties as well as delivery of the goods transacted.  
(a) Actuals (b) Bona fides (c) Tangibles (d) Visuals
- Q5 The firm thinks that the end of the recession is too distant to warrant buying cyclical stocks, so it is buying the ..... stocks that are attempting to reduce expenses and manage their way toward recovery.  
(a) sacrosanct (b) secular (c) stolid (d) sturdy
- Q6 ..... budget is reached when the government can equate revenues with expenditure over the business cycle; this makes allowance for a deficit during periods of low economic activity, which must nevertheless be matched by a surplus during periods of high activity.  
(a) A balanced (b) A federal (c) A fiscal (d) An interim
- Q7 Under the FRB's Regulation T, a ..... account is not permitted to initiate a debit balance for any reason; buy orders are only accepted if cleared funds are in the account, and this condition holds until 90 days from the date of the transaction.  
(a) bound (b) curtailed (c) limited (d) restricted
- Q8 The committee scrutinizes the state's ..... budget, which allocates money for construction and repair of public structures and other long-term investments like land acquisition and transfer, and also includes funds given or loaned to local governments and non-profit organizations.  
(a) capital (b) ongoing (c) operating (d) permanent
- Q9 The U.S. Department of Labor statistics that will be published tomorrow by The Springfield Gazette present the ..... unemployment rate as the best measure of the national labor market rather than the overall rate, whose base includes US-based military personnel.  
(a) civilian (b) domestic (c) public (d) resident
- Q10 The European Leasing Barometer measures the expectations of leasing professionals in the next six months in consideration of the state of the general economy, the leasing sector and their own businesses, and as such functions as a good ..... indicator.  
(a) confidence (b) control (c) parameter (d) performance

*Fixed-income Investments*

- Q1 Investors would not buy bonds if the only incentive were getting their money back after a certain period of time; the income for fixed-income investments is the interest received at a fixed rate, called the '.....'.
- (a) coupon (b) discount (c) premium (d) prime
- Q2 ..... is difficult to prove, since unlike something in a newspaper or magazine, you cannot brandish a past utterance before a judge; also, settlements are usually smaller, because the spoken word is generally considered less potent than a broadcast or printed word.
- (a) Irony (b) Libel (c) Sarcasm (d) Slander
- Q3 Injecting funds into one's account does not automatically settle any invoice or ..... note pending against it; the account holder must pay for it manually.
- (a) bill (b) charge (c) credit (d) debit
- Q4 ..... is a legal procedure that a landlord utilizes to remove a tenant from an apartment or other accommodation after he serves the tenant with a Notice to Quit; this latter is normally a single sheet of paper, signed by the landlord or his lawyer, and delivered by a legal officer.
- (a) A dislodgement (b) An eviction (c) An expulsion (d) A retainer
- Q5 One of the changes to income tax legislation was the reduction of the marriage ..... on couples who file joint tax returns, by equalizing the deduction for couples and singles, and raising the endpoint of the 15-percent bracket for married couples filing joint returns.
- (a) benefit (b) clause (c) exclusion (d) penalty
- Q6 Firm ..... lending is a creditor's formal offer laying out all the terms under which he will lend money to a borrower over a stated time period.
- (a) agreement (b) commitment (c) contract (d) offer
- Q7 ..... is an obligation that results when an asset such as a security is sold by a brokerage or bank and payment is received, but the security or other asset has not yet been delivered.
- (a) A credit demand (b) A due bill (c) An exchange order (d) A transfer notice
- Q8 The trade volume slowed during the decline in prices, indicating sellers were less aggressive; the market reached a position in which traders were unwilling to sell at a lower price while buyers began to lift offers — no dealers were willing to ..... the bid.
- (a) break (b) grab (c) hit (d) take
- Q9 As utilized in this contract, the phrase '..... account' means an account that is acceptable to you, that has been validly assigned to you, that is less than ninety days overdue, and that complies with our representations and warranties to you.
- (a) prime (b) proffered (c) satisfied (d) sound
- Q10 The US Treasury first issued inflation ..... securities in 1996; these instruments protect the holder against inflation and deflation by altering the principal periodically to follow changes in the Consumer Price Index.
- (a) adjusted (b) aligned (c) indexed (d) reconciled

## SLR

- Q1 In a recent press release, the bank said regarding the requirement for maintaining a statutory ..... ratio (SLR) of Rs 120 crore, it currently holds approved securities to a total of Rs 210 crore.  
 (a) legal (b) lending (c) liability (d) liquidity
- Q2 ..... and assessors of real estate estimate the value of property for a variety of purposes, such as to assess property tax, to confirm adequate collateral for mortgages, to confirm or help set a good sales price, to settle an estate, or to aid in a divorce settlement.  
 (a) Adjudicators (b) Adjusters (c) Appraisers (d) Assayers
- Q3 '..... month' is used in the context of commodities or options trading to refer to the month that is away from the contract's date of settlement.  
 (a) Foremost (b) Furthest (c) Latest (d) Longest
- Q4 A ..... association is a kind of savings association designed so that its board of directors is elected by its members, both its depositors and sometimes its borrowers; it does not issue capital stock, so its members do not share in its profits.  
 (a) collective (b) cooperative (c) joint (d) mutual
- Q5 Midway Airlines may be forced into ..... liquidation because of its lack of financial information filed with the bankruptcy court; the administrator has filed a motion seeking court approval to convert the airline's bankruptcy from Chapter 11 to Chapter 7.  
 (a) inveterate (b) involuntary (c) irremediable (d) irrevocable
- Q6 You should consider a ..... as insurance that you will receive the loan at the agreed-upon interest rate even if general rates rise; it also shields the lender, since you promise to borrow at the indicated rate even if general interest rates drop.  
 (a) bound rate (b) rate lock (c) rate seal (d) set rate
- Q7 A corporation must keep its general ledger or other books of ..... entry, in electronic or paper form, containing summaries of its year-to-year transactions, along with any special agreements, contracts, etc, that might be needed to understand the entries.  
 (a) final (b) initial (c) original (d) terminal
- Q8 ..... paper is a cost-effective way for cash-strapped companies to borrow money, because they avoid the fees imposed by brokerage firms; issuing straight to the public is more cost effective, but brokers still dominate the distribution market.  
 (a) Commercial (b) Debt (c) Direct (d) Mercantile
- Q9 Electron is ..... stock in almost every sense — in the six years it was carried from venture capital to the public market, it never made money, but its hydrogen creation system and energy storage developments perch the company atop hydrogen fuel cell technology, the cutting edge of energy management.  
 (a) a dream (b) a legendary (c) an ideal (d) a story
- Q10 Bear ..... are useful when a moderate decline in underlying stock or indices is anticipated; when a sharp fall is expected, aggressive strategies like writing calls or buying puts can be utilized to take advantage.  
 (a) cakes (b) covers (c) spreads (d) strikes

*Gray Market Goods*

- Q1 The problem of grey market goods has been ..... the judicial system for many years, with judges trying to define trademark and copyright holders' rights.  
 (a) hampering (b) hamstringing (c) plaguing (d) provoking
- Q2 In the case of trademarks, the courts have ..... around the guideline that goods intended for outside the United States with the US trademark holder's approval, when imported, will be an infringement only if such 'foreign' products differ significantly from the ones sold in the US.  
 (a) coalesced (b) conceded (c) congealed (d) congregated
- Q3 What ..... a 'significant' difference, needless to say, varies among products.  
 (a) condones (b) considers (c) constitutes (d) conveys
- Q4 For instance, Coke bottles sold in Panama were found significantly different: the Spanish labels did not list the contents, while the packaging and shipping caused the Panamanian bottles to be ..... to product spoilage and leaking.  
 (a) amenable (b) applicable (c) susceptible (d) suspicious
- Q5 The Federal Court of Appeals has added a ..... to this guideline, considering that goods don't substantially vary if the trademark holder has allowed foreign-directed goods into the US in a way that all or materially all of the United States sales are not the American version of the product.  
 (a) caveat (b) hiatus (c) rider (d) tandem
- Q6 In another case, Elk Corporation brought their case under 21 USC 1209 ..... the United States International Trade Commission.  
 (a) before (b) beneath (c) into (d) onto
- Q7 The Administrative Law Judge of the USITC ..... in favour of Elk, stating that numerous substantial differences clearly existed between the cultivators sold by Elk in the US and their European models, and included differences in the services offered along with the cultivators.  
 (a) had (b) held (c) sat (d) stood
- Q8 While the respondents gave evidence showing that Elk had authorized sales of these machines in the United States, the judge placed the ..... of proof upon them to establish that Elk had approved those sales and that the quantity of sales was material.  
 (a) burden (b) load (c) mass (d) weight
- Q9 In spite of the fact that the respondents had raised the point as a defense, the judge stated that Elk was required to establish a prima ..... case that materially all of its US sales conformed to the American version of the cultivator.  
 (a) donna (b) facie (c) mobile (d) pares
- Q10 That is to say, first Elk needed to establish a United States standard against which the ..... substantial variations of the European model were to be mensurated.  
 (a) alleged (b) irregular (c) relegated (d) ulterior

*The GATT System*

- Q1 Our world emerged from the ..... of World War II in 1945.  
(a) aftereffects (b) attacks (c) ravages (d) remains
- Q2 The challenge then was to reconstruct economic stability in the face of ..... disorder and enormous dislocation, to regain a feeling of global community and establish a base for future prosperousness and growth.  
(a) inductive (b) invasive (c) perfunctive (d) pervasive
- Q3 The engineers of a new system had to construct from the ground ....., and they demonstrated vision and far-sightedness; after fifty years of progress raised on the foundations that they laid then, we now often take for granted that which was new and imaginative at that time.  
(a) level (b) plan (c) up (d) (none)
- Q4 The late 1940s was not only about the finish of the most devastating war ever .....; it was also concerned with the control of dangerous economic nationalism and the quest for a new world order.  
(a) sought (b) staged (c) waged (d) wrought
- Q5 Defending a rules-based system on a daily basis has been greatly assisted by the fact that the system gave ..... to the markets rather than the governments in deciding economic outcomes.  
(a) possibility (b) primacy (c) privacy (d) publicity
- Q6 The governments ..... their responsibility, but concentrated on creating basic conditions for prosperity and promoting liberalization; they considered direct intervention only under circumstances where markets were thought wanting.  
(a) abandoned (b) abrogated (c) advocated (d) avoided
- Q7 The key idea of the rules-based system is non-discrimination, and this emerged from the ..... that exclusive dealings and in-groups helped stoke those rivalries and conflicts that drove the community of nations into the Second World War.  
(a) concession (b) condition (c) convention (d) conviction
- Q8 The patchwork ..... of agreements that had undermined the unity and continuity of interwar economic relations was replaced with unified rules.  
(a) doily (b) doll (c) purse (d) quilt
- Q9 And more basically, the non-discrimination principle ..... universality as a central goal of the trade system, guaranteeing that the GATT system would eventually become a force majeure in the integration of the world's economies.  
(a) enshrined (b) founded (c) idolized (d) lionized
- Q10 Answers for the challenges that governments face today and tomorrow will continue to call for ..... action on a range of fronts.  
(a) concentrated (b) concentric (c) concerned (d) concerted

*University Public Relations*

- Q1 In the near future, the University of Alaska's Communications Office will play an increasingly ..... role in the University's success.  
(a) circumspect (b) circumstantial (c) pivotal (d) pointed
- Q2 Colleges and universities are currently in competition for students, funds and status with greater ..... than in the past.  
(a) constancy (b) ferocity (c) plasticity (d) tenacity
- Q3 At the U of A, the Communications Office supplies a wide ..... of services to the campus.  
(a) arrangement (b) array (c) veneer (d) vocation
- Q4 Although the U of A's central marketing team is small in comparison to ..... universities in the West, these efforts are being realized by a productive, engaged staff.  
(a) parallel (b) parent (c) peak (d) peer
- Q5 The amalgamation of ..... views, approaches and attitudes into a single comprehensive campus-wide image and message is of the essence.  
(a) deterrent (b) detractive (c) divergent (d) divulged
- Q6 Significant amounts of time and resources will be necessary to see that these images and messages to the institution's ..... audiences are appropriate, effective and complementary.  
(a) multiplied (b) myriad (c) satisfied (d) saturated
- Q7 Support for these efforts is multi-..... and need to be appropriately coordinated, and the University of Alaska's comprehensive mission and goals must be kept always in perspective.  
(a) crafted (b) faceted (c) styled (d) tasked
- Q8 The University's first mandate is to give its students ..... education.  
(a) an exemplary (b) an extraordinary (c) a peremptory (d) a perfunctory
- Q9 The University also significantly enhances life in the state of Alaska, since it is a major employer, contributes ..... to its cultural life, and provides stability and economic potential.  
(a) inestimably (b) inevitably (c) irrespectively (d) irrevocably
- Q10 University administrators around the nation are being drawn more and more into public discussion of campus issues; energetic news media, politically-active students and politicized issues can create a public relations ..... for institutions.  
(a) debacle (b) deluge (c) detente (d) detour

*Services Marketing*

- Q1 Services are primarily intangible and tend to be an experience which is consumed at the point of purchase; they cannot be owned since they quickly ....., and once they have occurred they cannot be repeated in exactly the same way.  
(a) perform (b) perish (c) persevere (d) persist
- Q2 Marketing personnel often speak of the nature of a service as ..... from the point of consumption and from the service provider.  
(a) inseparable (b) insuperable (c) irreducible (d) irreplaceable
- Q3 The right of ..... is not extended to services, since we merely experience them; we cannot sell them once they have been consumed.  
(a) ownership (b) salesmanship (c) stewardship (d) upmanship
- Q4 The Western economies have seen ..... of the traditional manufacturing sectors and growth of the service economies.  
(a) degradation (b) denigration (c) deterioration (d) determination
- Q5 People are the key ..... in any service: services are usually produced and consumed simultaneously, and aspects of the customer experience are adjusted to serve the needs of the individual consuming them.  
(a) argument (b) cement (c) element (d) sentiment
- Q6 Many of us can recall a situation in which the personal service offered has enhanced or ..... a vacation, an overnight stay or a restaurant meal.  
(a) tainted (b) tested (c) tormented (d) twisted
- Q7 Every customer ..... staff member needs training and development in order to maintain high quality personal service.  
(a) facing (b) fronting (c) orientating (d) originating
- Q8 This training ought to start during ..... into the company, which will involve the new staff in the organization's culture for the first time and brief them on operating policies and procedures.  
(a) inclusion (b) incursion (c) induction (d) insertion
- Q9 The organization must also pay attention to Continuing Professional Development, in which every staff member sees his or her professional career as ..... process of training and growth.  
(a) a lifelong (b) a long-lived (c) an interminable (d) an unending
- Q10 The ..... and attitude of these service personnel is critically important: the way that complaints are dealt with can mean the difference between keeping and losing customers or between making and destroying the company's reputation.  
(a) disposition (b) exposition (c) imposition (d) supposition

*Marketing Strategy*

- Q1 The development of its marketing strategy is critical for a business, because without one, its efforts to draw customers are going to be ..... and ineffectual.  
(a) hackneyed (b) haphazard (c) hazardous (d) heedless
- Q2 The focus of its strategy needs to be on ensuring that its products or services ..... customer needs better than do its competitors', as well as on the development of long-term, profitable customer associations.  
(a) confront (b) face (c) meet (d) solve
- Q3 The business should identify whole new markets to target: ..... to a successful marketing strategy is understanding one's customers and their needs.  
(a) adjacent (b) central (c) peripheral (d) tangent
- Q4 One key to successful marketing is the understanding that both existing and potential customers will ..... into specific segments or groups identified by their needs.  
(a) drop (b) fall (c) plunge (d) veer
- Q5 The focus of a company's strategy ought to be to identify such groups with their needs and then ..... them more successfully than its competition.  
(a) address (b) affront (c) assist (d) attack
- Q6 In this way, the business is able to create a marketing strategy which ..... the most of its strengths and then matches them with the needs of the customers it plans to target.  
(a) builds (b) finds (c) makes (d) sees
- Q7 If, for instance, a specific customer segment wants quality first and ....., then marketing efforts aimed at them needs to direct their attention to the business's high quality service.  
(a) finally (b) foremost (c) most (d) last
- Q8 For maximum efficiency, the business should limit its activities to the methods that it thinks will work best, and thus avoid ..... its marketing budget too thinly.  
(a) sharing (b) spending (c) splurging (d) spreading
- Q9 Often forgotten is the necessity to monitor and evaluate the effectiveness of the marketing strategy; this control helps the company check how it is performing in practice and also helps to ..... its future strategy.  
(a) inform (b) ingrain (c) install (d) invest
- Q10 One simple ..... is to inquire of each new customer as to how they found out about the company.  
(a) apparatus (b) device (c) gadget (d) utensil

*Virtual Economy*

- Q1 According to current US tax law, if an individual acquires USD income from a transaction in a virtual economy, a problem may arise as to whether tax is owing on this real-world income; however, if the transaction occurs wholly within the virtual economy, there is no taxable .....
- (a) act (b) deed (c) event (d) fact
- Q2 A best effort offering would probably fail if negative valuation information appeared between filing and offering, because its filing-date price would be too high; on the other hand, a ..... commitment offering might be successful if the issuer is willing to lower the price.
- (a) corporate (b) firm (c) legal (d) strong
- Q3 It is sometimes difficult to distinguish cost-push and demand-pull inflation, which is made worse by the fact that they can interact to cause a wage-price .....: employees want compensation for higher prices, because they do not want their purchasing power to drop.
- (a) spinoff (b) spiral (c) stalemate (d) standoff
- Q4 When we were young and poor, nothing made us angrier than the rich people who paid no income taxes; we were not alone, and that frustration led to the inception of the ..... minimum tax, designed to keep the wealthy from living tax-free.
- (a) absolute (b) alternative (c) bare (d) basic
- Q5 Some businesses make goods, others provide a service, and still others distribute goods; the second line of a Profit and Loss Statement is called ....., which tells us how much money was spent doing whatever it is that the company does.
- (a) Cost of Goods Available for Sale (b) Cost of Goods Sold  
(c) General and Selling Expenses (d) Gross Margin
- Q6 The ..... National Mortgage Association was created under Franklin D. Roosevelt in 1938, when millions of American families were unable to become homeowners or risked losing their houses through the lack of a consistent source of mortgage funds.
- (a) Chartered (b) Federal (c) Public (d) US
- Q7 A strategic ..... point is a critical juncture in the development of a business, when something fundamental is on the verge of change; this could mean the opportunity of climbing to new heights, or it could indicate the beginning of the end.
- (a) conversion (b) inflection (c) reflection (d) reversion
- Q8 ..... appeal to a wider investor base than traditional mortgage-backed securities because of their flexibility in presenting investment opportunities with different risk vs reward levels and different maturity horizons to investors.
- (a) REBARs (b) RECAPS (c) REHABs (d) REMICs
- Q9 The NASD ..... rule states that when a financial representative recommends the purchase, sale or exchange of a security, s/he shall have reasonable grounds for believing that it is appropriate for the investor's needs, based on facts disclosed by the latter in respect to his or her other holdings and financial situation.
- (a) advisability (b) compatibility (c) feasibility (d) suitability
- Q10 ..... assumptions examine hiring age in order to extrapolate the number of years of service that the employee will likely work, but the City's formula ensures that late hires will not be able to draw a full benefit from the contributions that they have paid into their pension plan.
- (a) Actuarial (b) Demographic (c) Longevity (d) Mortality

*The Best of Both Worlds*

- Q1 Through investment in both fixed-return investments and shares, ..... fund seeks to get the best of both worlds; it is the best bet for investors who wish to profit from the stock market but lack the stomach for volatility.
- (a) a balanced (b) an equitable (c) a proportional (d) a symmetrical
- Q2 An important prerequisite of the perfect ..... is that the portfolio movements are precisely correlated with the movements of the index that underlies it.
- (a) balance (b) hedge (c) option (d) storm
- Q3 CB&Q Railway Corporation announced a new \$3.1 billion capital ..... program; it anticipates investing some \$500 million in facilities and track to expand capacity for customers in agricultural products and coal.
- (a) commitment (b) compensation (c) refurbishment (d) reinstatement
- Q4 This chart displays the cross rates of ten major world currencies; scan down or across it to find the rate of ..... between any two of these currencies.
- (a) duty (b) exchange (c) purchase (d) transfer
- Q5 We must note that the state owns stock in 52 corporations with a market value of \$150 million which are not on the ..... list; these securities were added to its portfolio through spin-offs or mergers of previously owned corporations on the list.
- (a) accepted (b) accredited (c) approbated (d) approved
- Q6 A ..... bond pays its holder a specified amount at specified dates until maturity; then its face value is paid at the maturity date.
- (a) coupon (b) fixed (c) premium (d) zero
- Q7 In the case of a ..... stock that has an unsuspected earnings potential and a low P/E multiple, its price will probably rise much faster than its profits when investors discover its new horizons, and their purchases will force up the P/E.
- (a) debutante (b) dormant (c) sleeper (d) sneaker
- Q8 A debit ..... is created when the options investor buys a put or call and at the same time sells a further out-of-the-money put or call; this limits the dollar risk and the reward relative to the traditional option purchase.
- (a) deal (b) spread (c) swap (d) tradeoff
- Q9 The trust's activities are confined to issuance of the trust ..... securities to investors and to retain the debentures which are purchased from the holding company.
- (a) enclosed (b) imposed (c) installed (d) preferred
- Q10 Your Keogh plan must be opened by 1 February 2009 to make a contribution for 2008, and contributions must be submitted by 1 March 2009; however, you can extend the ..... date to 1 June 2009 if you file for an extension.
- (a) credit (b) due (c) late (d) pay

*Pending Benefits*

- Q1 ..... security sale is a case in which the seller reserves to himself the rights to all of its pending benefits.  
(a) An all-out (b) An ex-all (c) A no-go (d) A one-off
- Q2 In a ..... insurance company, policyholders who buy a 'participating' product, e.g. whole life insurance, gain entitlement to vote for the board of directors as well as share in declared annual dividends.  
(a) cooperative (b) mutual (c) public (d) social
- Q3 The fundamental concept of a ..... sets a separate legal entity to control financial assets for the benefit of the beneficiary; the individual establishing it is called the grantor.  
(a) bank account (b) standing order (c) subprime loan (d) trust fund
- Q4 Across the street from the NYSE is the Consolidated Stock and Petroleum Exchange of New York, fondly known as the "..... board", but disrespectfully referred to by residents as the "morgue".  
(a) little (b) other (c) pet (d) star
- Q5 ..... houses scout out inefficiencies in the market and mis-priced securities, and then they make trades which produce risk-free profits.  
(a) Allocation (b) Altruistic (c) Arbitrage (d) Arbitration
- Q6 A contract ..... is a provision found in most common law contracts requiring the person hiring the general contractor to retain a certain percent of the payment for a specified period in order to ensure that the subcontractors are paid.  
(a) holdback (b) holdup (c) restrainer (d) retainer
- Q7 After the preliminary prospectus is filed with the SEC, the company may begin to sell the securities, but during the ..... period, they may make offers only (a) with a summary prospectus adhering to the disclosure requirements, (b) orally, or (c) using a tombstone advertisement.  
(a) incubation (b) initial (c) registration (d) waiting
- Q8 A ..... option is a standardized option contract with terms determined by an exchange and having its trade cleared through a clearing house.  
(a) legitimated (b) listed (c) recorded (d) registered
- Q9 A married couple can submit their income tax returns in only 2 ways: (1) as married filing ....., in which case all their income and deductions are lumped, or (2) as married filing separately, in which case they each account for these items individually.  
(a) conjointly (b) jointly (c) manually (d) mutually
- Q10 Fiduciaries may retain without liability for loss any investments authorized when received or made, even though they no longer qualify as such, if they exercise due care in the retention or disposition of these ..... investments.  
(a) grey market (b) illegitimate (c) nonlegal (d) red line

*Routing Orders*

- Q1 To attract brokers' orders, some exchanges pay a broker for routing orders through them; this is called 'payment for order .....', and is one of the ways in which a broker can make money from executing a trade.  
(a) duct (b) flow (c) stream (d) trail
- Q2 At the end of March, before Tanaka Inc closes its books, all transactions recorded in the Books of ..... Entry (that is, the Sales Day book and the Cash book) are added up and then posted to the General Ledger via journal entries in the General Journals.  
(a) Current (b) Initial (c) Original (d) Primary
- Q3 Hedge funds generally use ..... brokers for borrowing money, executing trades and other services, while larger funds use multiple brokers.  
(a) key (b) main (c) prime (d) sole
- Q4 Arizona resident Bernard Jones filed a .....-action lawsuit against Apple, alleging that the iPhone maker violated Arizona's antitrust laws; the suit was filed by Shyster C. Deadlock, the lawyer who has been seeking plaintiffs for this case, on behalf of Jones.  
(a) class (b) group (c) live (d) swift
- Q5 When ..... securities are acquired, the holder must find an exemption from the Securities and Exchange Commission's registration requirements in order to sell them in the marketplace; Rule 144 permits public resale only if certain conditions are met.  
(a) limited (b) restricted (c) subprime (d) unqualified
- Q6 An important part of ..... agreement is the description of the information; the disclosing party is often reluctant to describe this in detail in the contract, fearing that some may be revealed in the contract itself.  
(a) a backdoor (b) a confidentiality (c) an arm's-length (d) a third-party
- Q7 The size of the savings deposit required for a ..... credit card can vary from a few hundred dollars to several thousand; the line of credit is a percentage of the deposit, and application and processing fees may also have to be paid.  
(a) financed (b) floating (c) secured (d) standing
- Q8 Purchasing an index ..... combines the benefits of an index put and an index call purchase, and leveraged potential profits can be considerable if there is a big up or down movement of the underlying index.  
(a) shuffle (b) straddle (c) waddle (d) waffle
- Q9 The ..... wage base is the total for which the company must pay taxes on behalf of every employee; excess wages are also reported, but they are subtracted from the employee's total wages.  
(a) applicable (b) deductible (c) payable (d) taxable
- Q10 A ..... Participation Program is an investment venture which is designed to pass income and tax losses of the underlying investments through to investors; however, its use as a tax shelter has been egregiously lessened by tax legislation.  
(a) Deemed (b) Direct (c) Partnership (d) Personal

*Foreign Shares*

- Q1 ..... Depository Receipts were first issued in 1928 to assist investors in the US who wanted to purchase shares in foreign corporations; they are negotiable certificates which evidence share ownership in non-US corporations.  
 (a) American (b) Federal (c) International (d) Offshore
- Q2 An activity-based ..... system is a model which identifies activity centers in a company and then assigns costs to cost drivers based on the numbers of transactions in the process of providing each product or service.  
 (a) account (b) costing (c) margin (d) operating
- Q3 The Federal ..... Committee is the monetary policy-making body of the FRS: it formulates policy to promote full employment, stable prices, economic growth and a sustainable international payments and trade.  
 (a) Economic Advisory (b) Market Advisory (c) Open Economic (d) Open Market
- Q4 The State Bank of India will raise a one-year \$90 million foreign currency loan on February 2, 2008; the loan has been fixed at the rate of 27.5 basis points above LIBOR (..... inter-bank offer rate) and will be used to finance exports and repay old loans.  
 (a) Legal (b) Local (c) London (d) Long-term
- Q5 In general, we are required to take a Required Minimum ..... each year from a Traditional IRA after we reach age 70; it is calculated by dividing the December 31st fair market value of our IRA by a life expectancy factor determined with IRS tables.  
 (a) Distribution (b) Pension (c) Payout (d) Return
- Q6 Securities, cash and similar investments may be placed and maintained with a futures commission ..... by a fund in any amounts required to effect the fund's transactions in exchange-traded commodity options and futures contracts.  
 (a) agent (b) factor (c) merchant (d) vendor
- Q7 The sum of the years' ..... is a method of accelerated asset depreciation that deducts for greater depreciation in the earlier part of an asset's useful life and less nearer the end of it.  
 (a) digits (b) factor (c) left (d) quotient
- Q8 The cash income now is the ..... equivalent of a later and larger cash income that would result from the saving of the present cash.  
 (a) actuarial (b) circumstantial (c) referential (d) virtual
- Q9 The \$175,000 ..... bond issued by the commissioners of the sinking fund dated August 1, 1907, bearing interest at six percent payable semiannually, remains in force, constituting a perpetual obligation of the State and the interest thereon a perpetual charge upon its Treasury.  
 (a) irredeemable (b) irremediable (c) unrecoverable (d) unredeemable
- Q10 Investment performance is of primary importance, but ..... investment strategy provides a safety net; if my portfolio includes investments in many sectors — real estate, gold, treasury bonds and forex markets — I can weather storms in specific sectors.  
 (a) a balanced (b) a basic (c) an equitable (d) an even

*Islamic Financial Staff*

- Q1 As the global increase in popularity of Islamic finance continues, this sector faces new challenges, and critical among these is that of hiring and retaining expertise from a finite talent .....
- (a) bank (b) list (c) pool (d) source
- Q2 The Islamic finance market worldwide at the end of 2007, measured by Shari'a ..... assets, has been estimated at US\$550 billion.
- (a) competitive (b) complete (c) compliant (d) comprehensive
- Q3 In the face of this continuing growth, conventional Western financial institutions and governments no longer see Islamic finance and insurance as a ..... but as a valid alternative model for capital growth.
- (a) curio (b) luxury (c) novelty (d) staple
- Q4 An immediate consequence of this expansion is the ..... need for Islamic financial organizations to strengthen their human capital by attracting skilled staff to help these businesses take advantage of new business opportunities.
- (a) parametric (b) paramount (c) supernal (d) superordinate
- Q5 The United Kingdom is an excellent example of the ..... expansion of Islamic finance and its constituent parts.
- (a) experiential (b) exponential (c) potential (d) preferential
- Q6 Nevertheless, the US, the UK, and the EU are considered immature markets; not only are they just developing Islamic financial offerings, but they must also sell these products in a market which is still ..... its feet.
- (a) dragging (b) finding (c) getting (d) shuffling
- Q7 From the recruitment viewpoint, the shifting of experienced workers from one country to another is very similar to the migration of birds to ..... climes during the winter.
- (a) balmier (b) mellower (c) pottier (d) wilder
- Q8 Islamic finance is experiencing a ..... in which more companies are newly founded and more projects are undertaken than can be adequately staffed with experienced and knowledgeable individuals.
- (a) bottleneck (b) brick wall (c) dead end (d) roadblock
- Q9 All around the world, headhunting is going on in order to attract these coveted workers with salary and benefit ..... becoming the norm.
- (a) gazumping (b) lumping (c) waffling (d) watering
- Q10 Dutch auctions have often been employed in recruiting specialists, but this problem is becoming serious, with the demand for qualified, experienced candidates consistently ..... supply.
- (a) outbreaking (b) outdoing (c) outsizing (d) outstripping

*Rogue Traders*

- Q1 In ..... of the colossal loss at Society General caused by a rogue trader, banks are examining their control systems in an effort to prevent similar future disasters.  
(a) light (b) regard (c) respect (d) spite
- Q2 Banks will certainly start reviewing their internal controls to determine what they have set up to ..... events like the SocGen loss.  
(a) catch (b) field (c) pitch (d) strike
- Q3 Society General tells us that it has already put in place further controls in order to prevent a recurrence of this particular type of .....  
(a) breach (b) break (c) cleft (d) crack
- Q4 Banking institutions will likely be ..... on more bandages and plasters in order to keep their processes functioning.  
(a) ironing (b) layering (c) strapping (d) veneering
- Q5 Such efforts will probably prevent a precise ..... of the Society General disaster, but it will not likely hinder a similar activity from being executed in a different way.  
(a) image (b) miniature (c) replica (d) template
- Q6 The Francona loss was also the result of an over-..... trader's effort at cleverness.  
(a) bearing (b) indulgent (c) righteous (d) zealous
- Q7 The solution put forward to prevent such a recurrence was separation of duties to prevent both back and front office controls from ..... by the same individual.  
(a) inquisition (b) instigation (c) malediction (d) manipulation
- Q8 Changes in approach and across cultures is required by financial institution control management; visibility across ..... information technology systems and across myriads of geographically diffuse employee activities is needed.  
(a) degraded (b) disparate (c) dissonant (d) distended
- Q9 Possibly, the staff were attempting to manage their assignments beyond their capacity, like a freighter loaded so heavily that it sinks below its ..... line.  
(a) Maersk (b) Maginot (c) Perfusion (d) Plimsoll
- Q10 Increased understanding by everyone who is involved of ..... operational processes is most important.  
(a) back-to-front (b) end-to-end (c) head-to-tail (d) right-to-left

*Data Thievery*

- Q1 Mistakes can have a huge impact on individuals and businesses, and in a world where data is exchanged, ..... and even stolen at a shocking rate, personal information security has become a top item of public concern.  
 (a) bartered (b) bolstered (c) flourished (d) frittered
- Q2 The Data Protection Act applies to a wide area from security to data processing; it's ....., and it's applied and interpreted in various ways by European Union nations.  
 (a) far-fetched (b) far-flung (c) far-reaching (d) far-sighted
- Q3 Because of its broad scope and varied application, regulatory bodies face a difficult task in tracking how businesses handle data; to rectify this, a greater ..... must be placed on these organizations to monitor and assess data management and data security.  
 (a) impetus (b) inertia (c) momentum (d) onus
- Q4 Most companies try to ensure compliance with regulations for safely handling sensitive information, but many don't consider the threat from their own employee practices, whether it is just human error or .....  
 (a) conscious (b) egregious (c) malicious (d) salacious
- Q5 Organizations should at least utilize basic risk management and policies and techniques to protect data from external threat, but the ..... reality is that data can easily get into the wrong hands through employee intent or error.  
 (a) clear (b) frank (c) glum (d) harsh
- Q6 The effect of the loss of data through the errors of employees is obvious throughout the EU; it has caused loud public ..... and has serious implications of a social and political nature.  
 (a) chaos (b) fiasco (c) outcry (d) turmoil
- Q7 The F1 industry was taken ..... when the WMSC fined Mercedes \$100 million for using information from Ferrari to construct its own cars; Mercedes's head designer had received data about Ferrari's cars from a Ferrari team member.  
 (a) aback (b) away (c) to court (d) to task
- Q8 In Belgium in 2007, a Foreign Ministry official lost a USB ..... with the code to the entrance of a Belgian diplomat's house and the names of the guards accompanying the King on his Czech trip.  
 (a) kit (b) mount (c) port (d) stick
- Q9 In December 2006, Norton began research into EC business security and discovered that investment in corporate data protection from external hacking is often undermined by ..... employee behavior and company failure to adequately communicate its security policy.  
 (a) lax (b) less (c) tense (d) terse
- Q10 The complexity of the data protection laws and the paucity of resources dedicated to the government monitoring of compliance have created a ..... of processes and software, few of which are regulated or checked.  
 (a) maelstrom (b) quagmire (c) sinkhole (d) whirlwind

*Cash Flow*

- Q1 History is ..... with assertions that 'this time the situation is different'.  
 (a) labeled (b) littered (c) spangled (d) spattered
- Q2 If the dot com revolution severed the relationship of earnings and price, then the take off in credit derivatives created a world in which risk was distributed so thinly that no one would be caught ..... if the cycle turned.  
 (a) off (b) out (c) under (d) up
- Q3 Global Public Policy Committee communications leave us in no doubt that the ..... from the recent market turmoil will be with us for a long time to come, if the billions in losses by some of the leading global financial institutions have not already done so.  
 (a) ramifications (b) rationalizations (c) realizations (d) rectifications
- Q4 Knowing that the implementation of Basel II (used by banks to align their capital base with economic risk) has consumed hundreds of millions of dollars, it is ironic that even well-capitalized institutions have struggled with a problem as fundamental as .....  
 (a) liquidity (b) reality (c) security (d) stability
- Q5 If a company needs profitability, retained as capital to offset any future losses, in order to maintain a viable business, then it also needs cash flow to ride the peaks and ..... of the business cycle.  
 (a) bluffs (b) slides (c) slopes (d) troughs
- Q6 The reason that some of the most sophisticated financial institutions have been caught unprepared by something as basic to business management as cash lies in several dynamics that have been in ..... over several years.  
 (a) order (b) play (c) step (d) view
- Q7 They took several years to materialize, but these dynamics ..... a series of nearly unprecedented shocks during the early fall two years ago.  
 (a) fomented (b) instigated (c) precipitated (d) registered
- Q8 Cash used to fund increased assets and retire obligations as they ..... due is at the forefront of this egregious disruption of the market.  
 (a) fall (b) grow (c) turn (d) wax
- Q9 As cash ..... begins to prevail, the levels of market cash flow tighten and exacerbate the drop in value of financial instruments; this is a dual hit which only concerted central bank intervention can mitigate.  
 (a) binding (b) hoarding (c) squirreling (d) strapping
- Q10 The financial models used have been criticized as ignoring the ..... voices that predicted a turning of the credit cycle as long ago as May of 2007, so that the stress testing parameters were much too narrow.  
 (a) siren (b) stentorian (c) subprime (d) sylvan

*The Cayman Islands*

- Q1 The Cayman Islands are often presented in an unwarranted negative light, but we would like to ..... this image by highlighting the nation's participation in the war against the financing of terrorism and money laundering.  
 (a) dispel (b) dispense (c) dissolve (d) dissuade
- Q2 Although they are sometimes still called "the islands that time forgot", the Caymans have advanced considerably from the use of smudges to ..... off the mosquitos.  
 (a) feist (b) fence (c) ward (d) wax
- Q3 Less than twenty years after the opening of the country's first bank, the Misuse of Drugs Law was passed, and incorporated within it is the power to seize and ..... laundered assets and money from drug trafficking.  
 (a) confiscate (b) nationalize (c) requisition (d) sequester
- Q4 As early as 1989, the Cayman Islands Bankers Association promulgated a Code of Practice, and its member banks were required to abide ..... it.  
 (a) by (b) for (c) to (d) with
- Q5 In 2001, in spite of the fact that this Code of Practice and ..... due diligence requirements were in place, the Cayman Islands was placed in its first list of Non-Cooperative Countries & Territories by the Financial Action Task Force.  
 (a) adamant (b) harsh (c) robust (d) stolid
- Q6 A main reason for Cayman's inclusion on this list was the lack of legislative ..... in covering the practices of the industry and the consequent paucity of prosecutions.  
 (a) eyes (b) fists (c) heels (d) teeth
- Q7 The International Monetary Fund in 2006 released its evaluation of the Cayman Island's regulation and monitoring of its financial sector, a report which was based on information ..... from the IMF's 2005 visit.  
 (a) gleaned (b) grounded (c) scrounged (d) skimmed
- Q8 This assessment indicates that, although there is room for improvement, the Caymans appear to be holding their ..... in the war against illegal money, especially considering the relative newness of their financial institutions.  
 (a) form (b) lead (c) own (d) pose
- Q9 It is less easy to purchase ..... or real estate, establish a company or a trust, or open a bank account in the Cayman Islands than it is in many other jurisdictions.  
 (a) capital (b) goodwill (c) an annuity (d) a pension
- Q10 The Cayman Islands are extremely pleasant to visit, but we welcome only those who intend to bring and operate legitimate businesses to and within its .....  
 (a) coasts (b) coves (c) shores (d) strands

*Wall Street Plunge*

- Q1 Some Wall Street people have noticed a drop in non-..... reserves in the banking system and wondered if it's a sign of an unusually stringent monetary policy; however, the plunge is just a function of the Fed's money classification in its new term auction facility.  
 (a) backed (b) borrowed (c) insured (d) issued
- Q2 One time that a company might issue ..... stock instead of options is very early on for top executives or very early hires.  
 (a) beneficial (b) limited (c) preferential (d) restricted
- Q3 ..... loans are loans that were issued according to the bank's terms but later became questionable in the eyes of the bank's examiners, which sometimes happens when new information is revealed or there is a change in the borrower's circumstances.  
 (a) Classified (b) Diffident (c) Negligent (d) Qualified
- Q4 The staff of the Tennessee Capital Access Forum assisted Greyhound Movers and Acme in financing their growing businesses with Small Corporate ..... Registrations; Tennessee has taken the \$1 million dollar cap off the SCOR and there is no limit.  
 (a) Objective (b) Offering (c) Opening (d) Option
- Q5 The 2009 bonds will be issued in the weekly rate mode, bearing interest at the weekly rate payable on January 1st and July 1st; bondholders can rightfully tender their bonds on any business day with a minimum seven-day notice to the .....  
 (a) conservator (b) executor (c) guardian (d) trustee
- Q6 The market is expecting a coupon ..... by the Federal Reserve Bank, and although this is probably no sign of change in monetary policy, it does present dealers with the opportunity to sell Treasury securities to a ready buyer.  
 (a) pass (b) pick (c) scoop (d) sweep
- Q7 Raising debt ..... does not involve selling your equity, but rather works by borrowing against it; it is only available to businesses who have something with value which the lender could instantly liquidate.  
 (a) capital (b) issuance (c) limits (d) reserves
- Q8 Traders in level 2 generally use an order type called an 'intent', a strong indication of interest, and these are not advertised, but if they find a match they become a ..... order: if two intents naturally match, then a trade happens.  
 (a) done (b) firm (c) made (d) set
- Q9 The law recognizes the efforts of businesses to comply with its demands, but a company must demonstrate that it exercised all due ..... and took all reasonable steps to avoid committing the offense; if it can do so it is entitled to an acquittal.  
 (a) caution (b) diligence (c) options (d) process
- Q10 In order to create a level playing field for share trading on the stock exchange, .....-date is set: if shares are traded before this date, the selling party must pass on any benefit or dividend to the buying party.  
 (a) a due (b) an ex (c) a post (d) a pre

*The Uniform Commercial Code*

- Q1 As per the Uniform Commercial Code, a person who holds a check endorsed by another is the presumed legal owner; a person who accepts a 3rd party check is a holder ..... due course and holds the legal title to this instrument irrespective of any prior claim.  
(a) by (b) for (c) in (d) of
- Q2 We focus on a previously unexplored but intuitive measure of trading activity: the aggregate daily order ..... on the New York Stock Exchange; this in either direction, either excess buy or sell orders, reduces liquidity.  
(a) disequilibrium (b) eccentricity (c) idiosyncrasy (d) imbalance
- Q3 The ..... ratio is the ratio of the alpha component (that attributable to the manager's luck or skill) of the total investment returns to the standard deviation of these alpha returns.  
(a) aspect (b) information (c) Sharpe (d) Sortino
- Q4 A ..... loan is one where the borrower plans to pay off his mortgage or automobile loan in a big chunk at the end after a set number of small regular interim payments.  
(a) backyard (b) balloon (c) bottleneck (d) bottomless
- Q5 The initial ..... requirements are that a company must exhibit specified minimum thresholds for shareholder and publicly-traded share numbers, stock price, and total market value, and after it begins trading, the company must continue to meet other standards required by the exchanges.  
(a) filing (b) joining (c) listing (d) posting
- Q6 At any specific time, there are simultaneous trades in many different calls and puts-- different in strike price and delivery month; ..... delivery months are typically identical to those of the underlying futures contract.  
(a) bid (b) broker (c) open (d) option
- Q7 If you are married but want to ensure that you are responsible for paying only your own tax, this does not mean that you can go back to using the 'single' rates which were applicable before you got married; instead, each spouse must use the '....., filing separately' rates.  
(a) amended (b) divorced (c) married (d) revised
- Q8 Investors must use their intelligence in formulating their financial policies and also in any associated details, including choosing a reputable broker to execute their orders: deal only with the NYSE unless you have compelling reasons to use ..... firm.  
(a) a disaffected (b) an ex-officio (c) a nonmember (d) an unregistered
- Q9 An ..... analyzes the financial consequences of risk, using financial theory, statistics and mathematics to consider possible future events, especially those of interest for pension and insurance programs.  
(a) actuary (b) appraiser (c) assayer (d) assessor
- Q10 A Tax Deed is normally a ..... title, extinguishing all other encumbrances on the title, such as leases, utility bills, mechanics' liens, and so forth.  
(a) preemptory (b) perfect (c) permanent (d) persuasive

**Bear Stearns**

- Q1 Bear Stearns is the second-largest US ..... brokerage firm, and as a part of its business, hedge funds could use their stock holdings to borrow money from BS and then redeploy it in the market.  
(a) general (b) niche (c) prime (d) soft
- Q2 The Capital ..... Allowance in the Economic Analysis Bureau's National Income and Product Accounts measures the capital depreciation in the economy in the course of a stated period, normally one year.  
(a) Allocation (b) Consumption (c) Distribution (d) Valuation
- Q3 A cheap ..... loan is basically a personal loan that runs at a lower rate of repayment; part of the borrower's assets are taken as collateral in order to ensure that s/he pays back the loaned sum, especially if s/he has a questionable credit history.  
(a) assured (b) bolstered (c) covered (d) secured
- Q4 The investor called her broker and asked whether he had any negative information about Zenaida; after a few minutes' delay and a glance at Standard & Poor's ..... sheet on Zenaida, her broker told her there was none, so she ordered 100 shares of Zenaida stock.  
(a) face (b) poop (c) tear (d) yellow
- Q5 Today, Peak Properties Inc announced that it has agreed to ..... placement of 2.1 million shares of its common stock with certain advisory clients of American Products, LLC, a Delaware limited liability company, at \$24.63 a share.  
(a) direct (b) front (c) primary (d) straight
- Q6 A rate-..... loan is a fixed-rate mortgage with a provision which permits the borrower to lower the interest rate if there is a decline in market rates; however, this provision can be invoked only once during the life of the mortgage.  
(a) adjustment (b) diminution (c) improvement (d) reduction
- Q7 The purpose of an informed consent or ..... form is to advise participants of the foreseen or unforeseen risks of the activity and to ensure that the s/he understands these risks and agrees to assume responsibility for them.  
(a) acceptance (b) compliance (c) quitclaim (d) waiver
- Q8 Exchange rate fluctuations affect the USD equivalent of the pound sterling price of British Telecommunications ordinary shares on the London Stock Exchange and are therefore likely to affect the market price of its American ..... Shares on the New York Stock Exchange.  
(a) Depositary (b) Equivalency (c) Parity (d) Secondary
- Q9 The value of a convertible bond results from three components: the value of a ..... bond with the same principal and interest, the conversion value of a convertible bond, and time value.  
(a) plain (b) pure (c) standard (d) straight
- Q10 A ..... mortgage is a mortgage loan packaged for resale to Freddie Mac or Fannie Mae on the secondary market; not only do such loans have very competitive interest rates, they also have very stringent qualifying criteria.  
(a) conforming (b) piggy-back (c) secondhand (d) subprime

*The Employment Act of 1946*

- Q1 Established by the Employment Act of 1946, the ..... of Economic Advisers provides the President of the United States with objective economic analysis and with advice on the development and implementation of national and international economic policy.
- (a) Board (b) Committee (c) Council (d) Panel
- Q2 After four years in custody, Mr Patronia was convicted on three terrorism-related counts, the jury delivering its verdict in under 48 hours; what was unusual and blameworthy was the length of time he had to wait for the due ..... which most Americans take for granted.
- (a) consideration (b) date (c) diligence (d) process
- Q3 The ..... International Financial Futures & Options Exchange lost its single biggest source of income — trading in the German Government Bund — in the late 1990s, but by 2001 it had reinvented itself as an electronic exchange, and at the end of 2001, it was acquired by Euronext NV.
- (a) Bermuda (b) Hong Kong (c) London (d) Manila
- Q4 A ..... area is a price level where neither the bears nor the bulls are in total control; the market cannot decide which way it wants to go, so traders often step aside to see what is going to happen next.
- (a) confusion (b) congestion (c) contortion (d) contraction
- Q5 Elevated readings in the ..... spread indicate increased risk avoidance in the market — investors flock to relatively risk-free short-term T-bills — while Eurodollar futures are more representative of the credit quality of corporate borrowers.
- (a) FED (b) TED (c) TRU (d) USE
- Q6 The grantor must permanently give up all control and ownership of any property transferred to an ..... trust, so this device has small appeal for most taxpayers.
- (a) indelible (b) irrevocable (c) unalterable (d) unredeemable
- Q7 ..... is an out-of-court dispute resolution process where the disputing parties each present their case to a third party intermediary that examines the evidence and makes a (usually) binding decision for the disputants.
- (a) Adjudication (b) Arbitration (c) Litigation (d) Mediation
- Q8 The mutual ..... doctrine rules that interest on municipal bonds is free of federal tax, and in return for this, localities and states cannot tax the interest on federal government securities.
- (a) exception (b) exchange (c) exclusion (d) exemption
- Q9 The ultimate measure of capital ..... is the amount of returns to investors as a multiple of the capital invested, adjusted by the length of the investment.
- (a) appreciation (b) efficiency (c) gains (d) improvement
- Q10 Based on information from Data Diggers, a company which collects and collates stock lending data from custodians and institutions, it is obvious that a rapid build-up in ..... stock positions is strongly correlated with short selling.
- (a) borrowed (b) rolling (c) shifted (d) transit

*Retaining Minority Control*

- Q1 The distinguishing features of ..... stock normally confer an advantage on Class A shares regarding voting power, and it may also involve liquidation and dividend privileges; this system was used more in the 1920s, as a way of retaining minority control.  
 (a) classified (b) designated (c) preferred (d) registered
- Q2 Total Assets less Non-interest-bearing Current Liabilities (NIBCLs) equals Invested Capital; ..... Invested Capital (ROIC) equals Earnings before Interest and Taxes (EBIT) divided by Invested Capital.  
 (a) Rate of (b) Reinvestment of (c) Restriction on (d) Return on
- Q3 The Recording Industry Association of Canada has announced that another 32 individuals have settled copyright ..... suits initiated by the music industry; each of them was charged with illegally downloading over one thousand songs through peer-to-peer networks.  
 (a) detriment (b) encroachment (c) impingement (d) infringement
- Q4 With a rise in prevailing interest rates, new bonds generally offer higher yields to keep pace, so pre-existing bonds with lower ..... rates are now less competitive; on the other hand, when interest rates drop, a pre-existing bond's rate becomes more appealing, driving the price higher.  
 (a) accrual (b) coupon (c) payback (d) voucher
- Q5 I regularly get hard-sell emails from debt ..... organizations offering me low-interest balance-transfer deals for credit card debt or promising they'll give me lower interest rates, reduce my monthly payments — and all I need to do is make 'a single easy payment'.  
 (a) combination (b) consolidation (c) corporation (d) correlation
- Q6 The Federal ..... Bank of New York is one of twelve regional banks; the 'Fed', as this system is often called, is an independent government entity created in 1913 by the US Congress for the purpose of serving as the central bank of the USA.  
 (a) Depository (b) Finance (c) Land (d) Reserve
- Q7 His aim is to become the most well-connected ..... in Japan, an insider in a system in which insider status counts for everything, and Collinson, the CEO of Cripple Creek Holdings LLC, has gambled nearly US\$3.0 billion of his investors' money that his constant networking will pay off.  
 (a) daimyo (b) gaijin (c) ninja (d) samurai
- Q8 After the company fixes the record date, the National Association of Securities Dealers or the stock exchanges set the .....-dividend date, which is normally 2 business days before the record date.  
 (a) ex (b) inter (c) pre (d) re
- Q9 At the request of the applicant, a ..... quotation may be provided in writing for a specific private works job and must be accepted in writing prior to the job commencement; quotations shall be valid for 60 days, after which time an updated quotation will be provided on request.  
 (a) firm (b) fixed (c) flat (d) full
- Q10 An investor can own shares of common stock either directly in her name, including shares acquired through demutualization, in which case she is the holder ....., or indirectly through a bank, broker or other nominee.  
 (a) de rigueur (b) in earnest (c) of record (d) sensu strictu

*Emerging Markets*

- Q1 September events increased uncertainty and investor risk ..... when there were serious concerns about emerging market basics, a global slowdown, and the potential for credit events in specific emerging markets.  
(a) aversion (b) conversion (c) diversion (d) reversion
- Q2 In the September 11 ....., the average country returns in debt markets rose in a general sell-off to levels last appearing during the Brazilian devaluation, but it has since decreased.  
(a) aftereffect (b) afterglow (c) aftermath (d) afterthought
- Q3 Against a ..... of global slowdown, the quality of credit continued weakening, and the average credit quality in the emerging debt markets retreated to its post-Russian-crisis low.  
(a) backdrop (b) profile (c) silhouette (d) vista
- Q4 Although we had spillovers from countries where credit concerns grew, this was contained within specific emerging markets, and generally financing ..... up reasonably well during this quarter.  
(a) bound (b) faced (c) held (d) shored
- Q5 The measures of broad spillover or ..... across emerging markets during the turmoil in June kept considerably under the levels seen in other historical instances of stress.  
(a) combustion (b) commutation (c) confusion (d) contagion
- Q6 The near record ..... in June bond issues helped raise the quarterly volume to its highest level since the boom after Y2K.  
(a) spike (b) spin (c) spine (d) spoke
- Q7 Increased expectation of a US economic slowdown, decreased potential for media and technology sectors, and deterioration of credit markets took their ..... on emerging markets in the third quarter of the year.  
(a) time (b) toll (c) trade (d) trust
- Q8 In spite of the nearly total drying ..... of bond issuance, fund raising on international markets maintained itself rather well, aided by a strong loan market and a surge in placements from China.  
(a) off (b) out (c) up (d) (none)
- Q9 Shifting expectations of the relative probability of a 'hard' as against a 'soft' ..... scenario for the US economy are liable to maintain volatile markets.  
(a) fielding (b) grounding (c) landing (d) standing
- Q10 As the conditions in equity and bond markets are still choppy, those issuers will continue to exploit ..... of opportunity, while the loan market is expected to remain supportive.  
(a) chances (b) crosswords (c) targets (d) windows

*Public International Law*

- Q1 Investment and trade that ..... national boundaries are frequently influenced by public international law issues dealing with the relations among independent states.  
(a) transcend (b) transfer (c) transfix (d) transform
- Q2 When these issues involve conflict between a sovereign state and a private party, the latter could face substantial obstacles to ..... its rights and defending its interests.  
(a) validating (b) verifying (c) vindicating (d) vouchsafing
- Q3 Since 1958, Sillitoe & Smith have been advisors to the Rule of Law Committee, a committee of legal representatives of American multinationals with an interest in monitoring, answering and ..... the important issues of public international law.  
(a) sealing (b) shaping (c) shoring (d) stalling
- Q4 Sillitoe has been working ..... to cause national governments to be more responsive to the rule of law and to devise better legal protection for parties operating internationally.  
(a) sententiously (b) severely (c) strenuously (d) strictly
- Q5 A major concentration of Sillitoe's law practice and a central concern of the RLC has been international claims, specifically those that have arisen from the ..... of private property by a sovereign state.  
(a) apprehension (b) expropriation (c) preemption (d) usurpation
- Q6 Sillitoe worked with the American State Department to ensure that claims arisen from the Gulf War were handled without ..... procedural delay and that funds to pay these claims became available.  
(a) unbecoming (b) undue (c) untoward (d) untried
- Q7 Such issues are some of the essential elements for maintaining the viability and ..... of the procedures for international claims.  
(a) diversity (b) integrity (c) malleability (d) rigidity
- Q8 For cases in which a tribunal has been set up to ..... an international claim, Sillitoe & Smith have often represented claimants in the processes of preparation, filing, and litigation of their claims.  
(a) adjudicate (b) adjust (c) justify (d) prejudice
- Q9 Sillitoe has also filed ..... briefs before the United States Supreme Court and advocated and explained the limitations of international law upon the international assertion of American employment law.  
(a) amicus (b) curia (c) regis (d) rescript
- Q10 Sillitoe & Smith also have extensive institutional knowledge concerning and experience with the UN Convention on the Law of the Sea, which governs situations involving the sea floor and the ..... seas.  
(a) high (b) open (c) over (d) seven

*Textualism*

- Q1 It has ..... been stated by the US Supreme Court that treaties adopted under the Constitution's Article II are not acts of legislation but instead contracts between nations.  
 (a) all along (b) long (c) longer (d) no longer
- Q2 This analogy with a contract was recently ..... by both dissent and the majority in *National Airways v. Aladdin*.  
 (a) convoked (b) invoked (c) provoked (d) revoked
- Q3 However, more and more the treaty jurisprudence of the Supreme Court has ..... the mark of 'new textualism'.  
 (a) borne (b) drawn (c) hit (d) ridden
- Q4 Justice Powell has strongly argued that rule of law and separation of powers make it necessary that the Supreme Court limit its inquiry in cases of treaty interpretation to the four ..... of the agreement.  
 (a) corners (b) edges (c) pages (d) sides
- Q5 The Supreme Court as a group has not agreed with all aspects of Powell's argument — such as her ..... to using materials from ratification debates in the Senate — but textualism is becoming a big influence in the interpretation of treaties.  
 (a) admission (b) aspersion (c) assertion (d) aversion
- Q6 A contract has validity only ..... as there has been mutual agreement by the contracting parties to a shared proposition.  
 (a) howbeit (b) inasmuch (c) insofar (d) notwithstanding
- Q7 An interpreter in a contractual disagreement mostly concentrates on how the two parties understand the contract's terms, but the interpreter of statutes who uses a textualist methodology concentrates on the meanings that neutral third parties ..... to the terms.  
 (a) ascribe (b) describe (c) inscribe (d) prescribe
- Q8 Between this pair of contending principles in the interpretation of treaties, the contract analogy is the one that should prevail .....  
 (a) against (b) through (c) upon (d) (none)
- Q9 The greatest justifications for textualism in interpretation of statutes — more legislative accountability and ..... to Article II, Section 6 of the lawmaking process — cannot be extended to the context of treaties.  
 (a) abeyance (b) adherence (c) allegiance (d) assurance
- Q10 Foreign affairs disputes are composing an increasing share of the Supreme Court's ..... and US treaty commitments are proliferating, yet it is shocking how unstudied the field of treaty interpretation remains.  
 (a) blotter (b) coffer (c) docket (d) ticket

*Technical Regulations and Standards*

- Q1 Technical regulations and technical standards acting as non-tariff trade barriers are increasing dangers that developing countries must take seriously, because they can ..... on economic efficiency and considerably restrain trade growth.
- (a) impact (b) import (c) impress (d) improve
- Q2 There is an increasing awareness of the potential ..... to trade presented by differences in national technical regulations and standards, and a lack of awareness of the effect that choice of standards might have.
- (a) deference (b) deflection (c) deterioration (d) deterrence
- Q3 As to most of the regulations and standards which are not yet in accord internationally, the optimal choice for developing countries is to adopt those already used by their major trading partners instead of elaborating their own ..... standards.
- (a) indigenous (b) indigent (c) ingenious (d) ingenuous
- Q4 Developing countries should act more forcefully in this arena: a more active and ..... participation in the international standardizing bodies would ensure that new adoptions more closely reflect their needs.
- (a) concentrated (b) concentric (c) concerted (d) concrete
- Q5 If private sector firms participated more actively in the standardization process in the case of voluntary or non-mandatory standards, it would probably ensure that this happens de .....
- (a) facto (b) haut (c) jure (d) novo
- Q6 Compliance with a requirement to create a national viewpoint would encourage officials of developing countries to put into ..... a system of national standards information gathering which would benefit both local and foreign producers and exporters.
- (a) activity (b) control (c) government (d) practice
- Q7 Collecting and systematizing this information would also ..... countries to become more aware of the choices regarding standards development which they make and impose on their private sector.
- (a) demand (b) elicit (c) oblige (d) propel
- Q8 In terms of trade facilitation and liberalization, developing countries should ..... actively for more liberalization in the two major regional integration initiatives, the FTAA and APEC.
- (a) plump (b) push (c) shove (d) stump
- Q9 This is because two major experiments in regional integration, NAFTA and the EU, have shown results that go much further in requiring ..... or harmonization of national standards and technical regulations.
- (a) communion (b) compaction (c) convergence (d) conveyance
- Q10 In general, regional approaches to removing technical trade barriers have contributed to liberalization within the region and also ..... third countries.
- (a) versus (b) via (c) videlicet (d) vis-a-vis

*Financial Supply Chain Management*

- Q1 Many CFOs are not yet convinced that the returns forecasted from Financial Supply Chain Management are ..... with the investment needed in terms of both the senior management effort and the capital required.  
(a) coincident (b) commensurate (c) comparable (d) conditional
- Q2 The present ..... is not so much about the absolute savings potential but about the time frames for payback and the need to depend on key stakeholders both inside and outside the organization.  
(a) cynicism (b) sarcasm (c) scepticism (d) solecism
- Q3 Many multinational corporations respond that FSCM is certainly on their ....., but they just don't have any spare resources because of their other business priorities in 2008.  
(a) blotter (b) journey (c) radar (d) target
- Q4 The timing is critical, especially for the procurement people, who want these schemes in ..... place before the time comes to renegotiate contracts with their suppliers.  
(a) its (b) some (c) their (d) (none)
- Q5 And for financial institutions, it has been ..... battle to enlighten the stakeholders in the client company and convince them to commit money and manpower to its implementation.  
(a) a cross-town (b) a down-the-road (c) an underground (d) an up-hill
- Q6 Nevertheless, financial institutions continue to work hard to get FSCM onto next year's ..... list of key initiatives for improving business performance.  
(a) A- (b) check (c) red (d) short
- Q7 The important concern now is how to convince the information ..... in procurement, IT, finance and operations to function more effectively together.  
(a) sheds (b) sheets (c) silos (d) stocks
- Q8 After this has been accomplished, the next ..... is their supply-chain partners.  
(a) clog (b) hurdle (c) snag (d) treadle
- Q9 In times ....., with relationships guided by letters of credit, a company's suppliers could rely on an established practice to help obtain additional bank funding.  
(a) before now (b) gone by (c) long ago (d) of the past
- Q10 One modern approach is that the buyers work with their banking partners to decrease the cost of finance for their suppliers; they see these reductions as a ..... to suppliers for extending the terms of payment.  
(a) softener (b) souvenir (c) stickler (d) sweetener

*Distribution Compliance Period*

- Q1 A one-year distribution compliance period is imposed on Regulation S shares, restricting them from being traded with US citizens on US markets, following the ..... date of the security.  
(a) compliance (b) interest (c) issue (d) term
- Q2 In Germany, residents near nuclear installations have been given the right to ..... against them; this precedent requires courts to hear and rule on complaints about authorities not having carefully considered measures for protection.  
(a) demonstrate (b) instigate (c) litigate (d) mandate
- Q3 An investor who buys a put and an equivalent number of shares of the underlying stock at the same time is creating a '..... put' position, which is a hedging strategy whose name derives from an old ruling by the Internal Revenue Service.  
(a) joint (b) married (c) separated (d) spousal
- Q4 To determine the arithmetic ....., the most common type of average, of a set of n numbers, add up all the numbers in the set and then divide their sum by n.  
(a) mean (b) median (c) metric (d) mode
- Q5 ..... life insurance policy is one that pays no dividends, so its policyholders don't share in the interest, dividends, or capital gains that are earned on premiums paid by the insurer.  
(a) An inactive (b) A nonparticipating (c) A nonprofit (d) An unremitting
- Q6 For tax purposes, capital gains income can be offset only with capital losses, while ..... income can be offset only with standard tax deductions.  
(a) annual (b) operation (c) ordinary (d) standard
- Q7 For consideration received, the Assignor herewith sells, assigns and transfers unto the Assignee the entire right, title and interest in, to and under each Letter Patent, and the Assignor agrees to execute all papers desired by the Assignee for ..... title of the patents herewith assigned.  
(a) clarifying (b) completing (c) perfecting (d) preparing
- Q8 A ..... maturity is usually a later one within a serial issue of bonds and which contains a disproportionately greater percent of the original issue's principal amount.  
(a) backburner (b) balloon (c) block (d) bulge
- Q9 ..... title means that there is no artisan or tax lien, security agreement, unreleased chattel mortgage or other similar document on record against the aircraft; you may search the records yourself or have this done for you by a title search firm or lawyer.  
(a) Clean (b) Clear (c) Fair (d) Firm
- Q10 A sinking fund for the purpose of redeeming preferred shares should be created when they are issued; this should be done by transferring free surplus to a ..... surplus account, which shall be unavailable for dividends.  
(a) constrained (b) dedicated (c) limited (d) restricted

*A Mosaic of Information*

- Q1 ..... analysts assemble a mosaic of information in order to come up with investment theses; they provide a valuable service in reaching material conclusions by sifting through information and extracting the bits that may be insignificant to ordinary investors.
- (a) Securities (b) Stock (c) Trading (d) Transaction
- Q2 ..... purchase programs let investors buy shares without a broker intervening; companies have discovered that these investors are a stabler shareholder base, less likely to participate in day trading.
- (a) Direct (b) Immediate (c) Private (d) Straight
- Q3 ..... depreciation is just as it infers: the same amount is deducted each year, so if you are depreciating a \$10,000 piece of equipment over 5 years, you would deduct \$2000 a year.
- (a) Regular-rate (b) Running-balance (c) Set-amount (d) Straight-line
- Q4 Unscrupulous mortgage lenders often lure home buyers with ..... rates without explaining their actual contract rate, which is buried in the paperwork, and the greater the spread between these rates, the bigger the chances of contract shock for unsuspecting homeowners.
- (a) teaser (b) tempter (c) tickler (d) trapper
- Q5 ..... board is the delivery dates on futures contracts established by the Chicago Board of Trade.
- (a) Above (b) Across (c) First (d) Front
- Q6 ..... of premium is a way of insuring the monthly premiums on your life insurance; if you become unable to work because of ill health, payments are made for you until you can return to work, up to a specified age or until the end of the term of your policy.
- (a) Assurance (b) Coverage (c) Guarantee (d) Waiver
- Q7 In 1971, the American Municipal Bond ..... Corporation was created to insure against default the principal and interest of municipal bonds; the first issue it insured was a general obligation bond for construction of a medical facility in Alaska.
- (a) Assurance (b) Security (c) Underwriting (d) Warranty
- Q8 A ..... Education Savings Account is a custodial account or trust organized or created in the US for the sole purpose of paying qualified education expenses for its designated beneficiary; monies deposited in this account grow tax free until distributed, but contributions to it are not deductible.
- (a) Camberwell (b) Coverdell (c) Greenfell (d) Grinnell
- Q9 The Federal ..... Board took action on the 17th of August to permit banks to line up at the Fed window and turn in sub-prime mortgages at full face value in return for 100% Fed cash, and several hundred billion dollars in dodgy assets were turned over.
- (a) Economic (b) Fianance (c) Loan (d) Reserve
- Q10 ..... Tax can be payable on an estate when a person dies or when assets are transferred to a company or into a discretionary trust, but for most estates no IHT will be payable because they are within the nil rate range.
- (a) Independent Holder (b) Inheritance (c) In-house (d) Interim Home

*Canadian Retirement Planning*

- Q1 One of the most common Canadian investment structures is ....., which isn't a normal investment, but an account allowing an individual to save money for retirement while lowering the income tax.
- (a) a PPRS (b) a PRPS (c) an RPPS (d) an RRSP
- Q2 According to the Tax ..... Act of 1993, organization dues that are spent to lobby State and Federal governments are nondeductible for income tax purposes, and the portion so used must be disclosed to members on their dues invoice.
- (a) Reduction (b) Reform (c) Relief (d) Revision
- Q3 The owner or individual shall pay an annual state ad ..... tax of twenty-nine and one-half cents (\$0.295) for each one hundred dollars (\$100) of value for all real property assessed for taxation.
- (a) eundem (b) hominem (c) libitum (d) valorem
- Q4 A bank acting as a mutual fund ..... is required by the Securities and Exchange Commission to keep mutual fund portfolio securities separate from its other bank assets.
- (a) caretaker (b) conservator (c) contractor (d) custodian
- Q5 ..... paper, which has three Moody's Investor's Service ratings, P-1 through P-3, is the highest quality commercial paper.
- (a) Premier (b) Premium (c) Prime (d) Priority
- Q6 In 1909, the 16th amendment to the US Constitution was sent out to all the state legislatures after having been passed by the US Congress; it was necessary for three-quarters of them to approve it in order for it to be .....
- (a) legalized (b) legitimated (c) ratified (d) regulated
- Q7 Bottom ..... Bill Dunmark and Jim Laxter, who invest in financially troubled companies through their \$500 million Silver Fund, have been refinancing or closing deals to invest almost \$300 million in various businesses wobbling under accumulated 1980s debt.
- (a) draggers (b) fishers (c) outers (d) sitters
- Q8 Capital ..... comes from long term liabilities and ordinary shareholders; it is the effective amount of money actually being used for business, irrespective of whether it comes from the owners, creditors or banks.
- (a) Activated (b) Employed (c) Involved (d) Utilized
- Q9 The most reliable source of economic analysis available is the Asian Image ..... forecast; this publication gives you the essence of research by leading economists from financial institutions such as J.P. Morgan, Goldman Sachs, Citigroup and Deutsche Bank.
- (a) combined (b) comprehensive (c) concurrence (d) consensus
- Q10 The coupon rate does not change over time, but the coupon ..... changes and reflects the return the coupon represents based on current market prices for the bond.
- (a) accrual (b) equivalent (c) value (d) yield

*Financing Your Business*

- Q1 With equity financing, your investors may disagree with you on decisions, making it best to sell out and let them have the business; but if you believe in your business idea and don't want to sell out, you should look into ..... financing and retain control over the direction of your venture.
- (a) capital (b) debt (c) private (d) share
- Q2 ..... bonds are securities provided to developers by contractors; they consist of undertakings by insurance companies or banks to pay the employers if the contractors default under their contracts.
- (a) Performance (b) Promissory (c) Security (d) Surety
- Q3 Avoid becoming an investment sheep by tracking the movements of the ..... money: it is the first to arrive at investment parties when the cover charge is low, and it always buys low and sells high mostly to the sheep, who trade on others' suggestions and on emotion.
- (a) fast (b) front (c) smart (d) swift
- Q4 As a bankrupt, all of one's liabilities and assets are placed in one's bankruptcy estate, which is managed by the trustee ..... bankruptcy, who organizes the selling of the assets and paying of the creditors.
- (a) for (b) in (c) of (d) under
- Q5 A restrictive ..... is a contractual clause that proscribes an ex-employee's competition with his ex-employer or prohibits the ex-employee from taking customers away with him by using information acquired during employment.
- (a) abstention (b) covenant (c) restraint (d) rider
- Q6 To find out which stock and cash dividends you will get when you buy a stock, you should look at two important dates, the date of record and the .....-dividend date.
- (a) ex (b) off (c) post (d) pro
- Q7 The farther in-the-money or out-of-the-money an option goes, the smaller ..... is.
- (a) beta (b) gamma (c) delta (d) theta
- Q8 Big companies often gobble up other companies, intending to blend these acquisitions into their own operations, but ..... companies keep the companies that they buy more separate.
- (a) holding (b) subsidiary (c) trust (d) venture
- Q9 Classifying forest industry companies as ..... industry egregiously understates the technological advances in the industry; paper manufacturing is now incredibly high tech, with production guided from monitors located in comfortable control rooms.
- (a) blackface (b) blue collar (c) smokestack (d) soiled shirt
- Q10 ..... deductions let you convert otherwise taxable income into non-taxable income (usually up to 2% of your adjusted gross income) if you spend some of your money on tax-privileged items such as local and state taxes, health care, charitable donations, and mortgage interest.
- (a) Approved (b) Itemized (c) Reimbursed (d) Untaxed

*Unitholders*

- Q1 In ..... limited partnerships, investors buy units instead of shares and are consequently referred to as unitholders; there are two classes of owners — limited partners and general partners.  
 (a) comprehensive (b) corporate (c) master (d) mutual
- Q2 If they increase, bank ..... assets can potentially trigger significant credit losses; they create a serious drag on margin and the bottom line, and they must be financed with equity, borrowings, or bank deposits.  
 (a) non-performing (b) non-prime (c) under-financed (d) under-priced
- Q3 Certain dispositions are not exchanges or sales, but the Internal Revenue Code includes provisions that deem them exchanges or sales so as to prevent the taxpayer from claiming an ..... loss on a transaction that should more appropriately be considered a capital loss.  
 (a) offsetting (b) ongoing (c) operational (d) ordinary
- Q4 Mortgages have .....-on-sale clauses because lenders need to know who they're lending money to and when the loan will be paid off; they don't want to lend one guy money for a house then find that another guy with lower income or equity or bad credit now has the house.  
 (a) clear (b) due (c) pay (d) settle
- Q5 The ..... rate, which tracks rather closely with other short-term interest rates like the rate for overnight federal funds, is a base or reference rate which financial institutions utilize in setting interest rates for some consumer loans and most commercial loans.  
 (a) bank (b) lend (c) prime (d) set
- Q6 Dogpatch emphasizes yield and lack of risk in its investment policy and allows short term investment only in high quality commercial paper bearing the highest rating by at least one nationally recognized rating .....  
 (a) service (b) system (c) table (d) title
- Q7 In the first quarter of 2006, the US Treasury held its first auction since 2001 for its 30-year or '.....' bond; this bond is favored by investors because they can lock in a safe, enduring interest rate for their portfolio.  
 (a) long (b) Methuselah (c) Rip van Winkle (d) sleeper
- Q8 The Bank of Japan provides the markets with securities ..... of Japanese government securities held by the Bank as a temporary and secondary source, because liquidity may decline when participants have difficulty obtaining specific issues or face uncertainty over availability.  
 (a) buying (b) holding (c) lending (d) selling
- Q9 The mutual fund ....., seen on the internet at any broker's website or at Bigcharts.com, for the Rydex Family of funds is RYURX and for the DAL Family of funds is FUNDX.  
 (a) crest (b) logo (c) mark (d) symbol
- Q10 Annuitants or employees covered under the Group Life Insurance program are eligible for ..... benefits if they have been diagnosed as terminally ill with a life expectancy of less than 9 months and have not assigned their insurance.  
 (a) early (b) living (c) premature (d) remainder

*The Foreign Corrupt Practices Act*

- Q1 During and after the Securities and Exchange Commission investigation in the 1970s, more than 400 US companies admitted to illegal or ..... payments in excess of US\$200 million to foreign political parties, politicians and officials.  
 (a) inhibited (b) unanswerable (c) unsolicited (d) questionable
- Q2 These payments ran the gamut from 'facilitating' payments to ensure government officials ..... certain duties to bribery to secure some favorable action by foreign governments.  
 (a) discarded (b) discharged (c) disdained (d) displayed
- Q3 The US Congress enacted the Foreign Corrupt Practices Act in order to ..... a halt to bribing foreign functionaries and restore public confidence in the honesty of the US system of business.  
 (a) bring (b) call (c) grind (d) stage
- Q4 A number of companies that bribed foreign officials received large fines, along with suspension and ..... from US government procurement contracting, while some employees and executives went to prison.  
 (a) debarment (b) debasement (c) disbarment (d) disbursement
- Q5 After passage of the Act, Congress was worried that US firms were now at a disadvantage to foreign firms, who ..... used bribery and were actually permitted in some countries to use the cost of such payments as business expense deductions on their tax returns.  
 (a) carelessly (b) mundanely (c) routinely (d) unfeelingly
- Q6 From 1999, the anti-bribery provisions of the Act have also applied to foreign individuals and companies who take any action in ..... of such corrupt payments while in the USA.  
 (a) evidence (b) furtherance (c) reference (d) substance
- Q7 The Act's accounting provisions, designed to operate in ..... with its anti-bribery provisions, require companies to keep records that accurately reflect their transactions and to maintain adequate internal controls.  
 (a) league (b) sequence (c) tandem (d) union
- Q8 Regarding the basic prohibition against bribery, several elements must be met in order for the act to ..... a violation of the Foreign Corrupt Practices Act.  
 (a) compile (b) complete (c) constitute (d) construe
- Q9 Persons and corporations can also be penalized if they authorize, order or assist anyone else to violate the anti-bribery provisions of the FCPA or if they ..... to violate them.  
 (a) aspire (b) assent (c) conspire (d) consent
- Q10 It is illegal to pay a third party while knowing that some or all of that payment will go directly or indirectly to a foreign official: the Act forbids corrupt payment through .....  
 (a) amanuenses (b) corollaries (c) emissaries (d) intermediaries

*The ICCUCPDC*

- Q1 The International Chamber of Commerce Uniform Customs and Practice for Documentary Credits ..... all letters of credit for international transactions.  
(a) governs (b) issues (c) monitors (d) reviews
- Q2 The general definitions and provisions of the ICCUCPDC are ..... on all parties.  
(a) binding (b) constricting (c) demanding (d) limiting
- Q3 A commercial letter of credit is a contractual agreement between an issuing bank, on behalf of its customer, ..... a confirming or advising bank to pay a beneficiary.  
(a) authorizing (b) certifying (c) requiring (d) validating
- Q4 At the request of its customer, the issuing bank ..... the letter of credit.  
(a) clears (b) opens (c) releases (d) sends
- Q5 With this, the issuing bank is making a commitment to ..... all drawings made under the letter.  
(a) esteem (b) favor (c) honor (d) respect
- Q6 In essence, the issuing bank is replacing its customer as the .....  
(a) buyer (b) client (c) debtor (d) payee
- Q7 A letter of credit is a separate and ..... transaction from the contract that it is based on.  
(a) discreet (b) discrete (c) distinct (d) distinctive
- Q8 All parties ..... in documents and not in goods; the issuing bank is not liable for performance of the underlying contract between the customer and beneficiary.  
(a) deal (b) negotiate (c) share (d) transact
- Q9 The beneficiary, when requesting payment, ..... that it has complied with all conditions of the agreement.  
(a) assures (b) ensures (c) waives (d) warrants
- Q10 The bank must pay the seller if the latter ..... to the letter of credit.  
(a) accommodates (b) accords (c) complies (d) conforms

*A Strategic Alliance*

- Q1 Since the announcement of their strategic alliance, the two businesses are ..... plans to show how their partnership can create new ways for financial institutions to conduct business and engage their customers.  
(a) articulating (b) digesting (c) enunciating (d) pronouncing
- Q2 Lenders and banks around the world are facing increasingly ..... markets, so they are realizing that future gains may depend on their ability to expand the potential and value of their existing customer base.  
(a) activated (b) concentrated (c) enervated (d) penetrated
- Q3 "We can put financial institutions on the fast track to new levels of profitability and performance by ..... our world-class business consultancy with our unique customer insight and predictive technologies," said their vice-president, Akio Shibata.  
(a) ameliorating (b) augmenting (c) segmenting (d) separating
- Q4 Their spokesman explained how this partnership can provide full ..... partnering opportunities across many decision-making processes, from joint service offerings and integrated implementation to complete outsourcing.  
(a) barrel (b) bodied (c) scale (d) spectrum
- Q5 He said, "This partnership is about NEC ..... our solutions by spreading Yamashita decision technology to all facets of customer management, engagement and influence."  
(a) embedding (b) embellishing (c) embracing (d) embroidering
- Q6 Financial institutions will be able to ..... Yamashita technology in new ways because of NEC's solid relationship with its customers' enterprises.  
(a) average (b) image (c) leverage (d) salvage
- Q7 As a result of this relationship, NEC customers will enjoy improvement in long running analytics performance via ..... enablement of key applications.  
(a) chart (b) grid (c) matrix (d) table
- Q8 "NEC can rapidly carry us into geographies that we have not traditionally served and demonstrate to those financial institutions the value that can be ..... from Yamashita's having touched so many transactions in the markets."  
(a) excised (b) extracted (c) realized (d) retracted
- Q9 "NEC offers the ..... of consulting that can help institutions take much greater advantage of Yamashita technology," Shibata said.  
(a) caliber (b) character (c) fabric (d) facade
- Q10 Citing an example, Shibata said that the partners are currently working to ..... fraud detection systems with ATM networks.  
(a) align (b) arraign (c) arrange (d) assign

*The Physical Supply Chain*

- Q1 The reduction of uncertainty in the physical supply chain requires cooperation between trading partners; this uncertainty is reduced ..... but requires adequate investment from both of the partners.  
 (a) incidentally (b) incrementally (c) indelibly (d) irrevocably
- Q2 During the initial development of integrated supply chains, the more powerful of the partners ..... their requirements.  
 (a) decided (b) demanded (c) dictated (d) directed
- Q3 With, for example, ..... system, timely delivery of components lowered the working capital needed by a powerful customer, while the supplier had to investment heavily to adapt their system.  
 (a) a just-in-time (b) an on-demand (c) an on-the-money (d) a quick-reponse
- Q4 The system is uncertain for the supplier because the payment receipt date is unknown, yet powerful customers are ..... to invest in providing a more certain system because it is the supplier that receives the benefit.  
 (a) averse (b) avoiding (c) recalcitrant (d) reluctant
- Q5 Instead of cooperating in the removal of costs from their supply chain, the customer's finance functions may take ..... approach: payments may be delayed in order to match cash flows or operational processes.  
 (a) an altruistic (b) an opportunistic (c) an optimistic (d) a simplistic
- Q6 A smaller supplier may also ..... higher charges for foreign exchange transactions and cash management services.  
 (a) employ (b) endure (c) impute (d) incur
- Q7 With regard to the financial supply chain, it has been proving problematic to implement a sure system for invoice input and ..... of payment orders.  
 (a) alleviation (b) assignation (c) generation (d) gestation
- Q8 However, in the long run, the process of ..... improvements in the supply chain demands close cooperation.  
 (a) imminent (b) imperative (c) iterative (d) itinerant
- Q9 Instead of apportioning savings to each partner for every investment, the focus is shifted to a more general form of .....  
 (a) reciprocation (b) recombination (c) restitution (d) retribution
- Q10 The thrust of the trading relationship can then shift from competition between partners and focus instead upon cooperation within the supply chain and ..... competition between chains.  
 (a) advantageous (b) adventitious (c) adventurous (d) adversarial

*Foreign Currency Risk Management*

- Q1 With regard to volatility in foreign currencies, corporate finance people are faced today with having to manage risk on a constantly changing playing field which is ..... with challenges.  
(a) flung (b) fraught (c) wrought (d) wrung
- Q2 Within a regulatory environment recently upset by a ..... of financial scandals, the rules of the FX game are now staggeringly complicated, with an increased burden of compliance on financial accounting and reporting departments.  
(a) space (b) span (c) spasm (d) spate
- Q3 This has led to a host of issues regarding operations within most multinational companies, transforming FX risk from what was once considered a departmental concern into a ..... risk to the whole enterprise.  
(a) bona fide (b) bonis avibus (c) cui bono (d) summum bonum
- Q4 This focus on reporting and compliance translates into a shift of resources away from treasury, the traditional ..... for management of corporate risk, and into the controller's office.  
(a) regime (b) reservoir (c) stalwart (d) steward
- Q5 Withdraw those resources and add in the demands on treasurers of a seemingly ..... corporate appetite for growth through mergers and acquisitions, and we can see why employee turnover in treasury is reaching unprecedented rates.  
(a) insatiable (b) inscrutable (c) insensible (d) insoluble
- Q6 ..... as a whole, the stress to which the staff, systems and processes that corporations rely on to protect corporate value from FX volatility are subjected amounts to a perfect storm.  
(a) Given (b) Measured (c) Settled (d) Taken
- Q7 From one viewpoint, currency fluctuation risk is a relatively easy risk to handle: exchange-traded options and forward contracts can lock in exchange rates and protect cash flow and financial statements from the effects of currency .....  
(a) slumps (b) surges (c) swaps (d) swings
- Q8 There are fundamental problems with the underlying transaction data used by organizations to calculate and manage FX exposure, and one contributor to these data problems is manual accounting processes which lead to persistent, ..... errors.  
(a) sympathetic (b) symptomatic (c) systematic (d) systemic
- Q9 Frequently, such problems show up in regional offices, where a foreign currency transaction is converted on the ..... and entered into the general ledger in the local currency instead of the transaction currency.  
(a) bound (b) fly (c) ground (d) sly
- Q10 Solving the problem will require more rigorous training to ensure adherence to proper accounting procedures and a clear understanding of the impact of ..... practices.  
(a) flagrant (b) flawed (c) fragile (d) fragmented

**Banker's Acceptances**

- Q1 Banker's acceptances, bills of exchange and unsecured notes are the major types of ..... paper.  
(a) safe (b) short (c) simple (d) straight
- Q2 One key question when choosing and implementing any stock selection model is how long excess returns are produced; identifying a model's optimal ..... period or longevity helps reduce portfolio turnover and maximize returns.  
(a) banking (b) carrying (c) holding (d) retaining
- Q3 In order to take advantage of the pain being suffered on Wall Street, Castle Investments is adding 1.2 billion dollars to the ..... it has already amassed; the extra cash will be added to its 2.2 billion dollar 'credit opportunities' fund for investment in distressed assets.  
(a) grubstake (b) nest egg (c) stockpile (d) war chest
- Q4 Just as with forecasting the weather, ..... analysis doesn't produce absolute predictions of future trends in the market, but it can help investors in anticipating what is likely to happen to prices, especially over the short term.  
(a) forward (b) insight (c) linear (d) technical
- Q5 The ..... option exhibits the same cash flow potential as its international counterparts with the same underlying strike price and date of expiry, but one advantage is that the investor can choose when to exercise his option if he suddenly needs to unload the security.  
(a) adjustable (b) American (c) convertible (d) Wall Street
- Q6 ..... stands out as one of the most remarkable 20th century financial events because of its suddenness, the unprecedented extent by which world markets fell — 23 percent — and its total lack of explanation.  
(a) Black Friday (b) Black Tuesday (c) The Crash of 1987 (d) The October Bubble
- Q7 The Federal Reserve ..... rate is the interest rate received by commercial banks and other depository institutions on loans from the regional FRB's lending facility; the rates are the same across all Reserve Banks with the exception of days around a rate change.  
(a) agency (b) discount (c) funds (d) internal
- Q8 Many couples now open a ..... bank account while keeping their separate accounts: they each pay a specified amount into the former, using this to pay household expenses, while they retain their own financial independence and avoid the use of money as power in the relationship.  
(a) checking (b) joint (c) mutual (d) savings
- Q9 The firm invested funds in repurchase agreements (short-term obligations secured by government obligations) and ..... notes (unsecured obligations) issued by banks; both represent money on deposit or accounts receivable contracted in the course of business.  
(a) counter (b) debit (c) master (d) prime
- Q10 ..... investment trust specifically invests in properties producing income and then passes the profits on to its investors as dividends; indeed, it must distribute at least 90% of its profits in order to qualify for preferential tax treatment.  
(a) A mutual (b) An active (c) A real estate (d) A venture capital

*Non-monetary Services*

- Q1 Venture capitalists are often willing to provide non-monetary '.....' services to young businesses which they wish to grow, helping gather the management team and prepare the company for its initial public offering, for example.  
 (a) addenda (b) add-on (c) booster (d) bootstrap
- Q2 ..... analysis is a useful tool for making comparisons between other businesses in your industry and your own; for instance, it can indicate whether your business is collecting receivables too slowly or holding too much inventory.  
 (a) Percentage (b) Proportional (c) Ratio (d) Relative
- Q3 Reliable Resources announced that it has closed ..... deal financing of 3.9 million of its common shares at \$11 per share; the underwriters have an option to buy up to 600,000 more shares at the same price to cover over-allotments and for market stabilization purposes.  
 (a) a bought (b) an end (c) an internal (d) a straight
- Q4 Capital stock consists of buildings, equipment and intermediate goods not directly consumed and, combined with labor, it produces a flow that yields all the goods and services produced in the economy; 'capital .....' is simply the enlargement of this capital stock.  
 (a) aggregation (b) creation (c) formation (d) injection
- Q5 ..... is the momentum which sometimes results from rapid business activity increases, and with securities, it is the process by which the exercise of stop orders in an advancing or declining market causes increased upward or downward pressure on prices.  
 (a) Mainlining (b) Railroading (c) Snowballing (d) Topspinning
- Q6 In finance, ....., a statistical measure of the correlation in variations in two different quantities, is used to evaluate the annual return rates for different investments and measure the correlation of the changes in their performance from year to year.  
 (a) covariance (b) least squares (c) standard deviation (d) the t-test
- Q7 MacLennon Group Ltd accesses international debt markets via its USD 20 billion World Debt Program, a comprehensive borrowing program that involves issuing a variety of ..... in a range of markets.  
 (a) implements (b) instruments (c) options (d) terms
- Q8 ..... deed is a deed which promises the buyer that the seller holds clear, unencumbered title to the property.  
 (a) An escrow (b) A quitclaim (c) A trust (d) A warranty
- Q9 Some dealers in US securities use made-up or dummy ..... numbers on the first trading day or until they can update their systems with the actual numbers, but this is a poor solution because many dealers cannot submit prices using them.  
 (a) CINS (b) CRSP (c) CSB (d) CUSIP
- Q10 This bond's issuer normally asks an independent attorney to give an opinion about the terms, call provisions, its taxing authority limitations, the propriety of the physical certificate, etc, but not all munis are issued with this opinion, and these are designated as .....  
 (a) ex-legal (b) pro forma (c) subprime (d) unwarranted

*Manipulative Practices*

- Q1 ..... in the stops is a manipulative practice in which a trader sells a large number of a stock in order to bring down its price to a level where stop orders exist; these are then activated, touching off other stop orders, and the process snowballs.
- (a) Calling (b) Dragging (c) Gathering (d) Hauling
- Q2 Legally, a settlor is one who settles property for the benefit of a beneficiary; in legal systems, a settlor can also be referred to as a grantor, a ....., or a donor.
- (a) bestower (b) consignor (c) provider (d) trustor
- Q3 With the issuance of capital stock, the Capital Stock account is credited with the issued shares' par value, while the excess (if any) of the market value received over par is credited to the Additional ..... Capital account.
- (a) Accumulated (b) Claimed (c) Marked-up (d) Paid-in
- Q4 When a mutual fund sells any holdings, it is required by law to distribute to its shareholders essentially all the gains in capital gains .....; these, which typically occur once or twice a year, are made primarily for tax purposes.
- (a) defrayments (b) disbursements (c) dispersals (d) distributions
- Q5 The ..... percentage rate does not affect monthly mortgage payments, which are a function of interest rate and loan term; its purpose is to indicate the true loan cost, preventing lenders from advertising low rates while hiding fees.
- (a) annual (b) comprehensive (c) extended (d) flat
- Q6 A ..... trust is created in order to hold ownership of a person's assets during the individual's lifetime and to distribute them after death; normally, the grantor may serve as a trustee and control those assets even though they are the property of the trust.
- (a) direct (b) living (c) managed (d) premature
- Q7 On 5 August 1997, Bill Clinton signed into law the Taxpayer ..... Act of 1997 and the Balanced Budget Act of 1997; the tax law made over 800 changes to the US's massive tax code, affecting nearly every taxpayer.
- (a) Relief (b) Return (c) Review (d) Revision
- Q8 Real Estate Mortgage Investment ..... (REMICs) are very complex, but the basic concept is that the cash flow from an underlying pool of whole loans are tranching or sliced up into separate securities with different time-to-maturity horizons and cash flow characteristics.
- (a) Caches (b) Composites (c) Conduits (d) Cooperatives
- Q9 ..... interest is interest based not on a 365-day year but on a 360-day year, and this can result in a significant difference.
- (a) Extraordinary (b) Nonstandard (c) Ordinary (d) Standard
- Q10 Abandoning .....-based compensation is difficult, because some employees always want to contribute more and logically expect more in return, demanding differentiation in salaries.
- (a) effort (b) output (c) performance (d) trial

*Minimizing Volatility*

- Q1 A good way to gain a lot of income with minimal volatility is with a ..... rate fund invested in bank loans; banks make these loans to companies as part of leveraged buyout deals and then sell them to mutual funds and other institutional investors.
- (a) corporate (b) cut (c) prime (d) pro
- Q2 The internationally-accepted transfer pricing standard applied for tax purposes is the ..... price; this standard separates tax considerations from economic decisions and promotes international trade and investment growth.
- (a) arm's-length (b) cross-border (c) exchange (d) GAAP
- Q3 A ..... recommendation is a good way to gain a broad view, but it doesn't necessarily offer the best solution for the investor; the criteria used by each analyst may vary, so it should be considered only as an indicator.
- (a) combined (b) compound (c) consensus (d) coordinated
- Q4 ..... limited partnerships are partnerships in which new limited partners buy the existing properties in order to receive tax advantages that the old partners can no longer claim.
- (a) Reconstitution (b) Reconstruction (c) Renegotiation (d) Resyndication
- Q5 Typically, ..... loans are collateralized, reducing the lender's credit exposure to the borrower; the collateral may be a letter of credit, cash, or other stocks, bonds or investments.
- (a) brokerage (b) exchange (c) mortgage (d) securities
- Q6 The direct ..... method of transfer from employer-sponsored plan to employee IRA allows the latter to avoid IRS withholding tax deducted with a distribution by the company plan to the employee, even if the employee intends to place it immediately into an IRA.
- (a) flow-through (b) follow-up (c) remittance (d) rollover
- Q7 The bond's ..... value is its value disregarding its share conversion option and based solely on its future cash payments (its maturity value plus coupons).
- (a) base (b) face (c) par (d) straight
- Q8 You should invest in mutual funds with a low portfolio ..... ratio, which means that the fund manager does less buying-and-selling and more buying-and-holding, thus making the fund more tax-efficient and helping you in the long run.
- (a) delinquency (b) Sharpe (c) Sortino (d) turnover
- Q9 The foundation of ..... pricing theory is the concept that a security's price is driven by several factors, both company-specific factors and macro factors.
- (a) arbitrage (b) heterogeneous (c) integrated (d) melange
- Q10 Including such names as BMW and Bayer, the ..... 100 is the abbreviation for Deutscher Aktienindex 100, which is a price-weighted index for Germany's top one hundred stocks.
- (a) DAI (b) DAK (c) DAT (d) DAX

*Gold Collateral*

- Q1 Congress has mandated that each Federal Reserve Bank must hold collateral, chiefly US securities and gold certificates, which is equal in value to the Federal Reserve ..... which the Bank receives.  
 (a) debits (b) credits (c) loans (d) notes
- Q2 LEAPS (Long-term Equity ..... Securities) are options that expire up to three years in the future; calls provide investors a chance to participate in upward movements without outright stock purchases, while puts provide a hedge against a decline in their stocks.  
 (a) Advance Purchase (b) After Planning (c) Anticipation (d) Appreciation
- Q3 City governments issue tax-exempt ..... improvement certificates in order to finance specific public works projects; the cities then assess more taxes on the beneficiaries of these improvements.  
 (a) municipal (b) mutual (c) unilateral (d) urban
- Q4 The ..... statement documents the borrower's fulfillment of a collateralized loan repayment; after the borrower has paid off the loan, the lender no longer has rights of ownership to the assets used as collateral.  
 (a) completion (b) execution (c) retribution (d) termination
- Q5 The minimum distributions from ..... IRA are calculated on the beneficiary's expected longevity, not that of the original owner; standard single-life or life-expectancy tables are used in determining how much the beneficiary must receive each year.  
 (a) a generational (b) a longitudinal (c) an inherited (d) a staggered
- Q6 ..... transaction is one made by parties freely and independently of one another, and without any special relationship, such as one party having complete control of the other, having another deal on the side or being a relative.  
 (a) An aboveboard (b) An arm's length (c) An equitable (d) A third party
- Q7 Even if a prospective homebuyer can prove a steady income source and is not in arrears on any financial obligations, a sufficient level of bank ..... to allow approval of a mortgage still depends on the overall financial health of the loan applicant.  
 (a) allowance (b) approval (c) cash (d) credit
- Q8 If an account holder overdraws her account, then the bank has the choice of either paying the amount or not; if it returns the check without paying it, she'll be charged .....-check or non-sufficient funds fee, and if it pays, she'll be charged an overdraft fee.  
 (a) a blanked (b) a bounced (c) a cancelled (d) a crossed
- Q9 If you have received ..... distribution from your qualified retirement plan before the annuity starting date, you can usually allocate only part of it to the cost of the contract; the remainder you must include in gross income.  
 (a) an asynchronous (b) an extraordinary (c) an irregular (d) a nonperiodic
- Q10 PayPal appears to have at last posted a realistic estimate of eCheque ..... time: eCheque emails always defaulted in the past to the US standard of 3 to 4 working days, but from today they have begun estimating a more realistic 7 to 9 working days.  
 (a) clearance (b) passage (c) presentation (d) return

*Cyber-criminals and Cyber-crime*

- Q1 For the past several years we have seen a big change in cyber-crime; although the ..... number of crimes has risen considerably substantially, that is not the complete story.  
(a) sharp (b) sheer (c) stark (d) straight
- Q2 Just increasing the quantities of manpower and money that a company throws ..... this problem is no longer sufficient to keep pace with all the changes.  
(a) after (b) at (c) to (d) (none)
- Q3 Cyber-criminals, along with the cyber-crimes that they ....., are constantly evolving, and our approaches and methods must also change in order to guard our company from this new wave.  
(a) penetrate (b) permeate (c) perpetrate (d) perpetuate
- Q4 Only a few years ago, cyber-criminals were primarily young male nerds doing it as an experiment or just for fun; they were not ..... profit from their efforts but just wanted to impress their girlfriends or peers.  
(a) out for (b) out to (c) up for (d) up to
- Q5 They were not trying to cause major disruptions or steal money; changing the company website logo was acceptable, but crashing the entire system and then ..... money to restore it was unthinkable.  
(a) expending (b) exploiting (c) extorting (d) extracting
- Q6 In those days, hackers were just earning bragging rights and boosting their egos; the activity was only a ..... or two up the intellectual ladder from train-spotting.  
(a) notch (b) peg (c) rung (d) spoke
- Q7 Nowadays, the hackers' primary targets are e-commerce websites and their customer databases, and their operations are so ..... that stolen data is misused within seconds of its being entered by the unwitting victims.  
(a) slack (b) slick (c) slippery (d) sly
- Q8 Today, e-commerce's main growth area is in replacing traditional telephone-based or over-the-counter transactions with web-based applications, and of course hackers have ..... onto this.  
(a) latched (b) legged (c) lighted (d) lobbed
- Q9 Now at the disposal of cyber-criminals are all the resources of organised crime, which knows that police forces globally are ..... under-resourced for attacking internet fraud.  
(a) wickedly (b) willfully (c) woefully (d) worriedly
- Q10 Efforts need to be focused on the building of secure applications that cannot be .....  
(a) accessed (b) broached (c) compromised (d) firewalled

*Pushing and Pulling*

- Q1 Chesterfield suggests that the traditional hierarchical model of planning which places communications alongside the other marketing mix variables is due for a .....
- (a) recall (b) rehash (c) rethink (d) reverb
- Q2 All marketing communication is not elevated to a strategic role, though; a distinction exists between tactical communications supporting individual marketing initiatives and strategic communications that inform all of a company's activities ..... from the highest levels.
- (a) elevating (b) emanating (c) enervating (d) escalating
- Q3 Communication is qualitatively different from the other ingredients of the marketing mix; increasingly, the traditional marketing functions of price, product and distribution are hygiene factors, while communications is becoming a higher ..... tool.
- (a) order (b) power (c) skill (d) tier
- Q4 This is especially true for companies with ..... brand values, but it likely means a change in how every marketing department sees itself.
- (a) intuitive (b) invasive (c) persuasive (d) pervasive
- Q5 More and more, corporations need to pursue strategic vertical integration, speaking with a single voice from the shop shelf right up to the CEO's office, even though this realignment might ..... the latter's former preeminent role.
- (a) eclipse (b) efface (c) enhance (d) erase
- Q6 Push' strategies give incentives to distributors and retailers to stock and push their products, but this metaphor ..... the received marketing wisdom of finding and satisfying a need, not imposing the product on the customer.
- (a) curdles (b) mangles (c) puzzles (d) rankles
- Q7 On the other hand, pull' strategies utilize consumer-directed techniques like sales ..... and advertising to stimulate demand in an effort to pull the product or the service through the channel to the consumer.
- (a) procedures (b) programs (c) promises (d) promotions
- Q8 Pull and push strategies are not mutually exclusive; for example, an advertising campaign pointed directly at the consumer will be viewed by intermediaries, which will presumably ..... their confidence in stocking the product advertised.
- (a) bolster (b) buffer (c) bulwark (d) buttress
- Q9 The likelihood is that a vertically-integrated approach to communications will incorporate a ..... of the demarcation lines between the intermediary and the marketer.
- (a) blurring (b) fading (c) hazing (d) muting
- Q10 However, the staff responsible for each kind of strategy are likely to work independently in most companies, and this situation is probably the main barrier to effective vertical integration of the sort ..... by Chesterfield.
- (a) designated (b) envisaged (c) incorporated (d) underscored

*Leisure Services*

- Q1 It becomes increasingly important for leisure service agencies to be able to respond to all ..... in their communities as their ethnicities become more diverse.  
(a) constituents (b) contentions (c) institutes (d) intentions
- Q2 In order to incorporate changes, the professional leisure service provider needs to re-conceive his idea of the individual and broaden his ..... of service delivery.  
(a) notations (b) note (c) notice (d) notions
- Q3 Most observers are now familiar with the important changes in the ethnic ..... of the United States.  
(a) composition (b) constitutions (c) construction (d) convolutions
- Q4 According to 2000 ..... data, the increase in minority populations was at nearly twice the rate as appeared in the 1980s.  
(a) almanac (b) atlas (c) census (d) gazetteer
- Q5 A good deal of the increase was among people of Hispanic ..... — a 60% increase from 1980, or 8 million people.  
(a) ancestry (b) descendants (c) language (d) leanings
- Q6 By 2100, people of ..... collectively will be the majority in California.  
(a) color (b) creed (c) origin (d) race
- Q7 ..... of anyone's reaction to this, such significant changes indicate that a new reality has emerged, with implications for all recreation, park, and leisure service providers.  
(a) Dissociated (b) Inattentive (c) Irrespective (d) Unrelated
- Q8 Traditionally, recreation service agencies have functioned from a reductionist viewpoint where individuals were considered to be made up of discrete and identifiable parts instead of ..... entities.  
(a) contained (b) holistic (c) realistic (d) sustained
- Q9 Smithson et al (1992) offer an alternative viewpoint: they ..... that the individual must be thought of as a total organism with more than only leisure needs.  
(a) argue (b) dispute (c) plead (d) quarrel
- Q10 In addition, after the individual has been re-conceived, the ..... of roles that the professional can then utilize broadens to incorporate more than direct service.  
(a) cast (b) itinerary (c) personae (d) repertoire

*Niche Marketing*

- Q1 Some entrepreneurs think that selling to the widest market is the surest path to success; they are hesitant to go after a market niche because they're afraid that they will lose business by ..... away customers.  
(a) driving (b) giving (c) sending (d) turning
- Q2 But this 'take all .....' approach is not very effective.  
(a) buyers (b) comers (c) finders (d) showers
- Q3 It is difficult to ..... out if you market your business lacking a set of distinctive prospects in mind.  
(a) stand (b) step (c) stick (d) stretch
- Q4 Entering a niche means that you will not be competing with many similar companies on price alone, and if you are selling products or services customized to the needs or ..... of a specific group of customers, you can frequently charge more.  
(a) precedents (b) preconceptions (c) predictions (d) predispositions
- Q5 The procedure begins with your market research: you should analyze your competitors, your best potential customers, and your ability to serve these customers so well that they will make you their vendor of .....
- (a) choice (b) course (c) record (d) rights
- Q6 Market research can be compared to sticking your ..... into the swimming pool before you plunge in.  
(a) finger (b) foot (c) hand (d) toe
- Q7 After you have learned which customers you want to reach and what their needs are, you can adapt your service or product to match their needs more nearly and ..... a message that reflects your customer as well as your business.  
(a) bear (b) craft (c) post (d) scrawl
- Q8 To decide whether a particular niche is right for your business, ask yourself if you can ..... its identity, services and products to address that market's particular needs.  
(a) tag (b) tailor (c) twirl (d) twist
- Q9 You should also determine whether your target market is currently .....
- (a) underserved (b) undervalued (c) undeserved (d) unreserved
- Q10 The more that your business specializes, the more its market will see the value of your products or services because you are ..... directly to their unique situation.  
(a) planning (b) pointing (c) serving (d) speaking

*Scandinavian Capital Market*

- Q1 In many ways, wider Europe is ..... in the Nordic region, which is characterized by similarities in language, law and history but has different cultures and currencies.  
(a) mimicked (b) mirrored (c) refracted (d) replicated
- Q2 The Nordics wanted to create a single regional capital market, but some of its exchanges and post-trading infrastructure providers remained ..... independent or joined forces with partners outside the region.  
(a) ferociously (b) fiercely (c) viciously (d) violently
- Q3 In today's globalized age, issuers and investors both want and need deep, liquid markets operating at the lowest possible cost in the most risk-..... and efficient fashion.  
(a) allergic (b) averse (c) avoidant (d) aware
- Q4 Sharing access, expertise, operability, and international mergers and alliances are all becoming realities, but in any kind of innovative cooperation, there are ..... to be glitches in delivering tangible benefits.  
(a) assured (b) bound (c) set (d) thought
- Q5 For instance, in Sweden last year, there were ..... to the reputation of the Stockholm Exchange when it took a hammering for technical problems that closed it for most of the business day.  
(a) bruises (b) fractures (c) rashes (d) wrinkles
- Q6 However, such cases are really only minor ..... in what is proving already to be a fruitful combination.  
(a) blips (b) blotches (c) blots (d) blurbs
- Q7 The decision to sell NCSD, which ..... the central security depositories for Sweden and Finland, is a fine opportunity for participants in these two markets to reach more foreign trading parties and lower international transaction expenses.  
(a) compacts (b) composes (c) comprehends (d) comprises
- Q8 Without such ..... of market practices and consolidation of infrastructure, financial professionals can expect only greater complexities and costs in the future as globalization continues.  
(a) fragmentation (b) generalization (c) harmonization (d) specification
- Q9 And during ..... times, cost containment becomes ever more relevant, as we have all come to learn.  
(a) tortuous (b) torturous (c) turbid (d) turbulent
- Q10 Euroclear has been contributing to process standardization in EU capital markets, and it is also working on ..... the multiple-transaction processing platforms which it runs onto one single platform.  
(a) condensing (b) conducting (c) converging (d) conveying

# *Business English*

(Answer Keys)

*Money accepted*

A1 I like to visit other countries but I find the cost of travel is too high.

answer: (b) cost

A2 She is very happy because she starts her new job today.

answer: (a) job

A3 One day I hope I shall win the lottery.

answer: (d) win

A4 He must have a lot of money because this summer he is going on a cruise around the world.

answer: (b) around

A5 Have you read that book about the life of Van Gogh?

answer: (a) about

A6 Do you want any sugar in your coffee?

answer: (c) any

A7 They do not accept cheques in that restaurant.

answer: (a) accept

A8 I cannot work today because I have very bad toothache.

answer: (d) ache

A9 Children are not allowed in that public house.

answer: (b) allowed

A10 You can see the advertisement about the sale in the local paper.

answer: (d) advertisement

*Computers*

A1 How are you getting on with your new computer?

answer: (b) with

A2 Not too bad but sometimes I just can't get the hang of it.

answer: (c) hang

A3 Do you mean it drives you up the wall?

answer: (a) wall

A4 Well, not that often but there are things that completely mystify me.

answer: (d) mystify

A5 What sort of things do you have in mind?

answer: (b) mind

A6 Well, take the times when everything freezes.

answer: (c) freezes

A7 Yes, I know what you mean that's when you'd like to smash it to pieces.

answer: (a) pieces

A8 Never mind, most of the time it behaves like a little angel.

answer: (b) angel

A9 And just think of all the benefits you get from having one.

answer: (c) benefits

A10 Personally I'm looking forward to my holidays when I'll be free of it for two weeks!

answer: (a) free

*Making an Appointment*

- A1 Welcome back everybody in this session — we're going to take a look at some of the vocabulary we used in session 2.  
answer: (b) everybody
- A2 To start with, can you remember what session 2 was all about?  
answer: (d) remember
- A3 Yes, that's right. It was all about the job I do every day. I expect you recall that I work for a financial company as a financial advisor.  
answer: (b) as
- A4 In other words I help people with investing their money.  
answer: (c) investing
- A5 My clients contact our office via email or phone and then we make an appointment.  
answer: (a) make
- A6 You arrange an appointment with another person because you want to meet or see them.  
answer: (c) meet
- A7 The two things that are important for an appointment are the time and the place. You say for example: Let's meet next Monday at 10 o'clock.  
answer: (b) at
- A8 Another word that is very similar in meaning to appointment is the word date. A date is usually a private meeting with another person.  
answer: (d) another
- A9 So, when you say: I've got a date with my boss, it means you are going to see your boss privately.  
answer: (a) are going to
- A10 Possibly you also know the expression 'blind date', which is a rendezvous with a person you have never seen before and you are meeting them for the first time.  
answer: (c) for

*Late Again*

A1 Do you know what time it is?

answer: (c) what

A2 No, I have no idea.

answer: (b) no

A3 It's time you got up.

answer: (d) up

A4 I don't believe you. You can't be right.

answer: (a) right

A5 I'm telling that you must hurry up or ...

answer: (c) hurry

A6 Or what? Come on, tell me.

answer: (b) Come

A7 Simply that you're going to be late for work.

answer: (a) late

A8 I think there's something you've forgotten.

answer: (d) forgotten

A9 Now, it's your turn to tell me.

answer: (b) turn

A10 Remember that there's no work today because it's Sunday.

answer: (c) because

*Shopping*

A1 The trouble is I haven't made a list.

answer: (d) list

A2 Surely you must know what we need?

answer: (b) Surely

A3 Well, yes I do have a pretty good idea?

answer: (a) pretty

A4 Do we need any dairy products?

answer: (c) products

A5 Yes, we've almost run out of cheese, butter, milk.

answer: (b) of

A6 Right, we'd better get on with it.

answer: (a) better

A7 Oh and we'll also need some washing powder.

answer: (c) powder

A8 I assume there's nothing else. I said it would be quick. Oh dear.

answer: (d) else

A9 What's the matter?

answer: (b) matter

A10 Just look at the size of those huge queues at the checkouts.

answer: (c) queues

*On my Mobile*

A1 Hello — I'm just trying out my new mobile.

answer: (d) trying

A2 Oh yes. Are you far away?

answer: (c) far

A3 Not really. I'm quite near.

answer: (b) near

A4 You sound very clear.

answer: (a) sound

A5 Well, I did spend a lot of money on it.

answer: (c) spend

A6 Tell me, where are you at the moment?

answer: (d) moment

A7 I've already told you I'm in the area.

answer: (b) area

A8 Well, this is very interesting but I am very busy.

answer: (a) busy

A9 Don't worry — I'll see you very soon.

answer: (c) worry

A10 Oh there goes the front door bell — oh it's you! I might have guessed.

answer: (d) guessed

*Basic Business English*

A1 The water in the refrigerator should be cold.

answer: (c) cold

A2 Tonight I will come home early.

answer: (c) Tonight

A3 Do you take the bus to work?

answer: (a) take

A4 Have you lost weight?

answer: (b) lost weight

A5 She is a member of the gym.

answer: (d) of

A6 He is an executive.

answer: (b) is an

A7 My friend likes to work on extra projects.

answer: (a) to

A8 Please leave a message on the answering machine.

answer: (c) leave

A9 Yesterday they did very well in their class.

answer: (d) did

A10 At work we get a 30-minute lunch break

answer: (b) break

*Business dialogue on the phone*

A1 Bob: Do you mind if I use your phone to call my wife?

answer: (c) mind

A2 Bill: Sure. Would you rather use my cell phone or the one in my office?

answer: (a) rather

A3 Bob: The one in your office is fine. Do I need to dial anything special to get out of the building?

answer: (d) dial

A4 Bill: Yes. You should dial 9 and then your number.

answer: (a) should

A5 Bob: If another call comes in while I'm on the phone, should I put my wife on hold and take it?

answer: (b) hold

A6 Bill: No, that's alright. If you don't answer, it will just go through to my voicemail and I can call them back later.

answer: (b) voicemail

A7 Bob picked up the receiver and dialed 9 then his home number.

answer: (d) receiver

A8 Bill straightened up the office, pretending not to listen to Bob's end of the conversation with his wife.

answer: (a) end

A9 Finally Bob hung up.

answer: (c) hung up

A10 Bill: I couldn't help but overhear you're having chicken for dinner tonight. Can I come over?

answer: (a) overhear

*Chit Chat: At the garage*

- A1 Customer: Have you had a chance to look at my car yet?  
answer: (d) look
- A2 Mechanic: Yes, we've given it a complete examination.  
answer: (a) complete
- A3 Customer: And what do you think is wrong with it?  
answer: (b) wrong
- A4 Mechanic: That's a bit of a difficult answer to give in a few words.  
answer: (c) bit
- A5 Customer: Well, just give me the general picture.  
answer: (b) general
- A6 Mechanic: To start with It's losing a lot of oil.  
answer: (d) with
- A7 Customer: I see. Anything else?  
answer: (a) else
- A8 Mechanic: Well, there's a lot more. I mean the petrol tank has a hole in it.  
answer: (b) hole
- A9 Customer: Why don't you tell me the truth. What should I do?  
answer: (c) truth
- A10 Mechanic: Okay — I'll come straight to the point — buy a new car!  
answer: (d) point

*Renting a place*

- A1 In order for you to buy a house in the United States, it is important that you have a good credit report.  
answer: (c) credit
- A2 If you have pets, it is often necessary to pay a pet deposit when you rent an apartment.  
answer: (a) deposit
- A3 When you are interested in buying or renting a place, you have to fill out an application, which is a type of written request for an apartment or house.  
answer: (b) an application
- A4 Sometimes when you rent a studio apartment, it comes already furnished.  
answer: (d) furnished
- A5 The tenant is the person who is renting the apartment or house.  
answer: (b) tenant
- A6 The landlord is the person who owns and runs an apartment building, a house or land.  
answer: (c) landlord
- A7 If you wish to temporarily rent your apartment to someone else, you sublet your apartment to that person.  
answer: (a) sublet
- A8 It is always good to provide a reference letter to the landlord to prove that you have a good character.  
answer: (d) a reference
- A9 A lease is a contract that indicates how long you can stay at the place you are renting and how much you have to pay.  
answer: (b) lease
- A10 Application fees are usually non-refundable, which means you don't get your money back.  
answer: (c) non-refundable

*Applying for that Job*

A1 I would be very interested in applying for that job.

answer: (c) applying

A2 Do you want to stand as a candidate in the local elections?

answer: (a) stand

A3 They are completely fed up with all the noise in the centre of town.

answer: (b) fed

A4 The reason there are no buses is because the drivers are on strike.

answer: (c) strike

A5 The government has changed its policy and had a complete change of heart.

answer: (d) heart

A6 This supermarket is trying to target young shoppers by offering fashionable clothes.

answer: (a) target

A7 You should have bought up those shares when they were cheap.

answer: (c) bought up

A8 You must try and hurry up because my patience is running out.

answer: (a) running

A9 Have you ever tried your hand at running a business?

answer: (c) hand

A10 After all these years she has decided to take early retirement.

answer: (d) retirement

*Accounts*

- A1 In order to check all the telephone calls made during the month I want the account to be itemized.  
answer: (d) itemized
- A2 All the representatives are allowed to spend money for entertaining with their expense account.  
answer: (c) expense
- A3 To spread the cost of spending on articles you buy many big departments let you open a credit.  
answer: (b) credit
- A4 Once you are earning money and you want to keep it safe, you can always open an account with a bank.  
answer: (a) open
- A5 At the end of thirty days the company will ask you to settle the account.  
answer: (d) settle
- A6 The finance director is responsible for keeping the accounts for the business.  
answer: (b) keeping
- A7 At the end of the financial year it is the responsibility of the chief finance officer to publish the accounts.  
answer: (c) publish
- A8 Before they got married, they decided to open a joint account.  
answer: (b) joint
- A9 If you have saved some money, it is a good idea to put the money into a deposit account.  
answer: (d) deposit
- A10 However hard I try, I find it impossible to account for this missing sum of money.  
answer: (c) for

*Letter Writing*

- A1 I think it would be a good idea to mention in your letter that you have worked in that type of business previously.  
answer: (b) mention
- A2 You need to improve the layout of this letter because one or two things are in the wrong place.  
answer: (c) layout
- A3 Before you put the letter in the envelope, make sure you fold it in the right way.  
answer: (a) fold
- A4 If you want this letter to reach the bank tomorrow, you have no choice but to send it by express mail.  
answer: (b) express
- A5 When you are going to write an important letter like that, it is absolutely essential that you assemble all the facts first.  
answer: (d) assemble
- A6 When you read something you've written on the computer screen, it often looks all right although you should always proof read it first.  
answer: (c) proof
- A7 I advise you to check beforehand with a letter or a phone call if you intend to pay them a visit in order to save a wasted journey.  
answer: (d) beforehand
- A8 Since that package contains valuable items, you must send it by registered post.  
answer: (c) registered
- A9 Quite honestly I cannot trust this particular letter to be sent by post and so I am using the services of a courier to deliver it for me.  
answer: (a) courier
- A10 I'm sure that computer program you use creates a very good letter design but it's far too complicated for me.  
answer: (b) complicated

*Flying on a Plane*

- A1 The worst thing about flying is when you take off.  
answer: (c) off
- A2 Landing is also a rather frightening experience, too.  
answer: (a) frightening
- A3 Come to think of it the bit between leaving the ground and coming down again can also play on the nerves.  
answer: (b) play
- A4 Of course during the flight the airline staff try to keep your mind occupied.  
answer: (d) occupied
- A5 They ask you if you want to buy things you don't in all honesty want.  
answer: (b) honesty
- A6 The captain, whose voice is so relaxed you feel as if you're sitting at home watching television, starts chatting to you.  
answer: (b) relaxed
- A7 He tries to give you the impression that you're out in your car watching the countryside roll by.  
answer: (c) impression
- A8 Then you start to eat your meal and discover that the knives and forks are made of plastic and snap under pressure.  
answer: (d) pressure
- A9 As you've probably gathered, I'm not really keen on flying.  
answer: (b) gathered
- A10 Mind you, once you've landed and you're saying goodbye to the smiling hostess, it's great to know you've survived.  
answer: (a) survived

*Planning a Business*

- A1 It is essential before starting a business to work on a plan to avoid problems later on.  
answer: (c) avoid
- A2 The biggest risk in business can be eliminated if you have sufficient capital to start with.  
answer: (b) risk
- A3 Even when the economic situation is strong, there is always present the need for planning in a new business.  
answer: (d) strong
- A4 Whatever happens in the future there is absolutely no substitute for good market research before you launch a new product.  
answer: (c) substitute
- A5 Your primary concern is naturally the plan but don't forget your capital or your premises.  
answer: (b) primary
- A6 When people are considering whether to loan your new business a substantial sum, they are going to evaluate your potential.  
answer: (c) evaluate
- A7 It is worthwhile gathering as much market research information as possible before you work out your plan.  
answer: (d) gathering
- A8 Her next task was to have a meeting with the bank manager to demonstrate that she had a secure enough plan to warrant a loan.  
answer: (b) demonstrate
- A9 There are certain weaknesses in your plan that need to be addressed urgently if you are to succeed.  
answer: (c) addressed
- A10 Since the start of the business many new ideas have developed out of the original plan.  
answer: (a) developed

*Computers*

- A1 My computer is not capable of saving material on a separate disc because it has no floppy drive.  
answer: (c) disc
- A2 I understand that I can make it possible for both my computers to share the same programs by means of networking.  
answer: (d) networking
- A3 I had only had my computer for three weeks when I had to have the hard drive replaced.  
answer: (a) replaced
- A4 Laptop computers are becoming more and more popular in the business world.  
answer: (b) popular
- A5 You have to have a really sharp mind in order to get your head round today's computing technology.  
answer: (d) sharp
- A6 The great advantage of having an external zip drive is that you can use it as an extra means of storage.  
answer: (d) storage
- A7 They tried very hard to install the new components on the computer but the language in the manual was too technical for them to understand.  
answer: (a) technical
- A8 When you look at the modern office today you could compare the changes with those that took place in the industrial revolution in the 19th century.  
answer: (b) revolution
- A9 In order to facilitate the method by which staff pay is calculated the company has bought a new software package.  
answer: (d) facilitate
- A10 Obviously a computer can take all the hard work out of processing a large mass of data.  
answer: (c) processing

*Business Expressions (1)*

- A1 I heard of a new company today with which we should co-operate and do business with.  
answer: (d) do
- A2 Shortly after he was dismissed from the firm he decided to set himself up in his own business.  
answer: (b) set
- A3 They went into business shortly after their children had left home and got married.  
answer: (c) into
- A4 As soon as they heard what had happened, they made it their business to find out the truth.  
answer: (a) made
- A5 I would ask you kindly not to interfere with what I'm doing as in all honesty it's none of your business.  
answer: (c) none
- A6 Despite all the alternations that are taking place in the department store, the management wanted to explain it was business as usual.  
answer: (d) usual
- A7 She knew that there was some kind of funny business going on because strange things were happening.  
answer: (c) funny
- A8 We really can't delay any more with our plans and must get down to business as soon as possible.  
answer: (b) get
- A9 When the bomb went off, most of the injured were just ordinary people going about their business.  
answer: (a) about
- A10 Although they had high hopes that they would be successful, they went out of business within six months.  
answer: (c) went

*Business Expressions (2)*

A1 I've warned you before that you shouldn't get involved in this matter and you have no business discussing it.

answer: (c) no

A2 That's really not my concern at all and I'm certainly not in the business of telling others what to do.

answer: (a) in

A3 She was very enthusiastic about her new job and was making rapid progress like nobody's business.

answer: (d) like

A4 I really wouldn't joke about it because these people are deadly serious and mean business.

answer: (b) mean

A5 He didn't hesitate to tell me that I wasn't wanted and just told me to mind my own business.

answer: (d) mind

A6 I'm afraid it won't be possible to talk to the boss today because he's away on business till Tuesday.

answer: (b) on

A7 He was very keen that we kept in touch and for that reason he handed me his business card.

answer: (c) card

A8 This is the really important part of the machine and that's why we call it the business end.

answer: (b) end

A9 The whole site has nothing but offices and administration centres and that's why we call it a business park.

answer: (d) park

A10 All the famous film stars, actors, directors and writers were at the festival representing the world of show business.

answer: (c) show

*How to agree*

A1 You can be absolutely sure I'm on your side.

answer: (d) side

A2 You can rely on me for your support.

answer: (b) rely

A3 Our views clearly coincide at this point I'm pleased to say.

answer: (d) coincide

A4 Fortunately the leader and all her members were singing from the same hymn sheet.

answer: (a) hymn

A5 It's good that we both have the same way of looking at things.

answer: (c) looking

A6 I'm pleased to say that we speak on this matter with one voice.

answer: (d) voice

A7 I certainly won't raise any objection when you make your proposal.

answer: (b) raise

A8 I'm with you all the way as far as that's concerned.

answer: (a) with

A9 I'm happy to endorse those sentiments and wish you every success.

answer: (c) endorse

A10 When it comes to the vote I'm willing to put my hand up and support you.

answer: (d) hand

*How to apologize*

- A1 Please forgive me for interrupting you, I didn't realize you were busy with someone else.  
answer: (d) forgive
- A2 I'm very sorry that I'm late but there is a train strike on at the moment.  
answer: (b) sorry
- A3 Please send my apologies to the meeting as I shan't be able to attend.  
answer: (a) apologies
- A4 There's really no excuse for my behaviour last night. I can only think that I'd had too much to drink.  
answer: (c) excuse
- A5 I know I shouldn't have made those remarks about your work and I hope you now know how deeply I regret what I said.  
answer: (b) regret
- A6 I must beg your pardon, I mistook you for somebody else.  
answer: (d) beg
- A7 If it helps to put things right, please let me take back everything I said earlier.  
answer: (b) back
- A8 Please accept this small present as my way of making amends for all the trouble I've caused.  
answer: (c) amends
- A9 All I can do now is simply beg your indulgence and hope that in time we can get back to where we used to be.  
answer: (d) indulgence
- A10 In their religion as long as they repent, they will be forgiven their sins.  
answer: (a) repent

*How to ask the way*

A1 Am I going in the right direction for the post office?

answer: (d) direction

A2 Can you tell me please how I get to the cinema from here?

answer: (b) get

A3 Could you please point me in the direction of the motorway?

answer: (c) point

A4 I'm making for the M25 motorway — is this road the most direct route?

answer: (d) direct

A5 Could you tell me please how far I am from the town centre?

answer: (b) far

A6 Can you help please because I've lost my way and need to get to the shops before closing time?

answer: (a) need

A7 I'm making for the town hall — am I anywhere near?

answer: (b) making

A8 I took the wrong turning at the last road junction, can you tell me how I get back on the motorway?

answer: (d) turning

A9 According to this map I should be near the church. Is it near?

answer: (c) According

A10 Is this right for the railway station?

answer: (d) right

*How to complain*

- A1 I'm really not satisfied with the way you have handled the situation.  
answer: (b) handled
- A2 I've really had enough of all your excuses, what I want is some action.  
answer: (a) action
- A3 You've refused to help me now for six months and so I shall now have to take the matter further.  
answer: (d) further
- A4 I must insist you do something immediately as I've been patient long enough.  
answer: (c) insist
- A5 I now want some kind of compensation for the total lack of service I've experienced.  
answer: (a) lack
- A6 I'm obviously not getting anywhere with my complaint, please let me talk to someone senior to you.  
answer: (d) senior
- A7 I'm very unhappy with the way I've been treated. No one seems at all interested in my case.  
answer: (b) treated
- A8 I believe I have very good grounds for suing your company for negligence.  
answer: (c) grounds
- A9 If you don't do something today, I shall be forced to take legal action.  
answer: (d) forced
- A10 You're the tenth person I've been put through to and I'm on the point of losing my temper.  
answer: (b) temper

*How to criticize*

- A1 Quite honestly I didn't think much of the standard of acting in the play.  
answer: (d) much
- A2 If you want my honest opinion, I thought the food tasted revolting.  
answer: (c) honest
- A3 To come straight to the point I think the management team needs replacing.  
answer: (d) point
- A4 There are several matters on which I should like to take issue concerning your report.  
answer: (c) issue
- A5 There's really no virtue in me pussyfooting around because I might as well tell you it's awful.  
answer: (b) footing
- A6 I have a long list of things I think are wrong, where shall I start?  
answer: (d) list
- A7 I'm afraid to tell you that your standard of work has fallen well below what we think is acceptable.  
answer: (c) acceptable
- A8 In all honesty if I said that everything was all right, I'd simply be lying.  
answer: (a) lying
- A9 If you can't improve your level of work, I'm afraid you'll have to look elsewhere for another job.  
answer: (b) elsewhere
- A10 I'm sick and tired of always having to put right your mistakes.  
answer: (d) tired

*How to disagree*

A1 I'm sorry but I can't share your opinion on that.

answer: (b) share

A2 I very much regret that we must part company on that issue.

answer: (c) part

A3 Let's be honest about it we'll never agree on that because our views are diametrically opposed.

answer: (d) opposed

A4 We'll never agree, that's clear so let's beg to differ.

answer: (c) beg

A5 You can argue with me till the cows come home but I can't accept that.

answer: (d) home

A6 I really see no point in continuing this argument because we have no common ground.

answer: (c) common

A7 There's absolutely no way I can meet you on that matter.

answer: (a) meet

A8 Nothing in the world will ever make me change my mind on that subject.

answer: (b) mind

A9 I would love to meet you half way but I'm afraid I can't because with me it's a matter of principle.

answer: (d) principle

A10 Let's face it, you and I will never see eye to eye on this.

answer: (c) face

*How to encourage*

A1 Well done! This is a very good piece of work.

answer: (b) done

A2 I must congratulate you on your efforts. Keep it up!

answer: (c) Keep

A3 Don't give up whatever you do. I'm sure you'll make it in the end.

answer: (d) make

A4 I'll stand by you no matter what happens.

answer: (a) stand

A5 I'm sure if you persevere, you'll succeed.

answer: (d) persevere

A6 You've clearly got talent and it's obvious that you'll get to the top.

answer: (c) talent

A7 I've watched a lot of young people try to make a success of it, but you're the only one I really believe in.

answer: (d) believe

A8 I see no reason why you shouldn't be accepted as an employee.

answer: (c) reason

A9 Never give up. That's a good philosophy.

answer: (a) give

A10 You mustn't ever be put off by a few setbacks.

answer: (c) put

*Online Marketing Campaign*

- A1 She was going to discuss the matter either with her colleagues or her family.  
answer: (d) either
- A2 Our project team tried hard to think of all the possible alternatives before making a decision.  
answer: (a) of
- A3 Timing can be extremely crucial when you're considering launching a new online marketing campaign.  
answer: (c) extremely
- A4 Are you able to accept our conditions of delivery in line with our recent invoice?  
answer: (c) accept
- A5 Fortunately for us we're finding our new internet division is showing an increased profit.  
answer: (b) profit
- A6 Following some recent research our engineers found that our index system has scope for fast improvement.  
answer: (c) found
- A7 In our line of business it is vital to host our website on our own server instead of getting someone else to do it.  
answer: (d) instead
- A8 Before you employ new staff you should carry out a careful examination of their personal qualities and professional experience.  
answer: (a) careful
- A9 Thanks to the high standards of service we offer our customers, we have been able to establish an excellent reputation.  
answer: (c) reputation
- A10 An interactive website can save your organisation significant amounts of time and money that would otherwise be spent on correspondence.  
answer: (b) significant

*Adverbially Speaking*

- A1 They had to drive slowly up the hill because the car was very old.  
answer: (c) slowly
- A2 Please listen carefully because this is important.  
answer: (d) carefully
- A3 Sorry we're late but we got here as quickly as we could.  
answer: (b) quickly
- A4 He mumbled throughout his speech so I could hardly understand a single word.  
answer: (c) hardly
- A5 I trust his judgement — he never makes a mistake.  
answer: (a) never
- A6 You've completely ruined my new carpet with your filthy shoes.  
answer: (d) completely
- A7 You haven't actually written that letter, have you?  
answer: (c) actually
- A8 I have repeatedly told her not to do that and yet she always does.  
answer: (b) repeatedly
- A9 It was a very long day but we eventually arrived in time for tea.  
answer: (d) eventually
- A10 He didn't want me to enter and hotly disputed my reason for being there.  
answer: (a) hotly

*Letter of Complaint (1)*

- A1 I am writing this letter to you as a sort of last resort since all my attempts to phone you  
answer: (d) resort
- A2 and to try and make an appointment to meet you and discuss my problem with you have been unsuccessful.  
answer: (c) appointment
- A3 I would like to tell you the story from the very beginning.  
answer: (d) very
- A4 In January this year I bought a washing machine from you for which I paid cash  
answer: (a) cash
- A5 and made arrangements for it to be delivered to my home in Southcote on the following Tuesday.  
answer: (b) arrangements
- A6 I stayed in all day on purpose as you had informed me that you could not be sure at what time of day the washing machine would arrive.  
answer: (c) purpose
- A7 In the end nobody came that day. When I phoned, I was told it would come the following Tuesday.  
answer: (d) would
- A8 Again I stayed in all day in vain and there was no delivery.  
answer: (a) vain
- A9 After six more phone calls I eventually succeeded in settling on a date  
answer: (c) eventually
- A10 and the machine came on Tuesday February 20th — almost 5 weeks after the promised delivery date.  
answer: (b) promised

*Letter of Complaint (2)*

A1 I had the washing machine fitted by a reputable plumber but he was unable to make the thing work.

answer: (c) reputable

A2 Apparently one of the components was faulty and he recommended that I get back to you so that a replacement could be fitted.

answer: (d) Apparently

A3 When I telephoned your store and explained the situation to your receptionist,

answer: (b) situation

A4 I was greeted with the comment, 'Oh not you again'

answer: (d) greeted

A5 which I found most offensive especially since throughout the protracted period of waiting for the machine

answer: (c) offensive

A6 I remained calm although I believe I have every reason for kicking up a fuss.

answer: (b) kicking

A7 I eventually got put through to the technical department

answer: (a) through

A8 who were most off hand

answer: (d) off

A9 and told me there was little that could be done immediately

answer: (b) little

A10 since there were a number of people off sick.

answer: (c) off

*Letter of Complaint (3)*

- A1 We now move on to late March when I imagine that the sick employees were fully recovered  
answer: (d) recovered
- A2 and one of your technical staff came out to see me with the intention of replacing the defective part.  
answer: (a) defective
- A3 Unfortunately he had brought the wrong part with him  
answer: (c) brought
- A4 and was very unsure as to when he would be able to find the right part and get it back to me.  
answer: (b) unsure
- A5 Another visit took place in late April but the engineer, although he had got the right part with him, was unable to make the washing machine work.  
answer: (d) place
- A6 It was at this stage that I was seriously considering getting rid of the machine  
answer: (a) rid
- A7 and asking for a refund  
answer: (b) refund
- A8 When I raised this matter with one of your staff  
answer: (d) raised
- A9 I was informed that this was out of the question  
answer: (c) question
- A10 and they would send someone in the 'near future'.  
answer: (a) near

*Letter of Complaint (4)*

- A1 At the beginning of May I decided that the only course of action was to pay a visit to your store  
answer: (c) pay
- A2 and meet you face to face so that the matter could be settled once and for all.  
answer: (d) all
- A3 Admittedly I should have checked first since when I reached the shop I was led to believe that you were out for the day.  
answer: (a) Admittedly
- A4 Throughout this time of course I have been without the facility of a washing machine  
answer: (b) facility
- A5 and have had to use the local launderette.  
answer: (c) launderette
- A6 From the end of May until August I have been away on business and was surprised that during that period  
answer: (d) during
- A7 no effort has been made to write to me and keep me up to date.  
answer: (b) up
- A8 Since returning in September I have made at least a dozen phone calls and quite frankly I have reached the end of my tether.  
answer: (a) tether
- A9 and must insist that you do something immediately to put the matter right.  
answer: (c) insist
- A10 If I do not hear from you by the end of this week I shall be forced to seek legal advice.  
answer: (d) seek

*Retirement Plans*

A1 When Dad turned 50 we gave him a(n) over-the-hill party.

answer: (d) over

A2 Young workers should begin investing now in preparation for retirement.

answer: (a) investing

A3 Fortunately, we have more than enough volunteers for the job.

answer: (c) Fortunately

A4 He threw away the yogurt because it was out of date.

answer: (d) out

A5 Talk to your insurance agency about the coverage your plan provides.

answer: (a) coverage

A6 Consumers are constantly bombarded with pleas to buy products that they 'can't live without'.

answer: (b) bombarded

A7 She is very meticulous in everything she does.

answer: (d) meticulous

A8 Gas prices are at an all-time high.

answer: (b) high

A9 Analysts said the acquisition would boost earnings.

answer: (a) boost

A10 Fire code regulations require that fire extinguishers be placed strategically throughout the building.

answer: (d) require

*Daily Business Activities*

A1 My interview went very well. I think I will get the job.

answer: (a) interview

A2 She likes your style of writing.

answer: (d) style

A3 There is a water fountain in the hallway next to the bathroom.

answer: (d) fountain

A4 This report is due next week.

answer: (b) due

A5 I cannot print the flyers because the printer is out of paper.

answer: (a) printer

A6 We normally serve five hundred customers every day.

answer: (b) customers

A7 At the annual picnic we will be servicing hotdogs and chicken.

answer: (a) serving

A8 From time to time the inspector comes to make sure that everything meets health standards.

answer: (c) to

A9 The bigger they are the harder they fall.

answer: (d) fall

A10 Do you keep your files in your desk drawer?

answer: (b) drawer

**Faxes**

- A1 Our fax machine is down; could you please mail us a copy instead?  
answer: (c) down
- A2 Did you receive the fax I sent you this morning?  
answer: (b) sent
- A3 I did not receive your fax. Are you sure you dialed the right number?  
answer: (d) dialed
- A4 The cover sheet should note who the fax is to, who it is from, the fax number, the number of pages and what the fax is regarding.  
answer: (a) cover sheet
- A5 Load all documents to be faxed face up in the fax tray.  
answer: (a) face
- A6 Always write a short memo to explain what the fax is for and who it should go to.  
answer: (b) memo
- A7 I prefer e-mail to fax machines because it is so much less complicated.  
answer: (c) to
- A8 I would rather just send e-mails from now on because it is easier.  
answer: (d) from now on
- A9 If you want to submit a document that contains a signature, a fax might be better than an e-mail.  
answer: (b) signature
- A10 Push the start button to send the fax, then watch to make sure the paper feeds through right and does not get crumpled up.  
answer: (c) feeds

*Placing an order via phone*

A1 Receptionist 1: Thank you for calling ABC Inc., this is Mary. How may I direct your call?

answer: (d) direct

A2 Phil: Could you put me through to accounting, please?

answer: (a) put me through

A3 Receptionist 1: One moment, please.

answer: (d) moment

A4 Receptionist 2: Thank you for calling Friendly Neighbors! How can I help you today?

answer: (d) How

A5 Fred: May I speak with the supervisor of international affairs please?

answer: (b) speak

A6 Receptionist 2: I'm sorry, sir, he's unavailable right now. Would you like me to transfer you to his voicemail?

answer: (c) transfer

A7 Fred: No thank you. I'll try again later.

answer: (b) try

A8 To-go specialist: Thank you for calling Motzeralla's 'To-go'. This is Amy. How can I help you?

answer: (d) This is

A9 Nick: I'd like to place a to-go order.

answer: (c) place

A10 To-go specialist: What can I get for you today, sir?

answer: (a) get

## 'Will' and 'Living Will'

- A1 A living will is a legal document that informs the doctor of what care you would like to receive in specific situations.  
answer: (c) living
- A2 A(n) will is a legal declaration that states how people want their belongings to be disposed of after their death.  
answer: (a) will
- A3 Because there is always confusion between "will" and "living will", many states have adopted the names "health care directive" or "advanced health care directive" for "living will".  
answer: (b) confusion
- A4 Estate planning is the general planning of an individual's wealth, along with the arrangements for his will and taxes after his death.  
answer: (d) Estate
- A5 Neither will or living will can be replaced by the other. A(n) thorough estate plan will contain both of these documents.  
answer: (b) thorough
- A6 When people want secure health protection, they get health insurance. This will assure them proper medical care when they need treatment for an illness or preservation of their mental or physical well-being.  
answer: (c) health
- A7 If you don't have a will and you die, your estate will be disposed according to a strict legal formula that may cause a troublesome dispute over your belongings.  
answer: (a) disposed
- A8 Although some do, it is not advisable for couples to write joint wills for two reasons: it is only effective after both spouses die, and it cannot be changed when one of them is dead.  
answer: (a) joint
- A9 It is necessary for two witnesses who are not beneficiaries of the will to be present when an individual signs his will.  
answer: (d) beneficiaries
- A10 For a will to be properly executed it must be signed.  
answer: (b) executed

*Ways of commenting*

A1 If you want my honest opinion, I thought the play was rubbish.

answer: (d) rubbish

A2 It was quite a good film but I thought the characters were a bit like cardboard.

answer: (b) cardboard

A3 It's quite a nice car but there was not very much room in the back.

answer: (c) room

A4 She's pleasant enough but not very pretty. In fact I'd say she was rather plain.

answer: (a) plain

A5 The first time you see the view you can't believe it. It almost takes your breath away.

answer: (d) away

A6 I sat through the concert feeling really bored and sleepy and had to stop myself from yawning several times.

answer: (b) yawning

A7 It was one of the most embarrassing moments of my life and I just wanted the ground to open up and swallow me.

answer: (c) open

A8 In my opinion no one in their right mind would ever go and pay to see a play like that.

answer: (d) like

A9 The room was good, the bed was comfortable and the service was excellent but the hotel food left a lot to be desired.

answer: (b) desired

A10 To be perfectly honest with you I think that this is the best test I've ever taken in my entire life.

answer: (a) life

*Ways of disapproving*

- A1 There is no way that I can agree to you leaving early today.  
answer: (c) leaving
- A2 I must object and make it clear that I am totally against any measures that suggest changes to the original scheme.  
answer: (c) against
- A3 He has the habit of always rejecting any idea that will change the current arrangements.  
answer: (a) habit
- A4 I cannot condone that sort of behaviour in my establishment and would ask you to remember that in future.  
answer: (d) behaviour
- A5 I have no choice really but to turn down your recent proposal because it is completely unworkable.  
answer: (c) down
- A6 They can't possibly go along with your suggestions because it will involve too much expenditure.  
answer: (b) along
- A7 Quite honestly I'd have to be out of my mind to sanction what is a crazy proposition.  
answer: (d) mind
- A8 When her father discovered that his daughter wanted to marry a pop singer, he decided to put every obstacle in their way to prevent the marriage.  
answer: (a) obstacle
- A9 He told me there was definitely no chance that I would pass my examination until I did some work.  
answer: (b) chance
- A10 You could tell by the way he refused to smile that he didn't like the story.  
answer: (c) way

*Ways of greeting*

- A1 Great to see you again. I haven't seen you for ages.  
answer: (d) for
- A2 Welcome to our house. Come in and make yourself comfortable.  
answer: (a) comfortable
- A3 How do you do? I don't think we've met before.  
answer: (d) before
- A4 Hi Mary. Where have you been hiding yourself all this time?  
answer: (b) hiding
- A5 Good morning, sir. I hope you will have an enjoyable stay in our hotel.  
answer: (a) stay
- A6 Good evening to you all. Let me find you a(n) table near the window.  
answer: (c) table
- A7 How are you, David? I must admit you're looking very well.  
answer: (d) admit
- A8 Hello there. I just don't believe it. You haven't changed a bit since we last met.  
answer: (a) bit
- A9 Ah, you must be Mary's husband. Do come in and meet everyone.  
answer: (d) meet
- A10 Here you are at last! I hope your journey here wasn't too horrible.  
answer: (b) journey

*Ways of saying goodbye*

A1 I'm afraid it's time we left.

answer: (b) time

A2 If you don't mind, I think we'll be cutting along.

answer: (d) mind

A3 I'll be seeing you then in due course.

answer: (c) course

A4 Well, as they say all good things come to an end.

answer: (a) end

A5 Thank you so much for having us you must come to us next time.

answer: (d) having

A6 Good bye then and remember me to all your family.

answer: (b) remember

A7 If we don't leave now I'm afraid we'll miss the last train.

answer: (c) miss

A8 It's been great meeting up again and we mustn't leave it so long next time.

answer: (a) leave

A9 Looks like we ought to be going really as it's got so late.

answer: (b) like

A10 Well, there's nothing for it but simply to wish you well and say goodbye.

answer: (d) nothing

*Ways of approving*

- A1 I'm quite happy to support you in your application for a loan.  
answer: (c) application
- A2 I must admit I think your idea is well worth considering.  
answer: (d) worth
- A3 I shall certainly recommend your proposal for improving safety in the work place.  
answer: (a) proposal
- A4 You can count on me for support when the next election comes up.  
answer: (b) count
- A5 I would wholeheartedly like to endorse your scheme for saving water.  
answer: (c) wholeheartedly
- A6 The local council has approved the plans for extending their house.  
answer: (d) extending
- A7 You can rely on me to support you when the matter is discussed at the next meeting.  
answer: (a) rely
- A8 His choice of a new wife met with his parents' approval.  
answer: (b) met
- A9 They all promised they would stand by him when he put forward the idea of a strike.  
answer: (c) by
- A10 The meeting unanimously supported the chairman when he suggested that they close the meeting.  
answer: (d) close

*Ways of showing pleasure*

A1 Now that's what I call absolutely perfect.

answer: (a) perfect

A2 You couldn't have made that drink better if you'd tried.

answer: (d) tried

A3 What a delightful scent those flowers give off when you touch them.

answer: (c) scent

A4 Words just fail me when I try to say how happy I am.

answer: (a) fail

A5 I can safely say that I don't think I've ever enjoyed myself so much before.

answer: (b) safely

A6 There's really nothing like it, is there, when you find you've got all the answers to the test right?

answer: (d) got

A7 The only problem with your cooking is that the more I eat, the more I want some more.

answer: (c) some

A8 I must be dreaming because it's all too good to be true.

answer: (b) dreaming

A9 Just let me try one more of your delicious chocolates and then I'll promise not to take any more.

answer: (a) promise

A10 It's absolute bliss here. I think I'll stay at this hotel one more week.

answer: (c) bliss

*Ways of showing anger*

A1 I've had just as much as I can stomach from you.

answer: (c) stomach

A2 You do that again and I'll bite your head off.

answer: (d) bite

A3 I'm sorry but I can't take any more. I'm afraid I've reached screaming point.

answer: (a) screaming

A4 You just dare touch that piece of paper and I'll kill you.

answer: (b) dare

A5 How many more times do I have to repeat it to you, stupid?

answer: (c) repeat

A6 I know you find this highly amusing but to me it's no laughing matter.

answer: (d) laughing

A7 I'm warning you. I can take just that much and no more.

answer: (b) no

A8 Everybody just get out of my way and leave me alone.

answer: (a) out

A9 Not another word from either of you. That's final.

answer: (b) final

A10 Right. I'm leaving. You can do whatever you like. I couldn't care less.

answer: (d) less

*Ways of thanking*

- A1 Words can't possibly express how grateful I am for what you have done.  
answer: (d) express
- A2 Thank you so much for helping me. I really appreciate it.  
answer: (c) appreciate
- A3 A thousand thanks for all your hard work. I shall never forget it.  
answer: (b) forget
- A4 They showed their great gratitude by sending us a large sum of money.  
answer: (a) sum
- A5 Thank you for all you've done from the bottom of my heart.  
answer: (d) bottom
- A6 I'm sending this bunch of flowers as a small token of my thanks and appreciation.  
answer: (b) token
- A7 How can I possibly thank you enough for all you've done?  
answer: (c) possibly
- A8 On the watch they gave him were the words: in gratitude for 40 years loyal service.  
answer: (d) in
- A9 It's very difficult for children to enclose their gratitude for what their parents have done for them.  
answer: (c) enclose
- A10 Look upon this as a sort of thank you present for all your endeavours on our behalf.  
answer: (b) sort

*Ways of threatening*

- A1 If I've told you once, I've done it a hundred times. Don't do it!  
answer: (c) told
- A2 I'll give you just one more chance and after that, you'll be in real trouble.  
answer: (d) chance
- A3 I'm telling you loud and clear that you really must get it right this time.  
answer: (b) clear
- A4 She told him that if his manners didn't improve, he would be sent home.  
answer: (d) improve
- A5 He agreed because he said it was like having a gun held to his head.  
answer: (c) head
- A6 I'll lend you money for the very last time because after that you're on your own.  
answer: (a) own
- A7 I can't tell you how lucky you've been this time but just wait till next time.  
answer: (b) wait
- A8 I'm prepared to overlook your mistake on this occasion but I can't ever do it again.  
answer: (d) overlook
- A9 If you leave me now, you don't need to come back.  
answer: (a) need
- A10 Let me put it simply one more incident like that and you're out on your ear!  
answer: (c) ear

*How to make exclamations*

A1 What a wonderful day to see the mountains on!

answer: (c) on

A2 How stupid can I get! I left my keys in the door overnight.

answer: (d) left

A3 For goodness sake stop complaining about the weather! It'll stop raining soon.

answer: (c) complaining

A4 What on earth are you talking about? I can't make head or tail of it.

answer: (a) tail

A5 How nice of you to come all this way just to wish me a happy birthday.

answer: (d) way

A6 What a disaster! I don't believe anything else could go wrong now.

answer: (b) wrong

A7 Wow! You've certainly made a good job of decorating this room.

answer: (a) job

A8 Well blow me down! I just can't believe I've actually passed my exam.

answer: (b) passed

A9 You could have knocked me down with a feather! You mean to say he's actually cleaned my car.

answer: (d) actually

A10 I'll go to the foot of my stairs! It must be at least 20 years since we last met.

answer: (c) least

*Ways of agreeing*

A1 I'm certainly with you on that.

answer: (b) with

A2 I'm of a like mind on that, too.

answer: (d) like

A3 Yes, we definitely see eye to eye on that one.

answer: (c) to

A4 In that respect we are of one mind on that.

answer: (a) one

A5 I can't argue with that.

answer: (d) argue

A6 Let's shake on that.

answer: (b) shake

A7 There's only one word I can use now to show my agreement and that's — deal.

answer: (c) deal

A8 I'll confirm that in writing to show my acceptance.

answer: (a) confirm

A9 There's absolutely no doubt whatsoever that you're right.

answer: (b) whatsoever

A10 The terms seem eminently suitable to me.

answer: (d) terms

*Ways of disagreeing*

- A1 I'll have to part company with you there, I'm afraid.  
answer: (c) part
- A2 There's no way I can accept that.  
answer: (d) accept
- A3 We'll have to agree to differ over that.  
answer: (a) differ
- A4 Don't even think about it! I can't possibly take that on board.  
answer: (c) board
- A5 No matter how persuasive you are, I won't change my mind.  
answer: (d) persuasive
- A6 You can't talk until the cows come home. I won't accept that scheme.  
answer: (b) cows
- A7 Sorry the subject is now closed.  
answer: (a) closed
- A8 I regret I have no choice but to reject the plan out of hand.  
answer: (c) hand
- A9 No matter how much you object, I am convinced I am right and you're wrong.  
answer: (b) convinced
- A10 You might as well admit it! You haven't a leg to stand on.  
answer: (d) leg

*Expressions and phrases about money*

A1 My grandfather keeps all his money in a cash box under his bed.

answer: (c) cash box

A2 What's the currency of India?

answer: (c) currency

A3 The president stated in the press conference that the economic situation was very serious.

answer: (c) economic

A4 I like horse racing, but I never bet any money. I think gambling is stupid.

answer: (a) bet

A5 There's a cash machine at the bank if you need some money.

answer: (c) cash machine

A6 Alan's parents must be wealthy. They've just bought him a new car.

answer: (b) wealthy

A7 As my uncle's a(n) accountant, he helps me manage my finances.

answer: (c) accountant

A8 When my grandfather died, I discovered that he had left me some money in his will.

answer: (c) will

A9 At the end of each month, my employer pays my salary into the bank.

answer: (c) salary

A10 I'm broke at the moment. Can you lend me ten pounds until the weekend?

answer: (b) broke

*Poverty in the US: living standards expressions*

- A1 Poverty is a relative measure that depends on prices, the standard of living, and the incomes that others earn.  
answer: (b) incomes
- A2 Poverty is a major problem in America, and one that is extremely difficult to resolve.  
answer: (b) resolve
- A3 Families and individuals are defined as living in poverty if their incomes fall below certain levels.  
answer: (b) poverty
- A4 Poverty in the United States is more extensive than most people realize.  
answer: (d) extensive
- A5 One reason for the continued high poverty numbers is the growing gap in the distribution of income.  
answer: (a) distribution
- A6 Weekly paychecks tend to be lower for people employed in service industries.  
answer: (b) paychecks
- A7 During the 1990s, salaries for highly skilled employees soared, while wages for those who are less skilled remained about the same.  
answer: (a) soared
- A8 The decline of unions means that lower skilled workers have to work elsewhere for less pay.  
answer: (c) elsewhere
- A9 The shift from two-parent families to single-parent families and other non-family arrangements tends to lower average family income.  
answer: (d) lower
- A10 According to recent statistics, nearly 35 million Americans live in poverty.  
answer: (b) statistics

*Dressing expressions*

- A1 We choose to wear different outfits for different occasions, putting on jumpers and scarves when it is cold and dressing up smartly for formal events.  
answer: (c) dressing up
- A2 To French people, the American idea of dressing down looks like a homeless person who just finished his annual trip to the laundromat.  
answer: (a) dressing down
- A3 The New York Islanders' dressing room sustained severe damage when a sewage pipe burst at Nassau Coliseum.  
answer: (d) dressing room
- A4 My mother put on her dressing gown and made herself some coffee.  
answer: (c) dressing gown
- A5 I've witnessed an employee screaming at her manager in a store, another worker stomping out of a restaurant, and a boss dressing down an employee in a public place.  
answer: (b) dressing down
- A6 The dressing room is approximately 4 feet wide by 6 feet deep, and has a full length mirror attached to the inside of the door.  
answer: (c) dressing room
- A7 The door opened a few inches to reveal a beautiful woman wearing a red dressing gown.  
answer: (c) dressing gown
- A8 Dressing up for work doesn't make you more productive on the job — but it does make you look and act more professional, and it upgrades your image in the eyes of others.  
answer: (c) Dressing up
- A9 The Intelligent Dressing Room can scan your measurements and display on a projection screen how a particular item of clothing will look on you.  
answer: (a) Room
- A10 The Presidential suite features a combined sleeping/living area with two king-sized beds, a wardrobe and dressing table, a bathroom with separate shower, and floor-to-ceiling doors that open onto a private balcony.  
answer: (b) dressing table

*Retail Sales Phrases*

- A1 Which of the following persons does not work at a shop? A window shopper.  
answer: (c) A window shopper
- A2 Which of the following phrases is not a good way to greet a customer? Hi, what's going on today?  
answer: (a) Hi, what's going on today?
- A3 Customer: "Excuse me. Could you tell me where the coffee is?" Sales clerk: "Certainly, it's in the next aisle opposite the bread."  
answer: (d) (none)
- A4 Customer: "Good morning. I need some tissues." Sales clerk: "Of course, how many packets would you like?"  
answer: (a) many
- A5 If you think this is too big, we have a smaller size too.  
answer: (c) smaller
- A6 You will find meat and sausages at the butcher's next door.  
answer: (b) at the butcher's
- A7 Which of the following phrases should NOT be used to say that a product is not available at the moment? We don't have this.  
answer: (b) We don't have this.
- A8 Customer: "Excuse me. When do you close today?" Sales clerk: "We close at 10 o'clock."  
answer: (c) at
- A9 Would you like to pay cash or by credit card?  
answer: (a) by
- A10 Thank you, here is your change and your receipt.  
answer: (b) receipt

*Code of Practice*

- A1 The company had its own code of practice in these matters.  
answer: (b) practice
- A2 This is a prime example of what not to do.  
answer: (d) prime
- A3 Plans have already been drawn up to deal with such situations.  
answer: (c) up
- A4 Thousands of subscribers are already signing up for this new telephone service.  
answer: (b) subscribers
- A5 Job losses are mainly in the blue-collar sectors of the industry.  
answer: (a) blue-collar
- A6 The circular will contain key financial information to help investors.  
answer: (a) key
- A7 The report is likely to show better than expected results.  
answer: (d) likely
- A8 So many of these animals have been shot over the years that they are now classed as endangered species.  
answer: (b) endangered
- A9 Some people are reluctant to learn a foreign language.  
answer: (c) reluctant
- A10 It was a big sacrifice for her to give up her acting career to look after her family.  
answer: (b) sacrifice

*Spin Doctors*

A1 Most of the money raised was donated to charity.

answer: (a) raised

A2 They are showing a revival of a 1930's musical at the Theatre Royal.

answer: (b) revival

A3 When they had both retired, they settled in a small village by the sea.

answer: (d) settled

A4 The students at this university are housed in blocks of flats on the campus.

answer: (a) housed

A5 I have no wish to have any dealings with a firm like that.

answer: (c) dealings

A6 Voters find it difficult to believe politicians because the latter use so many spin doctors.

answer: (b) spin

A7 We are told there will be little economic progress this year.

answer: (a) progress

A8 Unfortunately she has been given an insurmountable task.

answer: (a) insurmountable

A9 It is essential to have air conditioning in your car when you drive in a hot climate.

answer: (c) conditioning

A10 Manufacturers are bringing out a new range of computers this year.

answer: (b) out

*Credit Card Holders*

A1 The stock market has hit new lows this year.

answer: (a) lows

A2 The government has decided to hold an enquiry into the latest financial scandal.

answer: (b) enquiry

A3 The animal rights organisation has launched a new campaign to make people aware of cruelty to animals.

answer: (a) launched

A4 I was totally unaware of the increased taxes.

answer: (d) unaware

A5 The price of petrol has risen again.

answer: (b) risen

A6 The ordinary person is again being asked to stump up to pay for dental treatment.

answer: (a) stump up

A7 This car is intended for the export market only.

answer: (c) export

A8 Credit card holders struggle very hard to reduce the amount they owe.

answer: (a) reduce

A9 This charity was set up to collect money for the poor.

answer: (a) collect

A10 Everything turned out all right in the end.

answer: (d) turned out

*Job Interview*

- A1 Tell us something about your background in the engineering industry?  
answer: (b) background
- A2 I see from your application form that you have had three different jobs in the last 5 years.  
answer: (d) application
- A3 What sort of period of time would you stay with us if we offered you the job?  
answer: (c) period
- A4 Describe how you would describe yourself in five years' time.  
answer: (d) yourself
- A5 Give us some idea of what you believe are your strengths and weaknesses.  
answer: (b) strengths
- A6 As this is a managerial post, we must ask you how you deal with bad time keeping or unpunctuality in an employee.  
answer: (c) time
- A7 Imagine one of your staff loses her temper and shouts at you in front of others, how would you deal with this?  
answer: (d) deal
- A8 What would you say to a member of your staff who always handed his work in late?  
answer: (b) handed
- A9 I should explain that we would naturally honour any previous holiday arrangements you have made.  
answer: (d) honour
- A10 Finally now that we've asked you several questions, do you want to put any to us?  
answer: (b) put

**Business**

A1 I was pleased to receive your response to my proposal but there are one or two points that need clarification.

answer: (c) clarification

A2 A report has just been published that gives details of the causes of this trend towards informality in the business sector.

answer: (a) published

A3 According to the findings in the report it is clear that employees under the age of 35 prefer to dress casually at work.

answer: (c) findings

A4 Thirty years ago this kind of informality would not have been tolerated.

answer: (d) tolerated

A5 All employees are kindly requested to refrain from smoking in the presence of customers.

answer: (c) refrain

A6 The meeting went on for three hours and as a result there was no time left to discuss all the topics on the agenda.

answer: (d) agenda

A7 There's really no point in hoping to add important topics right at the end of the meeting under the heading of any other business.

answer: (a) business

A8 The chairman was obliged to bring the meeting to a halt because a fire broke out in the adjoining room.

answer: (d) halt

A9 It is absolutely essential that the clerk takes care to minute any decisions that have been reached during the meeting.

answer: (b) minute

A10 As so few members had turned up at the meeting, it was decided to postpone it until further notice.

answer: (c) postpone

*Finance (1)*

- A1 The one big fear of all world economies is that of recession.  
answer: (c) recession
- A2 You are never too young to start investing some money in a savings account.  
answer: (d) investing
- A3 If ever you find you have an unexpected expense, you can always withdraw some money from your savings.  
answer: (d) withdraw
- A4 At certain times of the year your shares will yield a good profit but you must also be prepared for them to go down in value.  
answer: (a) yield
- A5 You can cut the cost of insuring your car if you keep it in a garage.  
answer: (c) cut
- A6 We got a very good deal when we bought that three piece suite for half its usual price.  
answer: (a) deal
- A7 Now that the summer has started, big department stores are hoping that sales of holiday items will take off.  
answer: (c) take off
- A8 The two companies have decided to merge because they believe that their combined resources will produce greater profits.  
answer: (a) merge
- A9 When someone dies and their assets reach a certain figure, their family has to pay an additional tax.  
answer: (c) assets
- A10 The loan you have taken out is for a fixed term, which in your case is 5 years.  
answer: (b) fixed

*Finance (2)*

- A1 When you go to an auction and you want to buy a particular item, you can simply make a bid for it.  
answer: (d) bid
- A2 The larger company did not really want to join with the smaller one because it was more interested in a takeover.  
answer: (d) takeover
- A3 Trading on the stockmarket just before Christmas is usually very slow.  
answer: (b) Trading
- A4 This sport centre has largely been funded by money that has come from the national lottery.  
answer: (d) funded
- A5 The reason for the slowdown in the economy is because there is a great deal of uncertainty at the moment.  
answer: (c) slowdown
- A6 The upturn in the market was seen as a positive sign that the recession was over.  
answer: (a) upturn
- A7 The order books for manufacturers of small cars are now full following the rise in petrol.  
answer: (b) order
- A8 The future of his job was at stake when he made the decision to invest in new machinery.  
answer: (c) stake
- A9 After their house had been valued, they decided to sell it and buy a bigger one.  
answer: (a) valued
- A10 Fifty people were made redundant when the company suffered a severe financial shock.  
answer: (d) redundant

*Finance (3)*

- A1 If you cannot get a job and remain unemployed for a long period, you can claim some money from the state.  
answer: (c) unemployed
- A2 The great thing about this guarantee is that there is never any doubt and there is no quibble about getting your money back.  
answer: (c) quibble
- A3 There is a substantial shortfall between the money you have available and the amount you need to spend.  
answer: (b) shortfall
- A4 When you retire, you should get a pension and a lump sum from your employers.  
answer: (a) lump
- A5 Investors are people who put money into a business in the hope of making a profit.  
answer: (d) Investors
- A6 When you take out a large loan over many years, you don't start paying off the capital for some time.  
answer: (c) capital
- A7 We will make no charge for the catalogue, which you can take with our compliments.  
answer: (c) charge
- A8 It may seem a long way into the future but in the end you will get some benefit from your investment.  
answer: (b) benefit
- A9 There is still an outstanding balance on that account, which must be paid in 30 days.  
answer: (a) balance
- A10 Interest rates are at their lowest level since the 1950's.  
answer: (b) rates

*Money*

- A1 It's useful when you go to an auction if you're ready with cash in hand.  
answer: (d) hand
- A2 I prefer to deal in hard cash rather than cheques.  
answer: (b) hard
- A3 Every office has a certain amount of petty cash to pay for things like tea, coffee or stamps.  
answer: (d) petty
- A4 At the moment we are experiencing some cash flow problems because little money is coming in.  
answer: (c) flow
- A5 At the casino you can cash in your chips at the desk.  
answer: (d) in
- A6 Whatever she does, she just can't help making money.  
answer: (b) making
- A7 There doesn't seem to be anyone working really hard for the business and yet they all seem to earn easy money.  
answer: (c) easy
- A8 If you don't want to use a cheque or postal order, you can always use a money order.  
answer: (a) order
- A9 That new invention has been very successful and has proved to be a money spinner for its creator.  
answer: (c) spinner
- A10 This machine is obviously useless and if I were you I'd get your money back.  
answer: (a) back

*Advertising*

- A1 In order to make a sensible comparison among the different vacuum cleaners available, it is important to do some research.  
answer: (b) comparison
- A2 The local department store has to make a sustained effort at this time of the year to satisfy customer demand for summer clothing.  
answer: (a) satisfy
- A3 A good team leader must be able to inspire his colleagues to face the challenge of a downturn in business.  
answer: (d) inspire
- A4 The current trend in children's desire to wear designer label clothes should be exploited.  
answer: (b) current
- A5 You have to convince the public that it is in their own interest to read the instructions on all our medicines.  
answer: (c) convince
- A6 In order to survive in this business you must adopt a competitive stance.  
answer: (d) competitive
- A7 The consumption of alcohol is not allowed in any of the company's premises in order to present a clean image.  
answer: (b) consumption
- A8 When you are setting out to attract new customers in an advertisement, choose the right words.  
answer: (c) attract
- A9 The really effective television commercial is the one that persuades you of its authenticity.  
answer: (a) persuades
- A10 I can strongly recommend this product as the best available on the market today.  
answer: (b) product

*At the Shops*

- A1 We got there early so that we could get the best bargains in the sale before anyone else.  
answer: (c) bargains
- A2 If you bear with me, I'll go and see whether we have that in your size.  
answer: (c) bear
- A3 The trouble with these huge superstores is that they don't have enough checkouts to deal with customers at busy times.  
answer: (d) checkouts
- A4 It started off as a small street corner shop over 30 years ago but it has now expanded into a massive department store.  
answer: (a) expanded
- A5 Take a good look at the receipt when you leave so that you can see that all the items have been listed.  
answer: (b) items
- A6 Whenever I go to the old part of a city, I like to explore all the shops selling antiques.  
answer: (d) explore
- A7 Are you aware of the latest trend in children's clothing?  
answer: (b) trend
- A8 They're quite strict in their policy of not giving refunds without a receipt in this store.  
answer: (c) strict
- A9 They have a mandatory restriction in the shop with regard to the number of items of clothing that you can try on at one time.  
answer: (d) mandatory
- A10 The extent of the merchandise available in this one store is more than you can possibly imagine.  
answer: (a) merchandise

*At the Computer*

- A1 Without the right software I'm afraid you can't access that particular program.  
answer: (b) access
- A2 The aim of the office manager is to allocate enough room on the building plans so that each employee can have space for a personal computer.  
answer: (c) allocate
- A3 Remember that before you leave your workstation, always shut down your computer.  
answer: (d) shut down
- A4 It's quite easy if you want to find folders and files on the computer, all you do is click here and it immediately starts searching.  
answer: (b) searching
- A5 I have tried and tried again and again and no matter what I do it still shows "error" — I just can't figure out what's wrong.  
answer: (c) figure out
- A6 I spent hours writing that report and checking all the information was correct and then without thinking I pressed the 'delete' button.  
answer: (b) 'delete'
- A7 It's a really clever piece of software because it enables you to display on your screen all the information in columns.  
answer: (c) display
- A8 Unfortunately this program is not compatible with the operating system on my computer.  
answer: (b) compatible
- A9 When you see that particular symbol on the screen, you have to take that as a warning that something is wrong.  
answer: (d) warning
- A10 With this program you can always check your spelling and grammar and if you don't want to accept what it shows, you simply press 'ignore'.  
answer: (a) 'ignore'

*Money Matters (1)*

- A1 Even after their recent heavy expenses, they still found there was a healthy balance in their bank account.  
answer: (c) balance
- A2 As the builder wanted cash for the work he had done, she had to go to the bank personally to take out the money herself.  
answer: (b) take out
- A3 It was considered a very good time to apply for a mortgage to buy the house because interest rates were very low.  
answer: (c) mortgage
- A4 Before they could borrow a large sum of money to buy the house, they had to make sure they had enough money to be able to make a down payment.  
answer: (a) down
- A5 All the transactions you make on your internet account are recorded so that you can check the details at any time.  
answer: (d) transactions
- A6 I'm afraid this cheque will be of no value until you have put your signature on it.  
answer: (a) signature
- A7 The bank refused to accept the money order because the customer had no proof of identity.  
answer: (c) accept
- A8 Under the rules laid down by the bank there is a restriction on the amount of money you can get out from a cash machine in any one day.  
answer: (b) restriction
- A9 The bank clerk at the counter did not know the customer and in view of the large amount of money involved was naturally cautious about paying out the sum on the cheque.  
answer: (d) cautious
- A10 The bank will simply not let you borrow any money unless you can prove that you have been in regular employment for at least three years.  
answer: (c) borrow

*Money Matters (2)*

- A1 Good accounting procedures are very important if you want to run a business profitably and successfully.  
answer: (b) accounting
- A2 The company fell heavily into debt when it took on too many customers and offered them all cheap warranties.  
answer: (a) debt
- A3 Once you have built up your company, you must remember to keep in touch with your original clients.  
answer: (c) clients
- A4 Each department within the organisation is given a budget within which it has to remain for the whole year.  
answer: (d) budget
- A5 When the time came to close the business down, its entire assets had to be calculated so that the creditors could be paid off.  
answer: (b) assets
- A6 The manager called in her chief clerk because she could not reconcile the figures on the monthly spreadsheet.  
answer: (c) reconcile
- A7 Every year the college finance officer did not look forward to the visit from the government official who came to audit the accounts.  
answer: (d) audit
- A8 It was a great relief to Charlie when he realized that he had come to the end of his agreement with the bank and there was only one outstanding payment left.  
answer: (c) outstanding
- A9 The building society sent a letter to all its savers and borrowers that there would be a reduction in the interest rate.  
answer: (b) borrowers
- A10 Shortly after the couple had bought their first house, they saw the number of bills accumulate rapidly.  
answer: (c) accumulate

*Money Matters (3)*

- A1 The representative of the financial consultants assured her that the policy of the firm was that of complete commitment.  
answer: (c) commitment
- A2 There is no need to worry about the money side of the project because funds are available from the charity sponsoring us.  
answer: (b) funds
- A3 The present finance minister has adopted a very conservative approach towards change and always follows a very cautious policy.  
answer: (d) conservative
- A4 As all advisers always do, she stressed that investing in this particular market had to be considered as a long-term commitment over at least 10 years.  
answer: (c) long-term
- A5 The best way to develop an income for the future is to invest in a series of companies and in that way to build up a portfolio.  
answer: (b) portfolio
- A6 I strongly recommend investing in these shares because you will get a very good return after only a few years.  
answer: (c) return
- A7 The question is whether it is wise to sell up all your shares at this stage rather than wait to see how the market is next year.  
answer: (b) wise
- A8 There is no question that the most important resource in that company is its youthful enthusiasm.  
answer: (c) resource
- A9 If you want to make a good job of selling shares to the public, you must have an element of aggression in your approach.  
answer: (b) aggression
- A10 It's a personal matter whether you choose stock from this company or from that because in the end it's an attitude of mind.  
answer: (c) attitude

*Money Matters (4)*

- A1 There is one date you mustn't forget and that's the deadline for sending in details of your earnings to the tax office.  
answer: (b) deadline
- A2 If you are self-employed, you must make sure that you fill out the form indicating how much you have earned.  
answer: (c) fill out
- A3 If the department agrees that you have paid too much tax in the year, you will receive a refund in due course.  
answer: (d) refund
- A4 Each month when you receive your pay, the employer withholds a certain amount to pay towards your pension.  
answer: (a) withholds
- A5 When you take out a loan, you have to pay interest on the amount you owe.  
answer: (c) owe
- A6 In the tax office there will be a file that holds all the documents and papers connected with you.  
answer: (a) file
- A7 There is quite a heavy financial penalty attached to any action that involves late payment of taxes.  
answer: (d) penalty
- A8 Under the new regulations you can agree yourself to calculate the tax you have to pay on the income over the previous year.  
answer: (b) calculate
- A9 As the couple had a joint account, the money to pay the mortgage was taken from there.  
answer: (a) joint
- A10 You can decide, if you so wish, to give up your right to take your pension at an earlier date.  
answer: (b) give up

*Quality Control*

- A1 The reason why I always buy my clothes at this store is because all the brands they sell are of very high quality.  
answer: (c) brands
- A2 Before these articles leave the factory to be forwarded to the retailer, each one is thoroughly inspected.  
answer: (d) inspected
- A3 The advantages of working for this company is that all employees perceive themselves as a member of the team.  
answer: (c) perceive
- A4 If for any reason customers do not like the item they have bought, they always take it back and get a refund.  
answer: (b) take it back
- A5 The great thing about this particular material is that however much you screw it up, it never wrinkles.  
answer: (a) wrinkles
- A6 The company insists that all their products are uniform in respect of their quality, specification and look.  
answer: (d) uniform
- A7 This is the department for children's clothes and each garment is marked with the recommended age range.  
answer: (b) garment
- A8 The sole purpose of this jacket is to repel water and if you wear it in the rain and still get wet, it's useless.  
answer: (c) repel
- A9 The whole look of the shop front is enhanced by the introduction of bright colours.  
answer: (d) enhanced
- A10 These pots are being sold as seconds because each one has a slight defect in the glaze.  
answer: (a) defect

*Product Improvement*

- A1 Before the product is put on the market, the company must ascertain whether it complies with safety standards.  
answer: (c) ascertain
- A2 It is absolutely essential to do some thorough research before you even think of putting a new product on the market.  
answer: (b) research
- A3 You have a responsibility to the public to ensure your toy products are suitable for children to play with.  
answer: (a) responsibility
- A4 The company is busy trying to solve the problems arising from the sudden drop in sales of their cosmetic products.  
answer: (b) solve
- A5 The job of the organizer of this particular section is to train the members to deal politely with any complaints from the public.  
answer: (b) organizer
- A6 Inspiration has its place in any form of product development but at the same time you also need to adopt some kind of systematic approach.  
answer: (a) systematic
- A7 A logical approach to new ideas is to be welcomed but you do need a strong element of imagination as well.  
answer: (d) logical
- A8 Since 1993 or if you like within the last decade, there have been many products that have failed because of poor marketing.  
answer: (b) decade
- A9 We would definitely like to examine the proposal you have presented to us with a view to including it in our current range of products.  
answer: (c) examine
- A10 As we have enough money in our present budget, we are happy to launch this new product in the nature of an experiment.  
answer: (b) experiment

*Employment and Training*

- A1 We're paying for a stand at the new industrial exhibition with a view to generating interest among potential employees in our company.  
answer: (b) generating
- A2 For the first three months of your employment with the firm you will be under the care of a mentor.  
answer: (d) mentor
- A3 Although she was very tempted to accept the job she was offered, she had to reject the offer because the salary would have been insufficient.  
answer: (b) reject
- A4 A university education is of course important but it is essential that all employees undergo a period of intensive training.  
answer: (c) training
- A5 A newsletter is sent out every ten days to all the staff so that they receive a regular update on recent appointments.  
answer: (a) update
- A6 Part of the ongoing training is to ensure that a regular time and place are set up for department heads to meet their staff.  
answer: (c) set up
- A7 The head of department acknowledged that the success of the section was largely due to high quality support staff.  
answer: (a) success
- A8 The pace of change in that industry is so fast that staff find it hard to keep up with the latest developments.  
answer: (d) keep up with
- A9 It is the policy of the company to conduct all interviews for new recruits with a member of the trade union present.  
answer: (b) conduct
- A10 In view of the excessive workload you have at the moment I won't expect you to keep on track during the next few days.  
answer: (c) on track

**Agreements**

- A1 The contract was signed by the three partners who thus agreed to abide by terms and conditions contained in it.  
answer: (c) abide
- A2 There was nothing in the contract that specified who would be responsible in the event that one of the partners became seriously ill.  
answer: (b) specified
- A3 An independent adviser was called in after the collapse of the company to resolve some of the issues that were not clear.  
answer: (d) resolve
- A4 One of the parties mentioned in the original agreement has decided that she does not want to continue with the profit-sharing scheme.  
answer: (d) parties
- A5 In view of the serious problems associated with the takeover the newspaper company has decided to cancel its offer of financial help.  
answer: (c) cancel
- A6 The main problem was that the newly formed organisation was not attracting enough work and so they decided to engage the services of a public relations expert.  
answer: (b) engage
- A7 That company has been in business for over 100 years and in fact was established in 1899.  
answer: (b) established
- A8 After the complaint had been received from the customer about poor service, she was given a written assurance that the matter would be put right.  
answer: (c) assurance
- A9 They were very careful to make sure in the original agreement that provision would be made to pay for staff redundancies.  
answer: (d) provision
- A10 We decided to employ a solicitor who would be able to determine the extent of our liability in this matter.  
answer: (d) determine

*Super Supermarkets*

- A1 If you ask someone for their stance on supermarkets as opposed to the small corner shop, you will get varying replies.  
answer: (c) stance
- A2 The first question you have to ask is who are the customers that they are each trying to target.  
answer: (a) target
- A3 When you tell the inhabitants of a small village that the little local store is going to close, many will express dismay.  
answer: (d) dismay
- A4 There will naturally be splits in the various sections of the community as to the benefits or disadvantages of losing the little store.  
answer: (b) splits
- A5 Of course we all get plagued with endless leaflets through the door telling us of bargains at the local supermarket.  
answer: (a) plagued
- A6 Big discussions take place in the area as to whether a supermarket will come to the area and waiting for the outcome can be quite nerve racking for the small shop owner.  
answer: (c) nerve racking
- A7 Inquiries are held which seem to go on forever and you only wish that the procedure could be speeded up.  
answer: (c) speeded up
- A8 Protest meetings are held but invariably they end in a shambles because they are not organized properly.  
answer: (b) shambles
- A9 Then the final result is announced that there is to be a merger between EASISHOP and GOSHOP, which will then become a super supermarket.  
answer: (d) merger
- A10 The confused customer is now in a terrible dilemma because in the old days there was just one brand of butter to buy and now there is a choice of 24.  
answer: (c) dilemma

*Are You in Debt?*

- A1 Going on a spending spree with your credit card and no concern about how you pay back the money you borrow, is a growing habit these days.  
answer: (b) spree
- A2 There is a popular demand for the system that allows credit companies to offer unlimited credit to young people to be overhauled.  
answer: (a) overhauled
- A3 It has been disclosed by a government agency that the percentage of under 25 year olds owing large sums to companies is on the increase.  
answer: (d) disclosed
- A4 One director of a major credit company has already been forced to step down because of the bad publicity his company has attracted.  
answer: (c) step down
- A5 One solution that has been suggested to control credit is to step up the regulations to make it more difficult to get credit in the first place.  
answer: (b) step up
- A6 The main problem is that a debt culture has developed recently believing that it is cool to owe large sums of money.  
answer: (d) culture
- A7 Recent reports have revealed that being in debt is not now looked upon as a disgrace but rather as an attractive way of life.  
answer: (a) revealed
- A8 In reality it's a very long haul to get from owing to paying off all your debts.  
answer: (c) haul
- A9 There are frequently clashes in the family home between parents and children about whether you should enter into credit agreements.  
answer: (b) clashes
- A10 What concerns people most are the mounting fears among governments that it will take at least a generation for us to be rid of excessive debt.  
answer: (c) fears

*Guarantees and Warranties*

- A1 If you go to an unauthorized garage to have your car serviced, the consequence is that your warranty will be invalid.  
answer: (a) consequence
- A2 The guarantee, as I understood it, implied that everything was covered.  
answer: (b) implied
- A3 I regret to inform you that as your guarantee expired last week, we can't help you.  
answer: (c) expired
- A4 A warranty is to be looked on as a sort of promise between the manufacturer and you.  
answer: (d) promise
- A5 Sometimes people don't bother about guarantees because the reputation of the manufacturer is enough for them.  
answer: (d) reputation
- A6 Certain warranties require the purchaser to have the item serviced at regular intervals.  
answer: (c) require
- A7 You will find that such warranties are not worth buying because the cover provided is frequently not worth the extra expense.  
answer: (b) frequently
- A8 This kind of legislation is in existence to protect the customer from worthless warranties.  
answer: (b) protect
- A9 You sometimes have to consider very seriously whether to buy a second hand car which has no guarantee.  
answer: (a) consider
- A10 Sometimes you get a one year warranty, a two year one or even a six month one — they all vary.  
answer: (d) vary

*At the Office (1)*

- A1 Concern was expressed by the office manager that the company would buy an affordable financial package.  
answer: (b) affordable
- A2 The main provider of stationery for the office suddenly announced there would be an overall increase in their prices.  
answer: (d) provider
- A3 The chief administrative officer disliked lack of attention to detail and insisted that such mistakes should never recur.  
answer: (a) recur
- A4 Once again the company has had to make a reduction in the number of office staff to try and recoup their losses.  
answer: (b) reduction
- A5 The stock of zip discs in the office is running dangerously low.  
answer: (c) stock
- A6 If the managers want to stay employed, they will have to learn how to stay on top of their jobs.  
answer: (b) top
- A7 It's not worth paying for an annual service when you can simply call the supplier on an as-needed basis.  
answer: (a) needed
- A8 The new office manager will be in charge of all the IT requirements that the company uses.  
answer: (d) charge
- A9 Currently there is a shortage of clerical staff but it is hoped that by the end of the year they will be up to full capacity.  
answer: (b) capacity
- A10 Staff are always encouraged to work by themselves and whenever they meet a problem, they should use their own initiative.  
answer: (a) initiative

*At the Office (2)*

- A1 On her retirement she was given a substantial cheque in appreciation of all the work she had done over the last 20 years.  
answer: (c) appreciation
- A2 Having attended the office procedures course all employees were expected to reinforce what they had learned and introduce it into their daily routine.  
answer: (a) reinforce
- A3 Visiting clients had commented on the casual dress code of most of the clerical staff.  
answer: (d) code
- A4 The practice of staff doing physical exercises before the start of the day is well established in Japanese companies.  
answer: (c) practice
- A5 There is a lengthy procedure used in this office for staff who have produced shoddy work and it begins with a verbal warning.  
answer: (b) verbal
- A6 There was no fixed agenda for that particular day as it was to be regarded simply as a casual meeting.  
answer: (d) casual
- A7 At the interview all the candidates were shown round the building but could only really catch a glimpse of the sort of work being carried out.  
answer: (c) glimpse
- A8 They really need to keep a check on the stationery supplies as they've run out of A4 paper once again.  
answer: (c) out of
- A9 Managers prefer to select people who have been exposed to many different types of office environments.  
answer: (b) exposed
- A10 A troubleshooter was brought into the office from another firm to get rid of some very outdated procedures.  
answer: (a) outdated

*Legal Expressions*

- A1 If you drive faster than the stated speed limit, you are simply breaking the law.  
answer: (d) breaking
- A2 However angry you may get at what someone has done to you, the police always advise you not to take the law into your own hands.  
answer: (b) hands
- A3 In London in any underground station it is against the law to smoke.  
answer: (d) against
- A4 Even if you think you may have got away with a crime, in most cases the long arm of the law will catch you.  
answer: (a) arm
- A5 In that particular industry everyone has to look after themselves because the law of the jungle rules.  
answer: (c) jungle
- A6 They have no respect for modern conventions and do exactly what they want — they are a law unto themselves.  
answer: (a) unto
- A7 Her parents are very strict and frequently lay down the law about the way she behaves.  
answer: (c) lay
- A8 Although technically his judgement was not according to the letter of the law, most people thought the judge was right to let the man go free.  
answer: (d) letter
- A9 I get the impression sometimes that she thinks she can never do anything wrong almost as if she is above the law.  
answer: (a) above
- A10 All governments want people to live in peace and comfort and so they try to promote a sense of law and order.  
answer: (b) order

*Invoices*

- A1 There is an additional charge added to the price of the product if you want to have it delivered to your house.  
answer: (b) charge
- A2 You should have read the terms of payment as soon as you received the invoice for the goods.  
answer: (d) terms
- A3 In order to cut down the expenses of compiling and sending out the invoices, you need to employ an efficient administrator.  
answer: (c) efficient
- A4 It's always a good idea to get an estimate of what the cost of the work will be before the invoice lands on your doormat.  
answer: (b) estimate
- A5 I do like to get a prompt reply to my letters especially when they are referring to the amount of money I'm supposed to be paying.  
answer: (a) prompt
- A6 Just as we were about to leave the restaurant, the waiter came running up to apologize there had been a mistake in the bill.  
answer: (c) mistake
- A7 The company were very quick to point out it was their fault we had been sent the wrong invoice and they rectified it immediately.  
answer: (b) rectified
- A8 In view of our previous orders over the last year we were offered a 10% discount on any future dealings.  
answer: (d) discount
- A9 He appreciated the additional welcome and help he received from the department store staff as he had after all been a longstanding customer.  
answer: (a) customer
- A10 She got quite angry about the size of the invoice until it was pointed out that it was the government who imposed the value added tax.  
answer: (b) imposed

**Taxes**

- A1 If you are self-employed, it is your responsibility to calculate how much tax you should legally pay.  
answer: (d) calculate
- A2 I had a letter from the office of the Collector of Taxes telling me that I had to pay back all the money I owed over the last 3 years.  
answer: (c) owed
- A3 The arrangement they have is that all the money that has to be paid in tax out of their earnings comes from their joint account.  
answer: (d) joint
- A4 Under the current legislation if you are late in paying your taxes, then you have to face a financial penalty.  
answer: (a) penalty
- A5 He is in a terrible rush to complete his tax returns by Tuesday otherwise he won't be able to reach the deadline.  
answer: (b) deadline
- A6 It doesn't happen very often but I actually got some money from the tax office and with the refund I'm going to treat myself.  
answer: (c) refund
- A7 Before you can claim any money back on overpayment of tax, you have to fill out an application form.  
answer: (b) fill out
- A8 You can elect, if you want, to transfer your tax free allowance to your spouse.  
answer: (a) spouse
- A9 Until it's clearly established which tax group you are in, your employer will be asked to withhold a certain amount of your pay.  
answer: (c) withhold
- A10 There have been so many queries about his tax situation that there is now a huge file containing the details in the office.  
answer: (d) file

*Finance*

- A1 It's a gamble at the moment whether the company will make profit in its second year but that nevertheless is the desired aim.  
answer: (c) desired
- A2 Each year the Chancellor of the Exchequer stands up in the House of Commons and gives a forecast of what is seen as the economic outlook for the country.  
answer: (a) forecast
- A3 I think that your financial optimism is not really justified and you should adopt a more realistic attitude.  
answer: (d) realistic
- A4 If you want to increase sales of a particular product, you must be sure that you are targeting the right customers.  
answer: (c) targeting
- A5 The idea caught on very quickly and people were queuing up to buy the goods so that year the company's investment yielded substantial profits.  
answer: (b) yielded
- A6 Overall it has not been a bad year as our costs are well down on last year's.  
answer: (a) Overall
- A7 Managers complained bitterly at the Annual General Meeting that levels of production had dropped to an all time low.  
answer: (d) levels
- A8 You have to accept that this kind of expenditure is quite typical in an enterprise of this kind.  
answer: (b) typical
- A9 The figures that have just been published by the company's accountants will give management some kind of perspective on how sales are going.  
answer: (d) perspective
- A10 Whenever a member of staff makes a claim for travel expenses, they have to provide a detailed account of their journeys.  
answer: (a) detailed

*Interviews and Jobs*

- A1 One of the most important qualities which the panel is looking for in a candidate is the ability to work with others.  
answer: (d) ability
- A2 Once the applications have been looked at the usual procedure for the panel is to follow up the references of those candidates who have been shortlisted.  
answer: (c) up
- A3 They were so impressed with the way she reacted to their questions that they didn't hesitate to offer her the job.  
answer: (b) hesitate
- A4 As this job was of a very specialist nature an expert was invited to join the interview panel.  
answer: (a) expert
- A5 After the interview one of the candidates constantly phoned the office to see whether he had been successful.  
answer: (c) constantly
- A6 She was in such a state of extreme nervousness when she was called in for the interview that she burst into tears.  
answer: (b) called in
- A7 From the point of view of relevant background she was the ideal candidate at least on paper.  
answer: (d) background
- A8 It is absolutely essential in an interview to give the impression at least that you are full of confidence.  
answer: (c) confidence
- A9 One of the most popular questions asked of interviewees is to explain their strengths and weaknesses.  
answer: (a) weaknesses
- A10 Each candidate was asked to present a short account of how they saw the future of the company.  
answer: (b) present

*Working Well*

- A1 The boss was appointed in the hope that she would be able to achieve results.  
answer: (c) achieve
- A2 In the very beginning she had a meeting with all the staff, which turned out to be extremely productive.  
answer: (a) productive
- A3 Although many people wanted to remain loyal to her predecessor, they soon started to respect her style of management.  
answer: (d) loyal
- A4 At the first series of interviews the question was whether to appoint a newcomer or promote a current employee.  
answer: (b) promote
- A5 The decision was finally taken that appointments should be based purely and simply on merit.  
answer: (c) merit
- A6 There was a new spirit in the company and for the first time in ages staff at last felt they were being valued.  
answer: (a) valued
- A7 Employees were beginning to receive recognition for the hard work that they had been doing.  
answer: (d) recognition
- A8 It soon became apparent that under the new management people were also starting to contribute some of their free time to the company.  
answer: (c) contribute
- A9 Some of the longest serving staff actually looked forward to coming into work.  
answer: (d) forward
- A10 At the end of her first year it was obvious to everyone that as the new boss she had been totally accepted.  
answer: (a) obvious

*Pay and Allowances*

- A1 On the basis of her ten years' service she immediately qualified for the extended annual leave of six weeks.  
answer: (b) basis
- A2 Although he knew it was a sensitive subject, his boss had to ask him the delicate question about his drink problem.  
answer: (d) delicate
- A3 At the interview each applicant was able to negotiate the level of remuneration they would be expecting to receive.  
answer: (a) negotiate
- A4 Under the new flexible arrangements coming into force soon all employees can decide what time to start and when to finish.  
answer: (c) flexible
- A5 According to the contract you are not eligible for the new allowance until you have been with the company one year.  
answer: (d) eligible
- A6 The only way you can hope to raise the level of your pay is to take on greater responsibility.  
answer: (b) raise
- A7 She is trying to get some form of compensation to make up for the poor working conditions she had to put up with for all those years.  
answer: (c) compensation
- A8 Of course there is a little extra added to your salary because you will benefit from the inner city allowance.  
answer: (b) benefit
- A9 The hourly wage for all part time clerical assistants has gone up by 40% since 2000.  
answer: (a) wage
- A10 Remember when you stop work and retire, you will be able to receive the company pension.  
answer: (d) retire

*Internet Business (1)*

- A1 One of the great advantages of using the Internet is that people can interact more quickly.  
answer: (d) interact
- A2 It's no good spending a small fortune on new IT equipment as it's more cost effective to hire it.  
answer: (c) effective
- A3 One of the fashionable ways of saying you've been sacked is to say that your company is downsizing but you've still lost your job.  
answer: (a) down
- A4 The important thing to realise is that your service is not a little island on its own because all the services in this company are interconnected.  
answer: (b) inter
- A5 Whereas ten years ago we only dealt with customers in this country nowadays we are truly global with branches all over the world.  
answer: (d) global
- A6 One of the most successful tools in your organisation is that of good communication because everybody knows what's going on.  
answer: (a) communication
- A7 Let me just recap what we have agreed in the agenda so far if nobody minds me going over it all again.  
answer: (c) recap
- A8 You have to realise that not all your clients can reach you online because they don't have access to a computer.  
answer: (b) access
- A9 There are times when you have to force yourself to improve your performance and that's simply called self-motivation.  
answer: (d) motivation
- A10 You must think big in this business and not just think short term but what you hope to do in ten years' time.  
answer: (a) term

*Internet Business (2)*

- A1 It's all very well having a dream or an idea but you must know where you're going and what your goal is.  
answer: (c) goal
- A2 Her job in the company was to sort out the relevant information thereby filtering it so that only appropriate material was sent to her directors.  
answer: (b) filtering
- A3 She told him to stop wasting time by coming up with tried and tested ideas and in this way simply re-inventing the wheel.  
answer: (d) wheel
- A4 The product had been on the market for some years and was selling well but somehow the image was in need of a face lift or enhancement.  
answer: (a) enhancement
- A5 In the hope of finding fresh ideas he used the internet to help him by using as many search portals as he could discover.  
answer: (b) portals
- A6 You must increase the sale of this commodity by trying to interest a different age range and by tapping into their society.  
answer: (c) tapping
- A7 You'll never make any more money or generate new income if you keep using that unimaginative marketing logo.  
answer: (a) generate
- A8 Now that you've explained the scope and dimension of the market, we are very keen to inject some money into your project.  
answer: (d) dimension
- A9 There is always a risk in any business venture when your scheme is based on an entirely new concept.  
answer: (a) venture
- A10 Get in there first and don't hesitate to act as the boss and take the lead.  
answer: (b) lead

*Verbal Communication Skills*

- A1 Remember that this happened first and was prior to the episode that happened afterwards.  
answer: (c) prior
- A2 As the police saw the accident themselves, the driver avoided the necessity of having to give a detailed report.  
answer: (d) necessity
- A3 It's a complete waste of time arguing over who was to blame, the main thing we have to do is decide what to do next.  
answer: (a) arguing
- A4 It was easy to realise why the machine had stopped working since it was a direct consequence of his failure to maintain it.  
answer: (c) consequence
- A5 I am completely confused as to why she did it and so it's not difficult to imagine why other people are mystified, too.  
answer: (b) difficult
- A6 If you want to try and influence that political party it's best to become a member yourself and then you can argue from the inside.  
answer: (d) inside
- A7 I have great sympathy for them at this time because I have had a similar experience.  
answer: (b) sympathy
- A8 Feel free to visit anything of interest to you in the exhibition and also you can partake of any of the refreshments available.  
answer: (c) partake
- A9 Many of the people in the crowd were visibly crying because they all sympathized with those who had lost relatives in the disaster.  
answer: (d) sympathized
- A10 I assure you that you will have no problem with the task because it's as easy as can be.  
answer: (a) as

*Corporate Policy (1)*

- A1 Since last year my workload has increased considerably.  
answer: (b) considerably
- A2 The ability to present your thoughts in an organized manner is critical.  
answer: (c) manner
- A3 The company has implemented several new policies recently.  
answer: (a) implemented
- A4 She provided the judge with concrete evidence in support of the case.  
answer: (a) concrete
- A5 He is paid a salary rather than by the hour.  
answer: (d) salary
- A6 The job market seems to be improving.  
answer: (c) market
- A7 Your resume needs some work.  
answer: (d) some
- A8 The operation is currently undergoing some vast changes.  
answer: (a) undergoing
- A9 Working as a team will better enable the company to reach its goals.  
answer: (c) reach
- A10 Who is in charge of negotiations?  
answer: (b) of

*Corporate Policy (2)*

A1 She is fed up with having to do 2 people's jobs.

answer: (d) fed up

A2 Being a mother of 3 and working full-time was too much.

answer: (c) of

A3 He works 6 days a week.

answer: (a) a

A4 It's the opportunity of a lifetime.

answer: (a) opportunity

A5 The left-overs each night are donated to a nonprofit organization that feeds the homeless.

answer: (d) nonprofit

A6 It is very important that the review is turned in by the deadline.

answer: (c) in

A7 Beginning in October we will evaluate each employee's past performance.

answer: (a) evaluate

A8 People tend to gravitate toward others who are the most like themselves.

answer: (c) toward

A9 The owners are discussing how they can cut costs without lowering salaries or laying off employees.

answer: (b) laying

A10 You are the most helpful person I have met.

answer: (d) most

*Corporate Policy (3)*

- A1 A suck-up is someone who is overly nice to their superior in an attempt to gain favor.  
answer: (b) overly nice to
- A2 Another name similar to a suck-up is a brown-noser.  
answer: (c) brown
- A3 Our annual income is at least six-digits.  
answer: (a) annual
- A4 You should solicit and utilize feedback on all of your endeavors.  
answer: (d) endeavors
- A5 He must master an array of technical skills.  
answer: (a) array
- A6 It is crucial that we do not stifle the momentum of the up-and-coming generation of workforce.  
answer: (b) stifle
- A7 Let your creative juices flow.  
answer: (d) flow
- A8 You may need to alter some of your phrasing because some of these sentences are redundant.  
answer: (b) alter
- A9 She implied her notable distaste for her opponent by wrinkling her nose upon his arrival.  
answer: (c) distaste
- A10 The new supervisor has furnished the company with some exceptionally enlightening new ways of thinking.  
answer: (a) furnished

*Behaviour Guideline*

A1 Your reputation precedes you.

answer: (b) precedes

A2 Their vast efforts were thwarted in the end.

answer: (d) thwarted

A3 The corporate disorganization was really only a by-product of the director's indecisiveness.

answer: (a) by-product

A4 She strode hastily through the crowd.

answer: (b) hastily

A5 The condescending manner in which he addresses his employees is incredibly degrading.

answer: (c) degrading

A6 If an employee's performance is not up to par and the same is either unable or unwilling to change, a personnel change may be necessary.

answer: (a) personnel

A7 No one can help liking her because she is so warm and pleasant.

answer: (d) help

A8 Engaging in gossip is a highly distasteful act.

answer: (a) distasteful

A9 All loitering is strictly prohibited on the premises.

answer: (d) premises

A10 We must start from 'ground 0.

answer: (b) 0

*How to assess employees*

- A1 His depiction was entirely ambiguous.  
answer: (c) depiction
- A2 Giving extravagantly to causes in which you believe is remarkably commendable.  
answer: (b) commendable
- A3 Diversity is just as important as continuity.  
answer: (a) just
- A4 Our office is a bustling hub of activity.  
answer: (d) hub
- A5 He gave us little to no indication as to his whereabouts.  
answer: (c) as to
- A6 The athletic abilities of the circus performers was nothing short of phenomenal.  
answer: (b) phenomenal
- A7 Virtually every assignment will require an element of creativity.  
answer: (b) element
- A8 He was contemplating devising a new technique.  
answer: (a) devising
- A9 The industry is on the verge of a colossal expansion.  
answer: (d) verge
- A10 While certain tasks may be somewhat contrived, nevertheless the genuine exchange of information can occur.  
answer: (c) contrived

*Money Slang Expressions*

- A1 Mary: Did you know there are loads of slang words for money, like bread for example?  
answer: (c) loads
- A2 John: I suppose there are when you come to think about it — like dough, which is similar to your word bread.  
answer: (d) come
- A3 Mary: One of my favourites is dosh. I like the sound of it.  
answer: (a) favourites
- A4 John: Well if you're referring to sound. What about spondulicks?  
answer: (b) referring
- A5 Mary: Yes, that's excellent. Another short sound that appeals to me is brass.  
answer: (c) appeals
- A6 John: Another one that rhymes with jolly is the word lolly.  
answer: (d) rhymes
- A7 Mary: An expression which sounds very decadent of course is filthy lucre.  
answer: (a) decadent
- A8 John: That's true and then there's that word that also has the same meaning as something that's been stolen — loot.  
answer: (c) meaning
- A9 Mary: The one that sounds very grand because it in a way hides the fact that it means money and that's the wherewithal.  
answer: (b) hides
- A10 John: Actually, I'm a little embarrassed about this but I haven't any money to pay for the bus home. Do you think you could lend me some readies?  
answer: (d) embarrassed

*Accounting terms*

- A1 The customary manner in which a business analyzes and records its transactions is by first entering them into a journal.  
answer: (a) transactions
- A2 Journal entries are entered in chronological order, meaning by date, with the earliest date first.  
answer: (c) chronological
- A3 Once the transactions have been entered into the journal they are posted or transferred into their individual General Ledger accounts.  
answer: (d) posted
- A4 All assets increase with a debit entry and decrease with a credit entry.  
answer: (c) assets
- A5 Liabilities either have a credit or no balance at all.  
answer: (b) balance
- A6 Capital accounts represent the owner's net worth in the business.  
answer: (d) net
- A7 revenue accounts are accounts for your sources of business-generated income.  
answer: (b) revenue
- A8 The markup is the difference between what a business pays for an item wholesale and what the business sells it for retail.  
answer: (a) markup
- A9 An accounts payable ledger shows how much you owe each of your vendors.  
answer: (c) ledger
- A10 Accounts receivable shows how much money your customers owe you.  
answer: (b) receivable

*Payroll policy in the USA*

- A1 Gross pay is what an employee earns before deductions.  
answer: (c) Gross
- A2 Net pay is what an employee actually receives after deductions.  
answer: (a) Net
- A3 An employee who is paid on salary receives the same pay each pay period no matter how many hours they work.  
answer: (b) salary
- A4 In the USA working over 40 hours per week is considered overtime. For each hour of overtime in the USA you receive your hourly wage multiplied time 1 1/2.  
answer: (c) wage
- A5 The rates for overtime in the USA are generally known as time-and-a-half.  
answer: (d) time-and-a-half
- A6 Federal taxes and Social Security are both examples of standard deductions from your paycheck.  
answer: (b) deductions
- A7 In order to cash a check you must endorse it, or in other words sign the back.  
answer: (a) endorse
- A8 You record how much each of your employees should be paid in the payroll account.  
answer: (d) payroll
- A9 An outstanding check is one that you have written and deducted from your checkbook balance but has not yet cleared the bank.  
answer: (c) outstanding
- A10 Books are all closed at the end of an accounting period. A more common term for an accounting period is a fiscal period.  
answer: (b) fiscal

*Job Interview Advice*

- A1 When you go to a job interview, it is really important to dress appropriately.  
answer: (b) appropriately
- A2 When filling out an application, make sure you write your answers intelligibly.  
answer: (c) intelligibly
- A3 Make sure you list your skills and experience that you believe will meet the expectations of the employer.  
answer: (a) expectations
- A4 In your job interview, don't complain about previous jobs or former employers.  
answer: (d) employers
- A5 When answering questions to the employer, be confident and articulate your words really well.  
answer: (b) articulate
- A6 Avoid casual clothing such as jeans, flip flops, sneakers, t-shirts, caps, etc.  
answer: (a) casual
- A7 Bring as much information about yourself as you might need. On your resume make sure you include hobbies, volunteer work or anything that you've done that may pertain to that job.  
answer: (c) resume
- A8 It is usually really handy to have letters of recommendation from previous employers.  
answer: (b) recommendation
- A9 Hint: Fill out the job application first with a pencil then with a pen, so you don't have to use white out.  
answer: (a) white out
- A10 If you don't remember some particular information about jobs you had in the past, feel free to ask the employer if you can take the application home so you can do some research.  
answer: (d) research

*Dental Care Expressions*

- A1 Most dentists are solo practitioners, which means they own their own business and work alone or with a small staff.  
answer: (c) solo
- A2 Dentists sometimes perform corrective surgery on gums and supporting bones to treat gum diseases.  
answer: (b) surgery
- A3 Dentists wear masks, gloves, and safety glasses to protect themselves and their patients from infectious diseases.  
answer: (a) infectious diseases
- A4 Orthodontists use braces or retainers to apply pressure to teeth in order to straighten them.  
answer: (d) to straighten
- A5 After finishing dental school, some people work together with established dentists as associates for a couple of years to build up experience and save money to equip an office of their own.  
answer: (c) associates
- A6 As dental technology improves, dentists will be able to offer more effective treatment to their patients.  
answer: (b) effective
- A7 When dentists extract all of your teeth, they replace the missing teeth with dentures.  
answer: (d) dentures
- A8 Dentists use an assortment of instruments like mouth mirrors, probes, forceps, brushes, and scalpels in their work.  
answer: (a) instruments
- A9 When decay or injuries infect the blood or nerve supply of your tooth, you need a Root Canal.  
answer: (b) infect
- A10 Wisdom teeth are always the last to develop. They commonly appear around the ages 17 to 25.  
answer: (c) develop

*Insurance Policy Vocabulary*

A1 I took out a life insurance policy with State Ranch Insurance Company last week.

answer: (b) policy

A2 My insurance premiums are only \$70 per month.

answer: (c) premiums

A3 In the event of my death, the beneficiary will be my widow.

answer: (d) beneficiary

A4 My insurance does not cover me if I commit suicide.

answer: (b) cover

A5 The amount of money that my wife will get has already been calculated by State Ranch's actuary.

answer: (c) actuary

A6 If I decide that I no longer need my insurance, I can cash it in for the amount of its surrender value.

answer: (b) surrender

A7 Before I got the insurance, I had to receive a complete physical examination.

answer: (d) examination

A8 I am feeling great, because the doctor told me that I have a life expectancy of 82 years!

answer: (c) expectancy

A9 Even if I am late in paying, the insurance remains in effect for a grace period of 30 days.

answer: (a) grace

A10 The insurance is pretty expensive though: I am a policeman, so there are a lot of occupational hazards.

answer: (c) hazards

*Contracts and agreements*

- A1 A contract is a binding agreement that is reached between two individuals or parties.  
answer: (c) binding
- A2 A contract between an individual and his or her employer is for the services s/he will provide in exchange for getting paid.  
answer: (a) paid
- A3 Signing a rental agreement to live in an apartment for one year is a kind of contract.  
answer: (c) Signing
- A4 The tenant promises to pay a certain amount of rent, and in return, the realty agent promises to supply the accommodation.  
answer: (b) certain
- A5 A customer enters into a contract each time s/he makes a purchase.  
answer: (d) enters
- A6 A contract is initiated when a person makes an offer to buy something and the seller accepts his or her offer.  
answer: (c) accepts
- A7 In order for a contract to be completed, something of value needs to be exchanged.  
answer: (b) value
- A8 A contract has been created when both the buyer and the seller have agreed that there will be some kind of consideration.  
answer: (a) consideration
- A9 Any contract that is made to buy or sell something that is illegal is not enforceable under law.  
answer: (c) illegal
- A10 A contract is required to be made by those who are legally capable, a condition called capacity.  
answer: (b) capacity

*The Business Plan*

- A1 The initial responsibility of a business plan is to help to develop a solid business strategy.  
answer: (d) solid
- A2 First, you should describe your products and services and discuss the market that you are targeting.  
answer: (c) targeting
- A3 If you wish to interest investors, you need to emphasize the company's profit potential.  
answer: (a) potential
- A4 You should be particularly careful to adequately disclose the risks in the business.  
answer: (c) disclose
- A5 You should examine customer needs and the benefits of your products and services.  
answer: (c) needs
- A6 Evaluate the strong and weak points of any firms in competition with yours and look for marketplace opportunities.  
answer: (b) Evaluate
- A7 If you can find a particular market niche to focus on, you should investigate this further.  
answer: (d) niche
- A8 It may also be possible for you to position your products differently in the marketplace to attract new customers.  
answer: (a) position
- A9 It is not a good idea to exaggerate sales projections, and it is just as poor an idea to underestimate operating costs.  
answer: (d) underestimate
- A10 If you forecast conservatively, you will be more likely to maintain an extra cushion of cash.  
answer: (d) cushion

*Conference Advice*

- A1 Being a delegate at conferences and other gatherings is a valuable opportunity whether or not you present a paper.  
answer: (c) paper
- A2 At such events, you will get an accurate sense of the current direction of the industry.  
answer: (c) sense
- A3 And if you are scheduled to give a talk, you will gain increased visibility.  
answer: (d) visibility
- A4 Actually, it is not very important for you to attend any of the vendor exhibitions.  
answer: (c) vendor
- A5 In order for you to be plugged into your industry and its market, it is important for you to go to such events.  
answer: (a) plugged
- A6 The importance of conferences is not the seminars or workshops, but the refreshment breaks and chatting at the bar after the day is done.  
answer: (d) done
- A7 The key feature of a conference is the chance to meet those whom you would not otherwise have met.  
answer: (c) otherwise
- A8 Be sure to carry your business cards, and do not hesitate to exchange cards with anyone you meet.  
answer: (d) exchange
- A9 And finally: do not forget to enjoy your host city: conference information packages often spotlight nearby attractions and sightseeing opportunities.  
answer: (d) spotlight
- A10 Well ahead of time, however, you should plan a balance of scheduled conference activities and events that suit your needs.  
answer: (d) suit

*Computer Health*

- A1 Computer advisors recommend that you consider correct workstation layout and personal posture in order to minimize the chances of an injury.  
answer: (a) layout
- A2 The symptoms of such injuries may include numbness in the fingers, painful hands or wrists, or eye problems.  
answer: (d) numbness
- A3 A(n) ideal workstation permits you to work in a natural position while minimizing the strain on your arms, back and eyes.  
answer: (b) ideal
- A4 On the other hand, a poorly designed workstation will force you into uncomfortable postures like hunching over.  
answer: (b) hunching
- A5 Experienced computer operators know that a good chair adapts to their bodies.  
answer: (a) adapts
- A6 Use a chair that has a backrest supporting the curves of your back.  
answer: (d) curves
- A7 Ensure that you have enough room below the table top to fit your knees comfortably.  
answer: (c) room
- A8 Select a mouse that fits your hand; be sure that it is as flat as possible in order to minimize wrist strain.  
answer: (b) strain
- A9 The computer monitor needs to be separate from the keyboard, and it should be centered directly in front of you.  
answer: (a) centered
- A10 A person's body is not intended to remain motionless, even in a comfortable position, for long periods of time; so get up and stretch!  
answer: (c) periods

*Marketing Strategies*

- A1 The first step most managers take to grow their business is to increase the number of customers.  
answer: (c) take
- A2 Losses are usually suffered if inexperienced sales staff are given the task of implementing a marketing scheme.  
answer: (c) implementing
- A3 Fundamental marketing strategy is to create prospective customers who are ready, willing and able to buy.  
answer: (d) willing
- A4 The primary goal of a such a strategy is to present sales staff with prospects to convert into paying customers.  
answer: (c) convert
- A5 One thing that managers can do to increase their business is to reward existing customers for referring new ones.  
answer: (a) referring
- A6 Established customers are seldom asked whether they are interested in more or new products or services; they are all too often taken for granted.  
answer: (d) granted
- A7 It can be the undoing of a business to expect regular customers to purchase standard quantities without being solicited to buy more.  
answer: (b) undoing
- A8 Sharing news, information and offers with customers increases their frequency of repurchase.  
answer: (b) frequency
- A9 Customers should be offered more value through complementary products and services at the point of sale.  
answer: (d) point
- A10 Repeat business is gained by the company that gives the customer what s/he wants.  
answer: (c) Repeat

*Warranties*

- A1 One definition of a warranty is that it is a promise of quality which is given by the seller or the manufacturer to the purchaser.  
answer: (b) quality
- A2 The purchaser must be given the opportunity to see the warranty before s/he makes the purchase.  
answer: (b) opportunity
- A3 Unfortunately, shoppers do not usually pay attention to the coverage until a problem with the purchase arises.  
answer: (a) coverage
- A4 Many retailers view warranties as a promotional technique.  
answer: (d) promotional
- A5 The use of warranties gradually developed as part of the bargaining process between sellers and customers.  
answer: (a) bargaining
- A6 An implied warranty is legally in effect even if it is not in written form.  
answer: (d) written
- A7 Any respectable manufacturer will honor an implied warranty.  
answer: (b) honor
- A8 Clear title is an affirmation that the product has not been stolen and is not otherwise illegal.  
answer: (d) title
- A9 A warranty of fitness for purpose assures the purchaser that the item will perform properly the function for which it was designed.  
answer: (c) fitness
- A10 Merchantability warrants that the item will live up to reasonable expectations of the purchaser.  
answer: (c) live

*Office Technology Problems*

- A1 The misuse of technology in the office increases the average work day in the US by over an hour and a half.  
answer: (b) misuse
- A2 One research project revealed that phone and email habits can actually reduce productivity rather than improve it.  
answer: (c) productivity
- A3 At work, male employees are the greater time wasters when it comes to surreptitious non-work activities.  
answer: (a) comes
- A4 Improperly dealing with phone calls and emails hinders workers from getting their jobs done, creates poor working habits, and lengthens the work day.  
answer: (c) lengthens
- A5 Too much reliance on voice mail when making or returning phone calls was also spotlighted in the study.  
answer: (c) returning
- A6 The delay that is caused by the necessity of waiting for critical responses to emails was another problem that caused time wastage every day.  
answer: (d) wastage
- A7 The average total time lost at work every day was over two hours, of which an hour and a half was because communication technology was not used to good effect.  
answer: (b) effect
- A8 On average, thirty minutes were wasted managing telephone communications, while ten more minutes were wasted attempting to locate colleagues.  
answer: (c) colleagues
- A9 The communications tools that once were an important contribution to efficiency have now begun to become a detriment to it.  
answer: (c) tools
- A10 One basic cause of lost efficiency is that employees are often unaware of another worker's location, whether it be in a meeting, at a different desk, or away offsite.  
answer: (a) offsite

*Secretarial Office Procedures*

- A1 Modern technology continues to proliferate in offices everywhere, and the secretary's role has greatly evolved.  
answer: (a) evolved
- A2 Operational restructuring and automated procedures have presented secretaries with a broad range of new responsibilities formerly reserved for managerial levels.  
answer: (c) reserved
- A3 Nevertheless, amid these changes their core duties have remained almost unchanged.  
answer: (b) core
- A4 A secretary is responsible for a range of administrative and clerical duties that are essential to the efficient operation of a business.  
answer: (a) clerical
- A5 A secretary serves as an information clearinghouse for an office, organizes and maintains hard copy and electronic files, and generates correspondence.  
answer: (a) clearinghouse
- A6 Many secretaries also handle travel arrangements and contact clients.  
answer: (c) handle
- A7 A large part of a secretary's day is involved with negotiating meeting times, which is a(n) cumbersome job, especially if many are to attend.  
answer: (b) cumbersome
- A8 Today, more and more secretarial staff use PCs to run database management, desktop publishing, and computer graphics software.  
answer: (a) desktop
- A9 Secretaries nowadays are often relieved from old-fashioned typing and dictation; therefore, they can now support more than one executive staff member.  
answer: (c) relieved
- A10 Executive secretaries are responsible for fewer clerical duties than lower-level secretarial staff.  
answer: (b) Executive

*Basic Electronics*

- A1 Electronics is the study and utilization of systems that function by guiding electron flow in devices such as semiconductors.  
answer: (b) devices
- A2 Designing and building electronic circuits to solve practical problems is the mandate of electronics engineering.  
answer: (b) practical
- A3 Research into innovative semiconductor technology and applications is considered a branch of physics.  
answer: (a) branch
- A4 Electronic circuits are mainly used to control, process and distribute information, and for the conversion and distribution of electric power.  
answer: (d) conversion
- A5 These two purposes rely on the creation and detection of electromagnetic fields and electrical currents.  
answer: (a) fields
- A6 The rapid modern advancement of electronics began in earnest with the introduction of the radio.  
answer: (a) earnest
- A7 There are three divisions to an electronics system, an example of which is a television set.  
answer: (d) set
- A8 First, the input is a broadcast signal either received by its antenna or fed in through a cable.  
answer: (b) fed
- A9 Second, processing circuits inside the TV extract the brightness, colour and audio data from this signal.  
answer: (c) extract
- A10 Third and last, its output apparatus, a cathode ray tube, changes the electronic signals into a visible image on its screen.  
answer: (d) visible

*Business Letter Basics*

- A1 The first goal in writing a business letter is to get the recipient's attention.  
answer: (b) attention
- A2 One fundamental principle of effective writing is to put the key information at the beginning.  
answer: (c) principle
- A3 Avoid weighing down the beginning of the letter with abundant information of which the reader is already aware, however.  
answer: (c) weighing
- A4 Effective writing is effortless reading that makes the recipient want to read further.  
answer: (b) effortless
- A5 In writing commercial correspondence, it is important to employ a friendly yet efficient tone.  
answer: (d) tone
- A6 Try to aim for a conversational style, but without employing bad grammar, slang, or otherwise questionable English.  
answer: (d) conversational
- A7 Be merciless in eliminating the padding that most people put into letters: it wastes the recipient's time and tries his or her patience.  
answer: (d) padding
- A8 A good business letter is simple and straightforward without being simplistic or patronizing.  
answer: (d) patronizing
- A9 The conclusion or ending paragraph should bring the communication to a polite and businesslike close.  
answer: (a) businesslike
- A10 Unfortunately, the ending paragraphs in much commercial correspondence employ wordy and overused phrases that detract from the letter's impact.  
answer: (d) impact

*Annual Report*

A1 Our annual report was submitted to the shareholders on 31 March.

answer: (b) submitted

A2 Turnover remained constant through the fiscal year.

answer: (b) fiscal

A3 Profits declined sharply with the devaluation of the currency.

answer: (c) currency

A4 Sales fell gradually in the first two quarters, but recovered in the second half of the year.

answer: (c) recovered

A5 Costs reached a peak in April.

answer: (d) a peak

A6 Demand rose sharply after our major competitor went into bankruptcy.

answer: (a) bankruptcy

A7 Overhead levelled off when utility charges were frozen by the government.

answer: (b) frozen

A8 Prices were raised with the introduction of our new line of widgets.

answer: (b) line

A9 Output kept up with demand.

answer: (b) kept

A10 Although the company's overall performance was weak, its bottom line was still in the black.

answer: (c) performance

*The Importation Process*

- A1 In the first step of the importation process, the purchaser makes his selection from the supplier's catalogue of hair dryers.  
answer: (b) catalogue
- A2 Next, he sends an email to check the availability of stock.  
answer: (c) stock
- A3 Thereupon, he orders the hair dryers.  
answer: (c) orders
- A4 Soon, he receives a confirmation of the order from the supplier.  
answer: (a) confirmation
- A5 Afterward, he receives a pro forma invoice.  
answer: (c) forma
- A6 Subsequently, his bank issues a letter of credit for the amount of the invoice.  
answer: (b) letter
- A7 Then, he receives the supplier's invoice for the hair dryers FOB point of departure.  
answer: (c) point
- A8 After that, he receives the bill of lading from the transporter.  
answer: (a) bill
- A9 Thereafter, he pays the transporter for shipping costs.  
answer: (d) shipping
- A10 Finally, he receives the hair dryers with a customs declaration form.  
answer: (d) customs

*Cellular Telephones*

- A1 All around the world, cellular telephones are being used more and more.  
answer: (b) around
- A2 Cell phones are hand- held devices; they are also called wireless or mobile phones.  
answer: (c) held
- A3 Cell phones are popular with users because they are small, light and easily transported.  
answer: (c) popular
- A4 Cellular telephones are actually little different than two- way radios.  
answer: (d) way
- A5 A caller speaks into a cell phone, and it picks up his or her voice, transforming the sound into radio waves.  
answer: (d) up
- A6 Then these radio waves are transmitted through the atmosphere until they meet a nearby base station.  
answer: (b) nearby
- A7 The station sends your phone call through the standard telephone network, where it eventually reaches the receiver.  
answer: (d) through
- A8 Cell phones provide a vast array of functions these days, and new ones are being added all the time.  
answer: (d) functions
- A9 When someone calls you, your cell phone receiver detects radio waves sent out by the base station.  
answer: (b) detects
- A10 Inside your cell phone, these waves are converted back into the sound of the caller's voice.  
answer: (a) back

*Job Advertising*

- A1 Industry-specific, or niche, employment websites are proliferating as places for companies to locate qualified personnel.  
answer: (d) specific
- A2 Niche sites present a large pool of qualified job-seekers.  
answer: (c) pool
- A3 The internet, in comparison to other advertising media, gives its users a broader reach.  
answer: (a) reach
- A4 The internet produces results faster and more cheaply than other traditional advertising media.  
answer: (d) traditional
- A5 Companies these days look at internet job advertising as an integral part of their staffing efforts.  
answer: (c) integral
- A6 Advertising positions on employment websites can generate a lot of traffic from potential candidates.  
answer: (d) traffic
- A7 But general sites often produce an insufficient number of qualified applicants, making the process relatively time consuming for the results seen.  
answer: (a) consuming
- A8 Niche site marketing targets executives and professionals of the industry served.  
answer: (d) served
- A9 Advertisements both on niche sites and using more conventional methods are a part of a well- rounded staffing campaign.  
answer: (c) rounded
- A10 Niche sites often include job postings, comparative salary scales, curriculum vitae databases, and more.  
answer: (d) more

*Job Applications*

- A1 The application form is used by companies as a means of standardizing basic information from all applicants.  
answer: (d) standardizing
- A2 The application is a key marketing tool for the applicant in the job-seeking process.  
answer: (c) seeking
- A3 Companies utilize the application as a basis for deciding whether to interview the applicant.  
answer: (b) basis
- A4 The application form should be considered the applicant's first test in following directions.  
answer: (b) following
- A5 The application form should be filled out as neatly as possible; it reflects the applicant's nature.  
answer: (c) neatly
- A6 On the form, answers should be tailored to the specific position for which the person is applying.  
answer: (d) tailored
- A7 No blanks should be left on the form; for questions that are irrelevant, write "not applicable" ("n/a").  
answer: (b) blanks
- A8 The goal of the application is to obtain a personal interview, so do not provide any negative information.  
answer: (b) negative
- A9 Questions should be answered truthfully, but complete answers need not necessarily be given.  
answer: (d) truthfully
- A10 Specific salary limits should never be indicated on the application; just write "open" or "negotiable".  
answer: (b) negotiable

*Job Interviews*

- A1 The first interview for the candidate is the screening interview, which is used to ascertain whether s/he matches the position's minimum qualifications.  
answer: (c) screening
- A2 The interviewer(s) will have the applicant's resume in hand and attempt to confirm the information it contains.  
answer: (b) hand
- A3 The selection interview is worrisome for most candidates: although they may have the requisite skills, the company now determines whether they have the personality to fit into the group.  
answer: (a) fit
- A4 A candidate who does not interact positively with supervisors and co-workers may disrupt the operations of a whole section.  
answer: (b) disrupt
- A5 A group interview is one in which the interviewer(s) attempt to distinguish the leaders from the followers.  
answer: (d) leaders
- A6 When a panel interview is held, the candidate is interviewed by several people at the same time.  
answer: (b) held
- A7 The candidate should make eye contact with each member of the panel as s/he answers the panelist's question.  
answer: (c) contact
- A8 One technique the applicant should be aware of is the stress interview, which is occasionally used to weed out those who are unable to deal with adverse situations.  
answer: (c) weed
- A9 Stress may be introduced into this kind of interview by asking strange questions or by reacting to the candidate's responses with silence.  
answer: (c) silence
- A10 In a stress interview, the candidate has only two choices: play along or refuse such bad treatment by terminating the interview.  
answer: (a) along

*Hiring the Right Person*

- A1 In order to take on the right candidate, the employer must examine both abilities and personality, although not necessarily in that order.  
answer: (b) order
- A2 The first step to hiring success is being aware of the abilities that the ideal candidate should have.  
answer: (d) success
- A3 Before proceeding to advertisement and interviews, create a list of skills needed for the job and assign a rating to each skill.  
answer: (b) rating
- A4 Placing a premium on education and experience is only common sense in the hiring process.  
answer: (b) premium
- A5 If the applicant seems to be over-qualified for the position, you have found either a diamond in the rough or someone very adept at interviews.  
answer: (c) rough
- A6 If this applicant does not have extensive practical experience in a similar position, you may rest assured that s/he is the latter.  
answer: (a) assured
- A7 Nevertheless, occasionally a talented candidate is found who is willing to accept a position and pay scale for which he or she is overqualified.  
answer: (d) scale
- A8 How successful the candidate will be is determined in the end by the team chemistry of the group s/he becomes a part of.  
answer: (b) chemistry
- A9 The manager's goal is to employ individuals who are technically proficient and also have personalities that suit their team.  
answer: (c) proficient
- A10 Should questions remain concerning the candidate following the traditional interview, it is then time to consult his or her references.  
answer: (a) references

*Training New Staff*

- A1 Well before beginning a training program, the trainer should sit down and prepare a lesson plan for each day.  
answer: (b) plan
- A2 The course needs to be well prepared in advance so that all important points will be covered.  
answer: (a) covered
- A3 Before or during the first class, it is important, if possible, to take time to get to know the individual students.  
answer: (a) get
- A4 An effective trainer knows his or her audience.  
answer: (a) audience
- A5 Put questions to the trainees and encourage them to question in return.  
answer: (c) question
- A6 Early on, the trainer should determine what his or her students already know, what previous experience they have, and what difficulties they have encountered.  
answer: (d) determine
- A7 In this way, the trainer discovers where to place emphasis and where to move more quickly through the information.  
answer: (c) place
- A8 Training is a dynamic, two-way process; it should always be a dialogue rather than a speech or presentation.  
answer: (b) dialogue
- A9 The trainer should not forget to cover the minor tasks that are familiar to a longer-term employee; these could well be foreign to a recent hiree.  
answer: (b) foreign
- A10 One important training tool is the list; remember that this may be the only thing that remains with your trainee after the training session has finished.  
answer: (d) thing

*Company Benefits*

- A1 Company benefits are often a significant portion of the employee's compensation package.  
answer: (a) package
- A2 When considering an offer, the candidate should examine any benefits offered by the prospective employer.  
answer: (d) prospective
- A3 Generous benefits can contribute up to 35 or 40 percent to the overall compensation for a job.  
answer: (b) overall
- A4 Health insurance is an important benefit; it is less expensive through the employer at group rates than when taking it out on one's own.  
answer: (c) group
- A5 Should the employee become ill or have an accident, his or her medical treatment is adequately covered.  
answer: (d) treatment
- A6 Many US employers now help cover the expense of childcare facilities in their communities.  
answer: (a) childcare
- A7 Another important benefit now often offered is flextime, which allows the employee to vary his or her working hours, within limits, each day.  
answer: (b) limits
- A8 On the other hand, fewer companies are offering pension plans that guarantee a fixed monthly sum to retirees.  
answer: (c) retirees
- A9 Another benefit, the stock ownership plan, permits the employee to buy shares of the company's stock at subsidized prices.  
answer: (c) shares
- A10 Telecommuting is a work plan that permits the employee to work from his or her home.  
answer: (b) Telecommuting

*Starting Salary Expectations*

- A1 If a well-qualified person is assiduous in his or her job search, s/he may receive more than one job offer.  
answer: (c) offer
- A2 Location and cost of living play a big part in determining salary.  
answer: (a) part
- A3 Both salary and cost of living vary among urban, suburban, and rural areas.  
answer: (c) rural
- A4 Salaries in an urban area will likely be higher than in the suburbs, while the purchasing power of each salary may be similar.  
answer: (b) power
- A5 The costs of living in a number of geographical locations can be compared by using salary calculators available on the internet.  
answer: (b) number
- A6 Supply and demand are big factors in the starting salary a company may offer.  
answer: (d) Supply
- A7 In a field with a large number of candidates, there will be lower salaries and stiff competition.  
answer: (c) stiff
- A8 Contrariwise, other fields need workers so badly that the candidate will have his or her choice of employers, many of whom will offer top dollar.  
answer: (d) top
- A9 Even so, within fields a range of salaries is offered, and industry and specific employer usually affect salary.  
answer: (a) affect
- A10 Finally, each candidate is one-of-a-kind: his or her specific qualifications and abilities will play a major role in attracting employers and negotiating a salary.  
answer: (c) negotiating

*Job Promotion*

- A1 Employees with ambition are often eager to move into management.  
answer: (c) move
- A2 Maturity is the ability to make decisions that will affect the company's future in a non-emotional way.  
answer: (c) Maturity
- A3 Such employees will have formed friendships in the company, and co-workers will be expecting them to make decisions based on these relationships.  
answer: (b) based
- A4 An employee's ability to come up with sound ideas is a benefit to a company, and the employee will be noticed for it.  
answer: (a) sound
- A5 A manager knows what s/he needs to get done each day, and usually knows this at the end of the previous day, so s/he should get a game plan thought out ahead of time.  
answer: (c) game
- A6 Promotions go to the employees who are the most help to their bosses; when the boss is asked for a recommendation, those helpful employees will come to mind.  
answer: (a) come to mind
- A7 Management hopefuls should watch what their boss does and gain some insight into the responsibilities of the position.  
answer: (c) insight
- A8 The proverb "familiarity breeds contempt" is quite applicable to working in a position of authority.  
answer: (a) breeds
- A9 A manager cannot make close friends at the office; s/he should make allies instead.  
answer: (b) allies
- A10 Good managers know how to remain friendly but impersonal.  
answer: (a) impersonal

*The Balance Sheet*

- A1 A balance sheet shows the financial resources that a company has at a point in time and where they came from.  
answer: (b) resources
- A2 It is an instant photograph that displays the company's financial position at the end of a business month, quarter or year.  
answer: (b) position
- A3 The organization of a balance sheet reflects this basic equation: assets equal debts plus equity.  
answer: (c) equation
- A4 The chart of accounts is a listing of the accounts that are reflected in the financial statements.  
answer: (b) chart
- A5 Assets are often listed in the order of their liquidity — which means how easy it would be to convert each asset into cash.  
answer: (b) liquidity
- A6 Assets are divided into three categories: Current Assets, Fixed Assets, and Other Assets.  
answer: (d) Other
- A7 Current assets will likely be turned into cash or converted into a(n) expense within a year.  
answer: (b) expense
- A8 Fixed assets are saleable, but are not expected to be converted to cash in the normal course of business.  
answer: (d) normal
- A9 Liabilities are debts or obligations stemming from goods or services received by the company.  
answer: (a) obligations
- A10 If the assets of a company are greater than its liabilities, then the equity of the business is the positive difference between the two numbers.  
answer: (b) difference

*Income Statements*

- A1 The statement of income and expenses reports the company's income and expenses for the time period: it is also called a profit-and-loss statement.  
answer: (c) profit
- A2 The first item on the statement is the total amount of sales of products or services; this is often referred to as gross sales.  
answer: (a) gross
- A3 The main deduction from this revenue is called cost of sales, the amount of money the company spent to produce the same goods or services.  
answer: (a) cost
- A4 The next deduction is operating expenses — for example, administrative salaries and research costs, which do not vary directly with production.  
answer: (b) operating
- A5 Depreciation expenses the wear and tear on assets like machinery, equipment and furnishings.  
answer: (d) tear
- A6 The depreciation charge for using these assets during the accounting period is a function of their original cost.  
answer: (d) function
- A7 Interest income is the money that the company earns by keeping its cash in savings accounts, term deposits, etc.  
answer: (c) Interest
- A8 Finally, income tax is deducted.  
answer: (c) income
- A9 The final entry is the bottom line, which represents net earnings of the company during the accounting period.  
answer: (d) bottom
- A10 Additionally, EPS indicates how much shareholders would receive if the company distributed all of its net earnings as dividends.  
answer: (a) EPS

*Cost Accounting*

- A1 Management or cost accounting systems are part of a company's information system and are used for tracking costs and allocations to judge operational efficiency.  
answer: (c) Management
- A2 This is an internal accounting system, rather than one for outside reporting.  
answer: (d) internal
- A3 There are no fixed rules governing how a company should keep track of cash flows for cost accounting purposes.  
answer: (b) fixed
- A4 Capital budgeting is a form of forecasted cost accounting for long-term projects or expenditures.  
answer: (a) Capital
- A5 Cost accounting applications are major financial drivers in everyday corporate decision-making.  
answer: (b) drivers
- A6 Cost accounting is important for estimating the profitability of current and future activities.  
answer: (b) profitability
- A7 When good cost accounting procedures are implemented, the company may find out that they have been producing a non-profitable product or service.  
answer: (c) implemented
- A8 Cost accounting motivates managers toward company goals.  
answer: (d) motivates
- A9 It also measures the performance of managers and departments in the company.  
answer: (c) performance
- A10 Variable costs change in proportion to the level of production activity, while fixed costs remain unchanged.  
answer: (c) Variable

*Auditing*

- A1 The purpose of an audit is to gather and evaluate evidence in order to form an opinion on the reliability of a company's financial statements.  
answer: (c) reliability
- A2 The audit report is usually no more than a page in length and is attached to the financial statements.  
answer: (a) report
- A3 Auditors are not responsible for the preparation of the financial statements of an company.  
answer: (d) preparation
- A4 In the financial statements, the company implicitly states that all items, account balances and transactions are materially valid, complete and accurate.  
answer: (c) materially
- A5 An error in validity is committed when the financial statements include an item that should not be included.  
answer: (d) validity
- A6 An error in completeness is committed when the financial statements do not include an item which should be included.  
answer: (c) completeness
- A7 An error in accuracy is committed when the financial statements include incorrect information about an item that should be included.  
answer: (a) accuracy
- A8 One of the principal goals of the auditor is to add credibility to this assertion.  
answer: (b) credibility
- A9 Audit risk is the risk that the auditor expresses an inappropriate audit opinion when the financial statements are significantly misstated.  
answer: (a) misstated
- A10 In addition to the financial statements, the auditor also examines the company's internal control procedures for effectiveness.  
answer: (c) control

**Budgeting**

- A1 Budgeting is a combination of mathematics and guesswork: some factors are precisely known, while others are less clear.  
answer: (b) factors
- A2 Every company should prepare a complete budget and constantly monitor its performance against that budget.  
answer: (d) monitor
- A3 Any variation from a budget should be investigated and explained, and prompt action should be taken to correct any problems.  
answer: (d) prompt
- A4 When you have set a budget, you should stick to it as much as possible, but revise it when necessary.  
answer: (c) stick
- A5 Budgeting itself can help a company reduce costs, because every item in it must be justified beforehand.  
answer: (b) justified
- A6 The wrong way to prepare a budget is to simply include everything at last year's level plus annual inflation.  
answer: (c) inflation
- A7 Focus first on the largest costs, since they should have the greatest potential for reduction.  
answer: (b) potential
- A8 Do not overestimate the projected sales for the budget period.  
answer: (d) projected
- A9 Creating a(n) cash flow forecast requires estimating the expected monthly expenditures and matching those against the likely monthly income.  
answer: (a) cash flow
- A10 Many companies maintain a rolling budget, so that they are continually budgeting for this time next year.  
answer: (c) rolling

*Depreciation*

- A1 The idea of depreciation is quite straightforward; for instance, a forklift is an operational asset for a company's business, and each year it loses a certain amount of value until at last it is irreparable and has no value for the company.  
answer: (a) irreparable
- A2 Calculating and accounting for this loss in value of such an asset is called depreciation.  
answer: (a) accounting
- A3 Almost all companies invest in vehicles, furniture, machinery or buildings, and those that will be used for more than one year are considered capital assets.  
answer: (a) capital
- A4 However, the entire cost of such an asset cannot be deducted in the year it is acquired.  
answer: (b) deducted
- A5 If a business reduced a single year's income by the total cost of such an asset, it would result in a profit understatement in that year and a profit overstatement during the succeeding years.  
answer: (d) succeeding
- A6 For assets that have a useful life of more than one year, the cost must be written off over at least two years.  
answer: (d) written
- A7 The yearly depreciation for an asset is calculated using its initial cost and the number of years that it will presumably retain some value.  
answer: (c) initial
- A8 At the end of each year, the annual depreciation is subtracted from the asset's cost; this determines its book value, which presumably is the same as its market value.  
answer: (c) book
- A9 Straight line depreciation, the most common method of depreciating assets, simply divides the initial cost of an asset by the number of years that it will presumably be of use.  
answer: (c) line
- A10 The declining balance method presumes that the asset depreciates more when it is newer and less as it ages and wears.  
answer: (a) declining

*Inventories*

- A1 Inventory accounting starts with the inventory on hand.  
answer: (b) hand
- A2 Inventories cannot be expensed until sold, and meanwhile they are considered an asset.  
answer: (c) expensed
- A3 There are four generally accepted approaches to inventory valuation based on historical cost.  
answer: (b) historical
- A4 The specific identification method records actual cost flow: each individual item and its cost must be accounted for.  
answer: (c) specific
- A5 The weighted average method divides the total cost of inventory items by their total number at the end of any accounting period.  
answer: (d) weighted
- A6 The moving average method uses an average cost for inventory items that is calculated and applied at the time of each sale.  
answer: (b) applied
- A7 The FIFO method of inventory evaluation is based on the presumption that most companies normally sell the oldest items in their inventory before they sell the newer ones.  
answer: (b) FIFO
- A8 The LIFO method is based on the presumption that the most recent stock items purchased will be the initial items sold.  
answer: (c) LIFO
- A9 The FILO method presumes that the company will continue to keep their oldest items in inventory.  
answer: (d) FILO
- A10 The FEFO method attempts to ensure that perishable products are sold while they are still in good condition.  
answer: (a) FEFO

## GAAP

- A1 Generally Accepted Accounting Principles are a set of accounting standards approved by the professional accounting industry.  
answer: (a) standards
- A2 GAAP are a combination of authoritative rules set by policy boards and the commonly accepted ways of recording and reporting financial information.  
answer: (a) authoritative
- A3 They can become accepted either as a result of due process or as a result of long term practice.  
answer: (d) process
- A4 Accountants cannot express the opinion that financial statements are "in conformity with generally accepted accounting principles" if such information includes any departures from these principles.  
answer: (a) departures
- A5 After the Stock Market Crash of 1929, the American Institute of Accountants introduced five broad principles of accounting which have won fairly general acceptance.  
answer: (c) Crash
- A6 It is relatively unimportant to investors what reporting method is used by a company, so long as they are assured that it is followed consistently every year.  
answer: (b) consistently
- A7 In 1934, the U.S. Congress created the Securities and Exchange Commission (SEC), giving it the authority to prescribe the methods used in preparing financial statements.  
answer: (d) Exchange
- A8 In 1938, Congress permitted companies to use a new inventory method, *lifo*, for income tax purposes.  
answer: (c) inventory
- A9 In 1939, the AIA recommended the phrasing, "present fairly in conformity with generally accepted accounting principles" in the standard form of the auditor's report.  
answer: (a) auditor's
- A10 The P & L monograph of 1940 promulgated the "matching principle", which places primary emphasis on the correspondence of costs with the revenues that they produce.  
answer: (d) matching

**Accountants**

- A1 Most accounting positions require a bachelor's degree in accounting or a related field or an equivalent combination of education and experience.  
answer: (d) an equivalent
- A2 Many companies want graduates with a master's degree in accounting, or a master's degree in business administration with a concentration in accounting.  
answer: (a) a concentration
- A3 Some schools offer students a chance for hands-on experience with part-time internship programs in accounting or commercial firms.  
answer: (a) internship
- A4 Accountants help make sure that a firm is run efficiently, that its records are maintained accurately, and that its taxes are paid properly and in a timely manner.  
answer: (d) timely
- A5 Nowadays, accountants are broadening the services they offer with budget analysis, investment planning, and IT consulting.  
answer: (a) broadening
- A6 Public accountants, many of whom are CPAs, generally have their own companies or work for major accounting firms.  
answer: (c) Public
- A7 Some accountants specialize in forensic accounting — investigating white-collar crimes such as securities fraud and embezzlement.  
answer: (b) forensic
- A8 Many work closely with law enforcement officers and lawyers during investigations and often appear as expert witnesses during trials.  
answer: (b) expert
- A9 Management accountants record and analyze the financial information of the firms in which they are employed.  
answer: (d) Management
- A10 Government accountants work in the public sector, maintaining and monitoring the recordkeeping of government departments and agencies.  
answer: (d) sector

*Retirement and Pensions*

- A1 The relationship between worker pensions and retirement is of considerable interest to management and economists.  
answer: (a) considerable
- A2 The reduction in retirement age since World War II is usually attributed to greater pension benefits, both governmental and private.  
answer: (d) attributed
- A3 The anticipated difficulties in financing current public pensions could be mitigated by changes that delayed worker retirement.  
answer: (c) mitigated
- A4 Private pensions comprise a large percentage of individual wealth in most of the developed nations.  
answer: (d) comprise
- A5 As a worker ages, both his productivity and the disutility of working another wage period will change.  
answer: (d) disutility
- A6 In a perfect labor market, employers, who always pay workers the value of their output at any one time, will be indifferent to the age of retirement.  
answer: (b) output
- A7 The most obvious reason for the existence of pensions is the tax advantage, since pension contributions are permitted to accumulate untaxed until retirement.  
answer: (c) contributions
- A8 Both employers and employees benefit from a payment stream where workers receive less than the actual value of their work when they are young and more than the actual value of their work when old.  
answer: (d) stream
- A9 This system reduces worker incentives for shirking and cheating and thereby raises their lifetime wealth.  
answer: (d) shirking
- A10 General economic conditions also help determine actual retirement age: higher inflation and greater unemployment at the end of his career causes the worker to delay his retirement.  
answer: (b) delay

*Start Your Own Bank*

- A1 The goal of the state of California is to maintain a sound banking system without unduly limiting the entry of new banks.  
answer: (a) unduly
- A2 A competitive financial environment provides optimal choice to the public and stimulates economic development and efficiency.  
answer: (b) optimal
- A3 The state chartering agency makes sure that a new bank possesses the needed capital and management expertise to serve the public's needs.  
answer: (a) expertise
- A4 This agency is the bank's primary regulator, with the duty to protect the public from questionable banking practices.  
answer: (d) regulator
- A5 The term "dual banking system" means that both the California and the US governments issue bank charters.  
answer: (b) issue
- A6 The word "State" or "National" as part of a bank's name has nothing to do with where it operates; this refers to the type of charter it has.  
answer: (c) to do with
- A7 Joining the Federal Reserve System is required for national banks, but optional for state banks.  
answer: (d) optional
- A8 The FRS lends money to banks at a discount rate to help meet their short-term cash requirements, and is known as the lender of last resort for banks suffering liquidity crises.  
answer: (d) resort
- A9 The minimum amount of startup capital for a newly chartered bank should total at least \$2,500,000 in capital stock.  
answer: (d) startup
- A10 California wishes to encourage a broad and diversified shareholder base for new banks, although the organizers may desire to limit this number due to tax or other considerations.  
answer: (b) diversified

*Internet Investing*

- A1 The Internet makes an excellent tool for both investors and fraudsters.  
answer: (d) makes
- A2 Legitimate online newsletters can certainly help investors gather valuable information.  
answer: (c) Legitimate
- A3 However, some companies pay online newsletters to tout their stocks.  
answer: (c) tout
- A4 These newsletters will profit handsomely if they convince investors to buy specific stocks.  
answer: (c) handsomely
- A5 The most egregious scalp the stocks they hype, driving up the price with recommendations and then selling their own holdings at an inordinate profit.  
answer: (b) driving up
- A6 Internet bulletin boards feature threads made up of numerous messages on investment opportunities.  
answer: (c) feature
- A7 A single individual can mimic widespread interest in an unknown stock with a series of posts under various aliases.  
answer: (c) aliases
- A8 Because spam is so easy and cheap to produce, fraudsters frequently use it to find investors for bogus investment deals.  
answer: (a) bogus
- A9 Many investment programs are just an internet version of the classic pyramid scheme in which participants attempt to make money simply by recruiting new participants.  
answer: (d) pyramid
- A10 Never make an investment based solely on what you read in emails or on the internet.  
answer: (d) solely

*Evolution of the Stock Exchange*

- A1 Paul Arlman, Secretary General of the Federation of European Securities Exchanges, warned in the following excerpted speech that he would not be able to answer this question put to him: "What is an Exchange?"  
answer: (b) put to
- A2 The New York Stock Exchange was originally formed to furnish exchange rooms for the convenient transaction of their business by its members.  
answer: (a) furnish
- A3 The oldest Stock Exchange in the world, the Amsterdam Exchange, started in a Post Office in 1598 where incoming and outgoing letters from ships were registered.  
answer: (b) outgoing
- A4 But it was only in 1611, nine years after they started trading the first tradable share of the Vereenigde Oost-indische Compagnie (VOC) that they really got their own Exchange in the sense of a building.  
answer: (c) sense
- A5 "Confusion de Confusiones", by Joseph de la Vega, published in 1688, shows us quite precisely what an Exchange is: a den of thieves unless moderated by regulation.  
answer: (c) thieves
- A6 Through most of its history an Exchange was a meeting place in a physical sense, and only in the last century did we introduce electricity and telephones, which on many floors of the Exchanges were restricted or forbidden.  
answer: (a) forbidden
- A7 In order to define what a Stock Exchange is today, you have to understand the unstoppable progress, or juggernaut, of technology.  
answer: (c) juggernaut
- A8 When the computer did away with the physical limitation of the Exchange within one single city or region, the technology lost its uniqueness, and it gave rise to competition.  
answer: (a) competition
- A9 Another factor for change has been international equity investors, who have shown a ferocious appetite for both domestic and foreign equity investment, even notwithstanding the dot com bubble.  
answer: (c) notwithstanding
- A10 The fourth factor is the information availability explosion that gave all investors nearly unlimited access to nearly free data.  
answer: (b) unlimited

*Corporate Taxation*

- A1 Rob Norton, of eCompany Now and Fortune magazines, notes in the article quoted below that corporate taxes are among the least efficient and least defensible of taxes.  
answer: (c) defensible
- A2 The tax is popular with the man in the street, who believes, incorrectly, that it is paid by corporations.  
answer: (b) in the street
- A3 The federal corporate income tax applies only to some businesses — those chartered as corporations — and not to partnerships or sole proprietorships.  
answer: (c) sole
- A4 The federal tax is levied at three different rates on different brackets of income: 15 percent on taxable income under \$50,000; 25 percent on income between \$50,000 and \$75,000; and 34 percent on income above that.  
answer: (a) brackets
- A5 A good reason that state and local corporate income taxes remain low is that corporations could easily relocate out of states that imposed unusually high taxes.  
answer: (c) relocate
- A6 Except for emergency taxes in wartime, corporate profits were first taxed in 1909, when Congress enacted a 1 percent tax on corporation income.  
answer: (b) enacted
- A7 The Tax Reform Act of 1986 was designed to increase the share of federal revenues collected via the corporate income tax and to decrease the share from the individual income tax.  
answer: (a) individual
- A8 While the top corporate tax rate was cut, deductions for capital expenditures were severely curtailed, and as a result the effective tax rate for many corporations rose.  
answer: (b) curtailed
- A9 The central problem with the corporate income tax from an economic point of view is that, ultimately, only people can pay taxes.  
answer: (c) people
- A10 As early as the 17th century, Sir William Petty, one of the progenitors of modern economics, argued that a tax on the production and sale of commodities would eventually be shifted by producers to consumers, who would pay it in the form of higher prices.  
answer: (d) progenitors

*Commercial Property*

- A1 According to NAREIT (Yungmann and Taube, 2001), property insurance coverage should be based on fair value, i.e., valuing assets at their current market values — actual, if available, or theoretical, if not.  
answer: (d) theoretical
- A2 Much of the fair value debate has had a technical focus on how to place fair values on assets for which no market values exist.  
answer: (c) exist
- A3 While the technical issues are important, the real driver should be improving transparency for users of financial statements.  
answer: (d) transparency
- A4 A single global standard will increase the consistency of financial presentations, which currently vary considerably.  
answer: (c) consistency
- A5 A comprehensive standard facilitates comparability across all types of financial institutions.  
answer: (b) facilitates
- A6 When accounting values for assets diverge from their underlying market values, some managements take uneconomic actions to protect accounting performance measures.  
answer: (c) diverge
- A7 For example, during the U.S. savings and loan crisis in the 1980s, many institutions sold off assets with market values above book and continued to hold assets with book values above market.  
answer: (a) sold off
- A8 In hindsight, users of their financial statements were not well served by the accounting system in place at the time.  
answer: (b) in place
- A9 Fair value proponents argue that measuring financial assets as close as possible to their true underlying economic values removes these perverse incentives.  
answer: (b) proponents
- A10 Users would also benefit from a clearer picture of the economic health of the enterprise.  
answer: (b) health

*Quality Control at Ford*

- A1 Writing of Ford's quality control problems, Tom Murphy of Ward's Auto World magazine mentions internal data suggesting suppliers were more culpable than the auto maker as recalls and warranty claims seemed to be spinning out of control.  
answer: (d) spinning
- A2 The Firestone tire debacle got the most attention, but in many respects it was merely a symptom of a much broader ailment afflicting the No. 2 auto maker.  
answer: (a) debacle
- A3 A Ford executive contended that suppliers deserved a trip to the woodshed for a number of costly, boneheaded mistakes.  
answer: (d) woodshed
- A4 By last fall, however, the tone had softened; instead of berating parts makers, Ford was openly conciliatory.  
answer: (a) conciliatory
- A5 Caught up in the industry-wide trend toward outsourcing, Ford may have relied too heavily on suppliers for engineering.  
answer: (b) outsourcing
- A6 This demonstrates that OEMs run the risk of becoming subservient to the technical capabilities — or liabilities — of their suppliers if they merely purchase, rather than engineer.  
answer: (d) subservient
- A7 To rectify the problem, Ford reclaimed some engineering responsibility.  
answer: (c) rectify
- A8 The ripple effect of the new philosophy will be felt for years to come by many of the 2,000 production suppliers Ford taps for parts every day.  
answer: (b) ripple
- A9 Many suppliers are reserving judgment until the strategy is fully implemented over the next two years, but most are cautiously optimistic.  
answer: (c) optimistic
- A10 It is humbling for the company that pioneered mass production of the automobile to admit nearly 100 years later that it took its eye off the ball, that it sacrificed engineering prowess in what ironically was an attempt to make itself more efficient.  
answer: (b) off the ball

*Product Development (1)*

- A1 This white paper by the American Productivity & Quality Center explains that the most successful new product development teams are multifunctional, with representation from a core group of areas such as finance, marketing, manufacturing, design, engineering, and research.  
answer: (d) multifunctional
- A2 An open communication environment enables team members to bounce ideas around the group, receive feedback more quickly, and facilitate brainstorming sessions.  
answer: (c) bounce
- A3 Team membership is vital to the success of the group; empowering program managers to select those individuals they determine to be of the greatest value is a critical step.  
answer: (b) empowering
- A4 In addition, teams are being given greater authority and held more accountable for the success or failure of the project.  
answer: (b) accountable
- A5 The use of various team reward and recognition structures is mixed, with a trend toward more recognition as opposed to monetary incentives.  
answer: (c) incentives
- A6 Several best-practice companies have specific companywide awards for work "above and beyond the call of duty".  
answer: (a) above and beyond
- A7 In addition, the NPD process needs a "champion", who is tasked with monitoring and adjusting the process as new experiences, good or bad, present themselves.  
answer: (d) tasked
- A8 The NPD process can be broken down into four general categories: idea generation, concept development, product and process design, and production and delivery.  
answer: (a) broken down
- A9 One organization stores all ideas in a database and revisits them until they are deemed useless.  
answer: (a) deemed
- A10 Once viable ideas are chosen, they must be further developed, examined, and prioritized before the select few concepts proceed to full design.  
answer: (b) prioritized

*Product Development (2)*

- A1 The American Productivity & Quality Center study identified specific sources that tend to be good idea generators for new product development, including market research, focus groups, third-party/inventor input, and brainstorming.  
answer: (c) generators
- A2 The concept development phase requires a more formal review and planning process that ensures the concepts are technically feasible, will make a sustainable product, and will allow the organization to make a profit.  
answer: (d) sustainable
- A3 At this point, an executive review generally approves the product for design and additional resource allocation.  
answer: (c) allocation
- A4 The product and process design stage involves turning the concept into a tangible product design and transforming that design into a working prototype or pilot.  
answer: (c) a working
- A5 Prototypes or pilots allow the designers to test and verify the ability of the product or service to perform as originally expected.  
answer: (d) verify
- A6 At this stage, to change the original product specification, some form of approval is required.  
answer: (d) specification
- A7 This approval can range from upper management review to individual functional area review to team consensus.  
answer: (b) consensus
- A8 Once the final design is finalized and approved, the product is launched into production.  
answer: (c) launched
- A9 A scale-up period normally is required before full production can begin.  
answer: (c) scale
- A10 A quality assurance group within each business unit is responsible for verifying that the product and each manufacturing site meets the required criteria.  
answer: (c) criteria

*Auto Leasing*

- A1 LeaseGuide.com author Al Hearn explains that automobile leasing is based entirely on the concept that you pay for the amount by which a vehicle's value depreciates during the time you're driving it.  
answer: (a) concept
- A2 Depreciation is the difference between a vehicle's original value and its value at lease-end (residual value), and is the primary factor that determines the cost of leasing.  
answer: (c) residual
- A3 Generally, European and Japanese automobile makes have lower depreciation than American brands.  
answer: (c) makes
- A4 Manufacturer's Suggested Retail Price (MSRP) is the full price for a vehicle as displayed on its window sticker, including optional packages and destination charges.  
answer: (d) Suggested
- A5 When you and your dealer sit down and agree on a lease price for a car, this becomes the capitalized cost, or "cap cost".  
answer: (a) capitalized
- A6 Cap cost can be reduced by rebates, factory-to-dealer incentives, trade-in credit, or a cash down payment; these are known as cap cost reductions.  
answer: (a) down
- A7 When you lease, you're tying up the leasing company's money while you're driving their car and they rightfully expect you to pay interest on that money, the same as with a loan.  
answer: (d) tying up
- A8 This interest is expressed as a money factor, sometimes called lease factor, and is specified as a small decimal number such as.00297.  
answer: (a) decimal
- A9 A good rule of thumb: Lease money factors, converted to an annual interest rate, should be comparable to, if not lower than local new-car loan interest rates.  
answer: (d) thumb
- A10 However, you may not qualify for great money factors unless if you have a spotless credit rating.  
answer: (c) a spotless

*Essential Advertising*

- A1 Stephen Whyte, CEO of Leo Burnett, observes that Marshall McLuhan may have had his tongue in his cheek when uttering his much-quoted statement, "Advertising is the greatest art form of the 20th Century".  
answer: (d) tongue in his cheek
- A2 You can dispute whether or not advertising is art, but there is no denying that advertising is big business.  
answer: (b) denying
- A3 Advertising's global landscape is changing constantly, as agencies and holding companies consolidate to achieve international clout and economies of scale.  
answer: (a) scale
- A4 Media, telecommunications and electronics are converging to become one giant industry, illustrated by powerful alliances, such as the merger between AOL and Time Warner.  
answer: (a) alliances
- A5 Media expansion causes problems for advertisers, but it also presents new opportunities by increasing the possibilities for effectively targeting individuals, rather than taking a scattergun approach.  
answer: (c) scattergun
- A6 Of the three central roles — account manager, planner and creative — only the account handlers manage the relationship with the client on a day-to-day basis.  
answer: (b) day-to-day
- A7 The account manager is the hub of the wheel — someone who organises the agency team of account managers, planners and creatives.  
answer: (b) hub
- A8 The planner's role is to find the most compelling communication strategy and develop a real insight into the relationship between the brand and the consumer.  
answer: (a) compelling
- A9 The creatives are the brilliant executional thinkers, working in teams made up of a copywriter and an art director to develop the planners' ideas and think up ads which will give brands a strong competitive advantage.  
answer: (b) advantage
- A10 We develop relationships with possible future clients, even though sometimes it is years down the line before something comes of it.  
answer: (b) comes of

**Asset Classes**

- A1 Cathy Smart and the investment analysts at 401k Forum help you get down to the basics with this article about the different asset classes.  
answer: (c) basics
- A2 Asset classes are the categories that your different investments fall into — such as cash, bonds, large-cap stocks, small-cap stocks, and international stocks.  
answer: (a) fall
- A3 Studies have shown that the key to successful investing is to spread your wealth among different asset classes.  
answer: (d) spread
- A4 Market capitalization (market cap) is a measure of the size and value of a company; to determine this, you simply multiply the number of the company's outstanding shares of stock by the market price of one share.  
answer: (d) outstanding
- A5 Market capitalization is important because history has shown us that the stocks of companies with different market caps behave differently in terms of return and risk.  
answer: (a) behave
- A6 Cap-size shift: mid-cap stocks may have once been defined as large cap, but fell out of favor with investors.  
answer: (b) favor
- A7 Mid-cap stock performance usually falls somewhere in between the returns of their large- and small-cap counterparts.  
answer: (b) counterparts
- A8 However, mid- and small-cap stock returns tend to be more volatile than the returns of large-cap stocks.  
answer: (b) volatile
- A9 If a smaller company loses a few key executives, or if the economy takes a turn for the worse, it only takes a few nervous investors to cause the stock to drop drastically.  
answer: (d) turn
- A10 Diversification can reduce your risk and help protect your investment: if one asset class in your portfolio is performing poorly, there's a chance that another asset class within your portfolio will be performing well.  
answer: (d) Diversification

*Business Law*

- A1 The Commission on European Contract Law recognizes that throughout Europe there is great interest in developing a common European civil and commercial law.  
answer: (a) civil
- A2 The efforts and money which it will cost to unify the private law will be amply repaid when it is there.  
answer: (a) amply
- A3 In 1997, the Third Commission began to prepare rules on subjects which are common to contracts, torts and unjust enrichment, such as plurality of creditors and debtors, and assignment of debts and claims.  
answer: (d) assignment
- A4 With a few exceptions the members of the Commission of European Contract Law have been academics, but many of the academics are also practicing lawyers.  
answer: (c) practicing
- A5 The Members have not been representatives of specific political or governmental interests, and they have all pursued the same objective, to draft the most appropriate contract rules for Europe.  
answer: (a) interests
- A6 The Principles may be compared with the American Restatement of the Law of Contract, which consists of non-binding rules, or "soft law".  
answer: (d) soft law
- A7 Some of the Principles of European Contract Law reflect ideas which have not yet materialised in the law of any state.  
answer: (c) materialised
- A8 The Commission has made an effort to deal with those issues in contract which face business life of today and which may advance the trade.  
answer: (b) advance
- A9 The Council and the Commission of the EU have been invited to prepare new procedural legislation in cross border cases, in particular on those elements which are instrumental to a smooth judicial co-operation.  
answer: (c) cross
- A10 It is envisaged that the general principles of the law of contracts provided in the PECL will be integrated in what may eventually become a European Civil Code.  
answer: (c) integrated

*Email Do's and Don'ts*

- A1 Joan Lloyd, of Joan Lloyd & Associates, writes that email is a medium of communication unparalleled for sheer convenience.  
answer: (d) unparalleled
- A2 However, she warns that it also carries many pitfalls and even dangers in the office environment.  
answer: (c) pitfalls
- A3 Delivering a negative message is difficult, even when it is spoken face-to-face; defensiveness is almost guaranteed when it's received by email.  
answer: (b) defensiveness
- A4 What's worse, email can be printed and saved: both parties will often haul out their "documentation" to prove how the other party has wronged them.  
answer: (d) wronged
- A5 If you receive an email that ticks you off, and your first reaction is to counterattack, don't; close it and wait 24 hours before you respond.  
answer: (d) ticks
- A6 Because the tone and inflection are missing, it is more important to use friendly language, descriptive adjectives and carefully chosen words.  
answer: (a) inflection
- A7 If you don't consider how it will sound on the other end and take steps to shape the delivery so the meaning is understood, you could be doing damage control later.  
answer: (c) damage
- A8 When I get a sloppy email, with poor punctuation, misspelled words or in lower case letters, it tells me the person just doesn't realize that what and how they write telegraphs their credibility to others.  
answer: (c) telegraphs
- A9 Email feels private, but it's anything but.  
answer: (c) but
- A10 Write every email for your boss's eyes: it's a great way to keep you honest and politically sensitive.  
answer: (a) politically

*Organizing a Business*

- A1 According to Ron Kurtus of School for Champions, some companies may be mildly successful, but they could be even more profitable if they paid attention to the basics of organization.  
answer: (b) mildly
- A2 Good organization results in reducing losses due to duplicate work or unclear objectives.  
answer: (a) duplicate
- A3 All personnel do better work, because they know what they should be doing and what their place is in the scheme of things.  
answer: (d) scheme
- A4 In order to improve, you must have a vision or goal of where you want to end up.  
answer: (d) up
- A5 The primary purpose or reason to start a business entity is to earn profits for its owners or stockholders.  
answer: (b) entity
- A6 For the sake of public relations, such a stated purpose is kept private.  
answer: (d) sake
- A7 You should also be aware of your core competencies: what are you good at?  
answer: (b) competencies
- A8 Often companies become diluted and start to get into a field that they think is lucrative, but in which they cannot compete.  
answer: (b) lucrative
- A9 A good mission statement accurately explains why your company exists and what it hopes to achieve in the future.  
answer: (c) mission
- A10 A very good way to organize your business is by following the ISO 9000 standards; you do not necessarily have to become certified, but you can still use them as a guide in how to effectively operate your business.  
answer: (b) ISO

*SKUs and Pricing*

- A1 Sales derive from a product's stock-keeping Units (SKU), the unique combination of the specific quality, price, container size, colour, model, etc, and the product name.  
answer: (d) unique
- A2 SKUs are what manufacturers produce, what retailers sell, and what consumers buy; brands are what are advertised.  
answer: (a) brands
- A3 A large proliferation of SKUs for consumer products has led to myriad choices for customers.  
answer: (c) proliferation
- A4 This has led to complicated supply and demand logistics, erosion of brand loyalty and more pressure on profit margins.  
answer: (c) erosion
- A5 Buyers have become much more demanding in recent years, forcing retailers to respond more quickly and efficiently.  
answer: (b) demanding
- A6 Many stores use a psychological pricing strategy called odd pricing, whereby prices end in odd numbers, such as \$19.95.  
answer: (b) whereby
- A7 Presumably, customers see odd prices as being substantially below even prices, and consequently a bargain.  
answer: (c) substantially
- A8 On the other hand, luxury boutiques, to project a prestigious image for their products, use even pricing such as \$10.00 or \$50.00.  
answer: (c) prestigious
- A9 Multiple unit pricing is a strategy in which the customer perceives quantity buying as involving more savings.  
answer: (b) quantity
- A10 Multiple unit pricing is usually effective in increasing immediate sales of a product, but it may not increase the rate of consumption.  
answer: (b) immediate

*Managerial Decisions*

- A1 Dr. Said Atri, Professor of Economics at SUNY, explains that most managerial decisions involve making a choice from among alternative courses of action or options in order to achieve a certain objective.  
answer: (b) alternative
- A2 Optimization is the process by which a desired outcome is achieved through the most efficient course of action.  
answer: (d) Optimization
- A3 In consumption, a consumer with a given amount of income purchases the mix of goods that provides him or her with the greatest level of satisfaction or utility.  
answer: (a) given
- A4 Often managerial decisions have to be made subject to some constraints.  
answer: (b) constraints
- A5 For instance, a manager that is trying to cut his labor costs may be under a union contract limiting his ability to lay off workers.  
answer: (a) contract
- A6 A farmer who wants to take advantage of good market conditions and increase the size of his crop is limited by the amount of land that he has available.  
answer: (a) crop
- A7 Managerial decisions are not made in a vacuum: economic and market conditions constantly change and managers must decide in accordance with the dynamics of the business environment.  
answer: (d) vacuum
- A8 As complex as managerial problems may appear, often their various elements can be fitted into microeconomic models; that is why managerial economics is also called "applied microeconomics".  
answer: (a) applied microeconomics
- A9 The manager's internal environment is made up of those factors over which he has at least some degree of control.  
answer: (b) degree
- A10 Macroeconomics is relevant to managers, as managers are often interested in knowing the state of the economy and the direction of macroeconomic measures such as interest rates and inflation.  
answer: (c) relevant

*Operations Management*

- A1 Some claim that management should exist only to support employees' efforts to be fully productive members of the organization — therefore, any form of control is completely counterproductive to management and employees, says Carter McNamara of Authenticity Consulting, LLC.  
answer: (d) counterproductive
- A2 The phrase "management control" itself can have a negative connotation, e.g. it can sound dominating, coercive and heavy-handed.  
answer: (b) heavy
- A3 Organizations often use standardized documents to ensure complete and consistent information is gathered.  
answer: (c) standardized
- A4 Documents include titles and dates to detect different versions of the document.  
answer: (d) versions
- A5 Organizations typically require a wide range of reports, e.g. financial reports, status reports, project reports, etc, to monitor what's being done, by when and how.  
answer: (d) monitor
- A6 Computers have revolutionized administrative controls through use of integrated management information systems, project management software, human resource information systems, office automation software, etc.  
answer: (d) revolutionized
- A7 Delegation is an approach to getting things done in conjunction with other employees.  
answer: (b) conjunction
- A8 Delegation generally includes assigning responsibility to an employee to complete a task, granting the employee authority to gain the resources to do the task and letting the employee decide how that task will be carried out.  
answer: (c) out
- A9 Typically, the person assigning the task shares accountability with the employee for ensuring the task is completed.  
answer: (a) accountability
- A10 Evaluation is carefully collecting and analyzing information in order to make managerial decisions.  
answer: (b) Evaluation

*Human Resources Management*

- A1 Dr. John Sullivan, Head and Professor of Human Resource Management at San Francisco State University stresses the necessity of establishing a set of assessment tools that will let you know in advance where head count and overhead costs are excessive.  
answer: (c) head
- A2 In this changing world, it is not uncommon for new markets to open (and close) rapidly, so companies need to have a strategy to move people and resources rapidly from areas of low to areas of a higher return.  
answer: (c) return
- A3 Developing HR systems and metrics known as "smoke detectors" that indicate potential problems gives us sufficient time to develop plans and strategies to either avoid the problem or minimize its impact.  
answer: (d) smoke detectors
- A4 A bench strength or back-fill plan differs from succession planning in that it only covers replacing key jobs within a single department; individual managers are held responsible for developing at least one individual to fill every key job.  
answer: (a) bench
- A5 One of the primary reasons employees leave their jobs is due to a lack of challenge, but HR can dramatically increase retention rates if it gets managers to develop individual "Challenge Plans" for each worker.  
answer: (c) retention
- A6 Because most companies have eliminated many management positions, there are fewer opportunities for promotion to stimulate workers, so they need to develop horizontal transfer and job rotation plans to ensure the continued development of skills.  
answer: (b) horizontal
- A7 New hires, as well as our current workers, are demanding an increasing array of benefits and work life balance options like job sharing and sabbaticals.  
answer: (a) balance
- A8 In order to rapidly redeploy resources and fill unexpected vacancies HR must develop computerized skill or competency inventories.  
answer: (b) redeploy
- A9 One of the primary reasons that employees quit their jobs are the bad management practices of their direct supervisor.  
answer: (d) practices
- A10 A strong economy coupled with large swings in the health of world economies makes predicting the supply of labor increasingly difficult.  
answer: (d) coupled

*Entrepreneurship*

- A1 Millions of new enterprises are begun each year in spite of a more than 50% failure rate.  
answer: (a) failure
- A2 There is increasing research on the subject, more and more courses in entrepreneurship, and heightened coverage by the media.  
answer: (a) coverage
- A3 Initiating a new business involves considerable risk, as well as an effort to overcome all the inertia against innovative ideas.  
answer: (b) inertia
- A4 The French word "entrepreneur", literally translated, means simply "undertaker".  
answer: (d) literally
- A5 The entrepreneur's connection with risk evolved in the 17th century, when an entrepreneur was someone who entered into a contract with the government to perform a service or to supply stipulated products.  
answer: (d) stipulated
- A6 Since the contract price was fixed, any resulting profits or losses reflected the efforts of the entrepreneur — the better he performed, the more profit he made.  
answer: (d) reflected
- A7 In the 18th century, the person with capital was differentiated from the one who needed capital; in other words, the entrepreneur was distinguished from the capital provider.  
answer: (a) differentiated
- A8 In contrast to an entrepreneur, a venture capitalist is a professional money manager who makes risk investments from a pool of capital to obtain a high rate of return.  
answer: (a) pool
- A9 In the mid-20th century, the notion of an entrepreneur as an innovator was established.  
answer: (b) notion
- A10 The concept of innovation and newness is now an integral part of entrepreneurship.  
answer: (b) integral

*The US Mint*

- A1 When the framers of the U.S. Constitution created a new government for their untried Republic, they realized the critical need for a respected monetary system.  
answer: (d) framers
- A2 Soon after the Constitution's ratification, Secretary of the Treasury Alexander Hamilton personally prepared plans for a national Mint.  
answer: (a) ratification
- A3 On April 2, 1792, Congress passed The Coinage Act, which created the Mint and authorized construction of a Mint building in the nation's capitol, Philadelphia.  
answer: (a) Coinage
- A4 President George Washington appointed Philadelphian David Rittenhouse, a leading American scientist, as the first Director of the Mint.  
answer: (b) leading
- A5 When the United States government began minting coins in 1792, the original facility in Philadelphia was hard-pressed to produce enough currency for the small country.  
answer: (b) hard-pressed
- A6 Under Rittenhouse, the Mint produced its first circulating coins: 11,178 copper cents, which were delivered in March 1793.  
answer: (b) circulating
- A7 The primary mission of the United States Mint is to produce an adequate volume of coins for the nation to conduct its trade and commerce.  
answer: (a) conduct
- A8 In addition to producing coins, the United States Mint has other responsibilities, including maintaining physical custody and protection of the Nation's \$100 billion of U.S. gold and silver assets.  
answer: (a) custody
- A9 It also produces proof and uncirculated coins, commemorative coins, and medals for sale to the general public.  
answer: (a) commemorative
- A10 In addition. the mint is responsible for receiving, redeeming, and processing mutilated coins.  
answer: (c) mutilated

*Consumer Credit*

- A1 Findlaw for Small Business has prepared the following introductory information on extending credit to a business's customers.  
answer: (a) extending
- A2 Consumer credit laws regulate how you advertise interest rates, how much time you have to respond to claims of billing mistakes, and how aggressive you can be when attempting to collect a debt.  
answer: (a) aggressive
- A3 Mechanics' and materialmen's liens exist in most states to provide special collection rights to those who provide services or building materials used to improve real property.  
answer: (c) liens
- A4 If the debt is not paid, the property can be foreclosed and sold to pay the obligation.  
answer: (a) foreclosed
- A5 The debtor has the benefit of an 'automatic stay' immediately upon filing a bankruptcy petition, which prevents the creditor from taking any further action to try to collect the debt unless or until the bankruptcy court decides to the contrary.  
answer: (c) stay
- A6 The Truth in Lending Act helps customers know what they're getting into, requiring the creditor to disclose the exact credit terms to applicants.  
answer: (a) getting into
- A7 Among the items you must disclose to a consumer who buys on credit are the monthly finance charge and the annual interest rate.  
answer: (a) disclose
- A8 The Credit Practices Rule prohibits creditors from using certain contract provisions that the Federal Trade Commission has found to be unfair to consumers.  
answer: (c) provisions
- A9 This Rule applies to all creditors subject to the jurisdiction of the Federal Trade Commission.  
answer: (b) to
- A10 Interest charged on late payments may be limited by state usury laws controlling the amount of interest that can be charged.  
answer: (c) usury

*Asset-based Loans*

- A1 The Bank of America offers asset-based loans, which are secured by a company's accounts receivable, inventory, equipment, and/or real estate.  
answer: (d) secured
- A2 Asset-based loans are an alternative to traditional bank lending because they serve borrowers with risk characteristics typically outside a bank's comfort level.  
answer: (b) comfort
- A3 A bank will look first to the cash flow for the repayment of a loan, then to collateral, while an asset-based lender looks to collateral first.  
answer: (b) flow
- A4 Banks typically require less collateral controls and monitoring but more financial covenants.  
answer: (d) covenants
- A5 Turnaround financing is often used by under-performing businesses that are not achieving their full potential; it is sometimes used for businesses that are either insolvent or on their way to becoming insolvent.  
answer: (d) Turnaround
- A6 Debtor-in-possession (DIP) refers to a company that has filed for protection under Chapter XI of the Federal Bankruptcy Code and has been permitted by the bankruptcy court to continue its operations to effect a formal reorganization. protection provisions penury prosecution  
answer: (c) protection
- A7 In a leveraged buyout (LBO), the target company's assets are used as collateral for debt, and its cash flow is used to retire debt accrued by the buyer to acquire the company.  
answer: (d) retire
- A8 A Leveraged ESOP (Employee Stock Ownership Plan) allows a company to raise its capital-to-asset ratio by issuing new shares of stock to an employee trust, which finances the transaction with an asset-based loan.  
answer: (c) ratio
- A9 A typical loan agreement with an asset-based lender provides protections, rights, and remedies for both parties.  
answer: (a) remedies
- A10 The level of controls and monitoring by the asset-based lender is directly related to the credit worthiness of the borrower.  
answer: (d) worthiness

*Consumer Protection*

- A1 The US Federal Trade Commission has prepared the following information to help consumers understand the antitrust laws and protect consumer sovereignty — the freedom to choose goods and services in an open marketplace at a price and quality that fit the consumer's needs.  
answer: (d) sovereignty
- A2 A naked agreement on price among competitors — where the agreement is not reasonably related to the firms' business operations — is illegal.  
answer: (b) naked
- A3 Price similarities also can result from normal economic conditions: for example, vigorous competition can drive prices down to a common level.  
answer: (d) vigorous
- A4 As for the appearance of uniformly high prices, collusion may not be the only basis for the situation: prices may increase if consumer demand for a product is particularly high and the supply is limited.  
answer: (b) collusion
- A5 An agreement to restrict production or output is illegal because reducing the supply of a product or service inevitably drives up its price.  
answer: (a) inevitably
- A6 A group boycott — an agreement among competitors not to deal with another person or business — violates the law if it is used to force another party to pay higher prices.  
answer: (d) boycott
- A7 Market division — agreements among competitors to divide sales territories or allocate customers — are presumed to be illegal.  
answer: (b) allocate
- A8 Restrictions on price advertising can be illegal if they deprive consumers of important information.  
answer: (c) deprive
- A9 A professional code of ethics may be unlawful if it unreasonably restricts the ways professionals may compete.  
answer: (b) code
- A10 Vertical price-fixing — an agreement between a supplier and a dealer that fixes the minimum resale price of a product — is a clear-cut antitrust violation.  
answer: (b) clear-cut

*Efficient Capital Markets*

- A1 In the current article, Professors Steven L. Jones and Jeffrey M. Netter offer their detailed insights on the nature of efficient capital markets.  
answer: (a) insights
- A2 Shortly after the US Constitution went into effect, Secretary of the Treasury Alexander Hamilton proposed that Congress redeem at face value securities that had been issued by the states and the federal government, even though these securities were then selling for much less.  
answer: (c) redeem
- A3 After Hamilton's proposal was made public, however, congressmen and others who knew of the plan made large profits by sending their agents into the countryside to buy the securities at depressed prices before most security holders heard of the plan.  
answer: (b) depressed
- A4 Contrast this scenario with security markets today, in which the prices of securities react very quickly to new information about their value.  
answer: (a) scenario
- A5 Efficient capital markets are commonly thought of as markets in which security prices fully reflect all relevant information that is available about the fundamental value of the securities.  
answer: (b) fundamental
- A6 Because a security is a claim on future cash flows, its current value is the present value of the future cash flows that the owner of the security expects to receive.  
answer: (c) present
- A7 Future cash flows are discounted by an interest rate that is a function of the riskiness of those cash flows; the riskier the cash flows, the higher is the rate used.  
answer: (b) function
- A8 The study of capital market efficiency examines how much, how fast, and how accurately available information is incorporated into security prices.  
answer: (b) incorporated
- A9 The capital markets channel funds from savers to firms, which use the funds to finance projects, so informational efficiency is necessary if funds, allocated through the capital market, are to flow to the highest-valued projects.  
answer: (b) channel
- A10 Management compensation packages tied to stock performance are one way in which stockholders align management's interests with their own.  
answer: (c) performance

*Basic Investment Types*

- A1 Common shareholders have the right to elect directors, to vote on certain corporate matters, and to share in any residual assets of the company if it is wound up.  
answer: (d) residual
- A2 Common shareholders are the last to claim assets in cases of insolvency.  
answer: (b) insolvency
- A3 Preferred shareholders may have no voting rights, but special features on redemption or conversion of preferred shares into common shares exist in many cases.  
answer: (a) conversion
- A4 U.S. Savings Bonds are backed by the general credit and taxation powers of the federal government, so there is virtually no risk of default.  
answer: (b) default
- A5 A bond is a loan by an investor to the government or a company, which generally promises to pay a specified rate of interest and to repay a certain amount, the face value of the bond, at maturity.  
answer: (b) face
- A6 Certificates of Deposit (CDs) are short-term, interest-bearing savings certificates issued by banks or brokers, bearing a maturity date and a specified interest rate; they can be issued in any denomination.  
answer: (b) denomination
- A7 Money-market mutual funds ( MMMF ) pool money from large numbers of investors and use it to buy short-term investments, such as T-Bills and commercial paper.  
answer: (c) paper
- A8 The returns on mutual funds depend on the fund's investment objectives, described in its prospectus, and its success in achieving them.  
answer: (c) prospectus
- A9 Closed-end funds are much like mutual funds, but shares are not issued or redeemed on an ongoing basis; a set number of shares are issued and then listed on an exchange for trade among investors.  
answer: (a) Closed-end
- A10 Options give the holder the right to buy ('call' option) or sell ('put' option) a security at a specific price for a specific period of time.  
answer: (c) put

*Agricultural Market Development*

- A1 The Food and Agriculture Organization of the UN advises that an efficient and adequate marketing system is a precondition for agricultural diversification, providing better prices to producers and the availability of competitively priced produce to consumers.  
answer: (a) precondition
- A2 Physical improvement is usually addressed in two ways: by providing improved market infrastructure (both urban and rural) and by improving rural access roads.  
answer: (a) access
- A3 Rural markets form part of a trade network; they are normally arranged on a periodic basis on specific weekdays and are commonly organised at a central place in a village or district centre.  
answer: (d) periodic
- A4 Larger rural markets ('assembly markets') are found where greater quantities of produce are traded, either by the producers themselves or by traders, and are normally situated on main highways, or near to ferries and other local transport nodes.  
answer: (c) nodes
- A5 Terminal wholesale and semi-wholesale markets are located within or near major cities (usually with populations exceeding 0.5 million).  
answer: (d) Terminal
- A6 Retail markets directly serve consumers in main urban areas; although primarily retail, they may have some semi-wholesale functions, particularly if they allow producers to trade — in which case, they are often called farmers' markets.  
answer: (b) farmers'
- A7 Internal factors for change include increasing volumes of produce to be handled; alterations to commercial practices and trading patterns; and the emergence of professional specialised wholesalers.  
answer: (c) emergence
- A8 The main external causes for change are demographic factors, including increase in population of a city as a result of migration and natural growth, population shifts within cities and moves to the suburbs, and changes in the location and nature of workplaces.  
answer: (b) demographic
- A9 A common problem at both wholesale and retail levels is that the markets are viewed as tax instruments rather than as means of facilitating the marketing of local produce: the marketing system is 'kidnapped' by municipalities, with the sole purpose of collecting taxes.  
answer: (b) instruments
- A10 These factors all need to be taken into account in identifying the best approach to market development.  
answer: (b) account

*Direct Sales*

- A1 The Direct Selling Association is the national trade association of the leading firms that manufacture and distribute goods and services sold directly to consumers.  
answer: (c) leading
- A2 Direct selling is the sale of a consumer product or service, person-to-person, away from a fixed retail location.  
answer: (a) fixed
- A3 Products are sold primarily through in-home product demonstrations, parties and one-on-one selling.  
answer: (b) one-on-one
- A4 Data from surveys indicate that direct selling remains a vibrant marketing method that engenders considerable loyalty among its representatives and customers.  
answer: (c) vibrant
- A5 Early direct sellers — hawkers, peddlers, traders, itinerant merchants and caravans — were part of an ancient tradition that originated in man's basic need to exchange goods and to communicate.  
answer: (d) itinerant
- A6 The development and use of roads and water routes for commercial activity were pivotal points in the history of direct selling.  
answer: (c) pivotal
- A7 As early as 2000 B.C., the Code of Hammurabi, a monument of Babylonian law, protected the general welfare and integrity of the Babylonian direct seller, stating that 'the peddler shall swear the oath of God' if any enemy caused him trouble in the travels.  
answer: (a) Code
- A8 The notions of the renowned Yankee Peddler in the early American territories of the 18th and 19th centuries consisted of items like pins, needles, hooks, scissors, combs, small hardware and perfume.  
answer: (b) notions
- A9 The advent of the home party in the 1950s added a new dimension to direct selling as customers gathered at the home of hostesses to see product demonstrations and socialize with friends.  
answer: (b) dimension
- A10 Today, at the beginning of the 21st century, the Internet has become an important element of direct selling — essentially giving each direct seller a worldwide customer base.  
answer: (a) base

*Dotcom Retail Stores*

- A1 Melissa Campanelli, a marketing and technology writer in Brooklyn, comments on the reasons for dotcoms to open a physical store to extend their life spans.  
answer: (c) spans
- A2 In the traditional realm of business, you open a retail store first and then launch a website, but since the dotcom revolution, many surviving dotcoms that skipped that first step are realizing the benefits of opening a brick-and-mortar location.  
answer: (a) brick-and-mortar
- A3 Anyone that has a business plan with a goal of e-commerce needs to augment that business plan with a retail reality.  
answer: (a) augment
- A4 "We realized very early that we could not exist purely as a dotcom," says Sal Perisano, of iParty Corp, "We knew we needed some terrestrial link, some reality other than a virtual company, to bolster what we were doing."  
answer: (c) bolster
- A5 Physical stores give your customers a more convenient way to return goods and try out products — two options analysts say are sorely missing from Net stores.  
answer: (c) sorely
- A6 Owning a store offers a natural traffic flow into and out of the store, which allows an entrepreneur to gather names and begin direct-to-consumer marketing programs.  
answer: (d) traffic
- A7 However, opening a retail store is an expensive proposition.  
answer: (d) proposition
- A8 For those of you who lack the funding needed to open a retail store right now, try renting a kiosk in a local shopping mall.  
answer: (c) kiosk
- A9 If you do want to set up shop, you should do whatever you can to learn about launching and running a traditional retail business before you do so.  
answer: (c) shop
- A10 Your best bet is to determine ahead of time whether a multichannel strategy is a good move for your dotcom.  
answer: (a) bet

*Consumer Behaviour*

- A1 Dr. Lars Perner explains that as well as the study of how products are purchased, consumer behavior also involves their use and disposal, since many environmental problems result from the latter.  
answer: (a) disposal
- A2 Consumer behavior involves services and ideas as well as tangible products.  
answer: (d) tangible
- A3 Product use is often of great interest to the marketer, because this may influence how a product is best positioned or how we can encourage increased consumption.  
answer: (c) positioned
- A4 For example, by understanding that consumers are more receptive to food advertising when they are hungry, we learn to schedule snack advertisements late in the afternoon.  
answer: (c) receptive
- A5 The impact of consumer behavior on society is also of relevance; for example, aggressive marketing of high fat foods may have serious repercussions for the national health.  
answer: (c) repercussions
- A6 Since new products are usually initially adopted by a few consumers and only spread later and gradually to the rest of the population, companies that introduce new products must be well financed so that they can stay afloat until their products become a commercial success.  
answer: (c) afloat
- A7 It is important to please initial customers, since they will in turn influence many subsequent customers' brand choices.  
answer: (c) subsequent
- A8 Common sense suggests that if you buy a 64-ounce bottle of laundry detergent, you should pay less per ounce than if you bought two 32-ounce bottles; in practice, however, you often pay a size premium by buying the larger quantity.  
answer: (d) premium
- A9 Consumer surveys, as any kind of research, are vulnerable to bias: the wording of a question can influence the outcome a great deal.  
answer: (b) bias
- A10 Physiological measures are occasionally used to examine consumer response; for example, advertisers may want to measure a consumer's level of arousal during various parts of an advertisement.  
answer: (b) Physiological

*Retail Marketing*

- A1 The Discount Store News offers some tips for forging effective in-store partnerships.  
answer: (b) forging
- A2 Imagine a consumer shopping experience where there's no wading through the confusing tangle of options or having to guess which size to pull out for a closer look.  
answer: (d) wading
- A3 Now imagine the increased sales that could be generated when shoppers are directed by quality signage to fixtures whose design and planogram makes merchandise almost irresistible.  
answer: (c) signage
- A4 The above scenario is more than a pipe dream, as vendors are now working with retailers in creating displays that fuel movement of inventory from stores' back doors into patrons' hands.  
answer: (c) pipe dream
- A5 Retailers, who are always keeping an eye on the bottom line, continually search for ways to speed up the rate at which they put manufacturers' merchandise on the floor.  
answer: (c) floor
- A6 Cooperation from vendors in repositioning merchandise closer to the point of sale pushes the envelope toward faster turnover.  
answer: (d) point
- A7 Melanie McIntosh adds that in today's competitive retail environment a retailer cannot afford to consider merchandising as a frill.  
answer: (b) frill
- A8 Merchandising and display are an important part of the marketing plan and should have a reasonable budget allocated, even for a retailer operating on a shoestring.  
answer: (d) shoestring
- A9 After investing money on the important priorities such as merchandise, location, staff, insurance, accountant, advertising, your carefully budgeted money can be lost if your store doesn't measure up to the customers' expectations.  
answer: (b) measure
- A10 If your store looks like a bargain basement, customers will expect those kinds of prices and may draw the conclusion that your product is poor quality.  
answer: (b) basement

*The Law of Agency*

- A1 The common law of agency is the body of law applicable to consensual relationships in which one person (the agent) consents to act on behalf of another person (the principal) and subject to that person's control.  
answer: (d) consensual
- A2 Agency doctrine governs the consequences, for the agent and principal, of the agent's interactions with third parties, as well as the consequences of the relationship as between the agent and principal.  
answer: (c) governs
- A3 Agency is a common-law subject of wide scope that intersects with a number of other subjects.  
answer: (b) scope
- A4 Prototypical examples of agency relationships include those between officers and corporations, between employees and employers, and between real-estate and other specialized agents and their clients.  
answer: (c) Prototypical
- A5 Despite the fact that specific rules concerning certain of those agency relationships have evolved, there remains a free-standing law of agency with substantial application across diverse legal contexts.  
answer: (a) free-standing
- A6 The regular appearance of corporate scandals in newspapers&#151;Enron in particular&#151;has emphasized that agency law continues to be relevant in business and employment relationships.  
answer: (d) relevant
- A7 Those scandals are characterized by businesspeople who 'should have known', and who appear to have acted adversely to the organizations for which they worked.  
answer: (b) adversely
- A8 Courts responding to cases relating to the scandals have focused on the legal relationships among principals, agents, and affected third parties.  
answer: (a) affected
- A9 Agency law has retained a structural coherence, despite statutory developments, in part because many statutes make reference to common law or presuppose a background that includes basic common-law doctrines.  
answer: (b) presuppose
- A10 The law of agency is based on the Latin maxim 'Qui facit per alium, facit per se', which means 'he who acts through another is deemed in law to do it himself'.  
answer: (c) maxim

*The Law of Contracts*

- A1 In the nineteenth century, also known as the classical age of English contract law and the heyday of laissez-faire economic theory, common law rejected the moral theory of Lord Mansfield, which held that promises are a moral obligation.  
answer: (c) heyday
- A2 Contracts are promises that the law will enforce.  
answer: (b) enforce
- A3 The law provides remedies if a promise is breached and recognizes the performance of a promise as a duty.  
answer: (d) breached
- A4 Contracts arise when a duty does or may come into existence, because of a promise made by one of the parties.  
answer: (d) arise
- A5 The Law of Contracts deals with self-imposed duties, that is, agreements voluntarily concluded between parties.  
answer: (d) imposed
- A6 To be legally binding as a contract, a promise must be exchanged for adequate consideration.  
answer: (c) binding
- A7 Adequate consideration is a benefit which a party receives which reasonably and fairly induces them to make the promise/contract.  
answer: (c) induces
- A8 Promises that are purely gifts are not considered enforceable because the personal satisfaction the grantor of the promise may receive from the act is normally not considered adequate consideration.  
answer: (a) gifts
- A9 Certain promises that are not considered contracts may, in limited circumstances, be enforced if one party has relied to his detriment on the assurances of the other party.  
answer: (c) detriment
- A10 The Law of Contracts is usually broadly classified either as part of the Law of Obligations or as part of the system of private law (which encompasses contracts, property and torts).  
answer: (c) encompasses

*Real Estate Brokers*

- A1 Real estate agents and brokers act as intermediaries in price negotiations between buyers and sellers.  
answer: (a) intermediaries
- A2 When selling real estate, brokers arrange for title searches and for meetings between buyers and sellers during which the details of the transactions are agreed upon and the new owners take possession of the property.  
answer: (d) possession
- A3 Brokers spend a significant amount of time obtaining listings-agreements by owners to place properties for sale with the firm.  
answer: (b) listings
- A4 A broker may help to arrange favorable financing from a lender for the prospective buyer; often, this makes the difference between success and failure in closing a sale.  
answer: (a) closing
- A5 In the prequalifying phase, the agent determines how much the buyers can afford to spend.  
answer: (a) afford
- A6 In addition, the agent and the buyer usually sign a loyalty contract which states that the agent will be the only one to show houses to buyers.  
answer: (c) a loyalty
- A7 Agents identify and emphasize the most pertinent selling points.  
answer: (d) pertinent
- A8 To a young family looking for a house, they may emphasize the convenient floor plan, the area's low crime rate, and the proximity to schools and shopping centers.  
answer: (c) proximity
- A9 If bargaining over price becomes necessary, agents must follow their client's instructions carefully and may have to present counteroffers in order to get the best possible price.  
answer: (c) counteroffers
- A10 Once both parties have signed the contract, the real estate broker or agent must make sure that all special terms of the contract are met before the closing date.  
answer: (c) met

*Realtor Advertisement*

- A1 Founded over 30 years ago, Winoker Realty Company is a privately held second-generation commercial real estate firm serving the diverse real estate needs of a highly prestigious list of tenants, owners, large corporations and growing businesses.  
answer: (c) held
- A2 We are committed to providing you with value-added, timely solutions — and we deliver.  
answer: (b) deliver
- A3 Winoker Realty Company's vast experience allows us to provide expert property redevelopment services, with timely, cost-efficient results and quality solutions to every need that may arise.  
answer: (b) arise
- A4 Winoker Realty Company also provides superior leasing services; for building owners seeking to increase cash-flow, time is money, and speed to market is critical.  
answer: (d) time is money
- A5 We take pride in our ability to rapidly gain a comprehensive understanding of an owner's specific needs and objectives.  
answer: (b) pride
- A6 Winoker Realty Company has a steadfast commitment to senior level involvement in every aspect of customer relationship.  
answer: (c) steadfast
- A7 We implement the marketing strategy approved by you — seeking out the right prospects, creating and placing ads, conducting open houses with full attention to detail, and more.  
answer: (c) open
- A8 Our decades of New York real estate experience from both the landlord and the tenant sides help us provide customized solutions for every real estate niche and geographic area.  
answer: (b) landlord
- A9 Winoker's hands-on approach and roll-up-your-sleeves attitude has benefited building owners for more than 30 years.  
answer: (b) sleeves
- A10 Our true depth and breadth of expertise is simply unsurpassed in the greater New York real estate marketplace.  
answer: (d) unsurpassed

*A good real estate rental market*

- A1 Ray Alcorn of Park Real Estate Inc remarks that real estate is a capital-intensive industry, and its health rises and falls with capital availability; currently the capital markets are so flush with cash, they can't find a place for it all.  
answer: (c) flush
- A2 Boom times typically engender oversupply of product, but construction prices have skyrocketed due to natural disasters and rising commodity prices, which has tempered new building in all property types.  
answer: (c) tempered
- A3 Rising consumer interest rates will further slow consumer purchasing and the housing market, and may produce the desired soft landing.  
answer: (c) landing
- A4 Historically, contractions in capital have a negative effect on valuations, and current rumbblings from government regulators aiming to trim commercial banks' real estate loan exposure are worrisome.  
answer: (d) rumbblings
- A5 Global markets are literally awash in capital, all of it seeking yield and stability; fortunately, commercial real estate offers both, and even if banks are constrained there is a surfeit of capital to fill the void.  
answer: (c) surfeit
- A6 Construction costs have gone through the roof in the past year due to natural disasters and increased commodity prices.  
answer: (c) roof
- A7 High construction costs and condo conversions have reduced new supply and a slowing housing market increases rental demand, so owners can now flex their muscles with rent increases, and those who bought at high valuations may yet get the last laugh.  
answer: (d) last laugh
- A8 Areas with declining employment and population will experience an acceleration of those trends, and investors will not acquire properties in such markets without good reason to believe a comeback is in the offing.  
answer: (d) offing
- A9 Retail properties will suffer as owners rediscover risk as a component of value, but most of these assets are owned by well-capitalized private equity groups that can easily ride out the storm.  
answer: (b) ride out
- A10 Acquisition of stabilized properties at low cap rates with little potential for rent growth is a sure recipe for below market returns.  
answer: (b) recipe

*Selling to Businesses*

A1 The amount of purchasing undertaken in the business market easily dwarfs the total spending by consumers; because the business market is so large it draws the interest of millions of companies that market exclusively to business customers.

answer: (c) dwarfs

A2 In certain business markets purchase decisions hinge on the outcome of a bidding process between competitors offering similar products and services.

answer: (b) hinge

A3 In these cases the decision to buy is often whittled down to one concern who has the lowest price.

answer: (d) whittled

A4 Consumer and business markets differ in that business markets are more likely to be price than brand-driven.

answer: (c) driven

A5 The demand by businesses for products and services is affected by consumer purchases; this is called derived demand.

answer: (b) derived

A6 Because so many organizations may have a part in creating consumer purchases, a small swing in consumer demand can create big changes in business purchasing.

answer: (d) swing

A7 The search for alternatives is a significant difference between consumer and business purchasing; while a consumer will probably not search hard to save two cents a gallon on gas, a company that has a large fleet of cars or trucks certainly will.

answer: (c) fleet

A8 In more advanced purchase situations, members of the Buying Center may evaluate each option using a checklist of features sought by the buyer, and each feature is assigned a weight that corresponds to its importance to the purchase decision.

answer: (d) weight

A9 If the product is well received, it may end up moving to a straight re-purchase status, thus eliminating much of the evaluation process on future purchases.

answer: (d) well

A10 Business purchase decisions can drag on for an extensive period; unlike consumer markets where impulse purchasing is rampant, the number of people involved in business purchase decisions results in decisions taking weeks, months or years.

answer: (b) drag on

*Small Businesses*

- A1 T. Fuller states that, historically, all business operated at a small scale and were centred on the individual artisan.  
answer: (c) artisan
- A2 Even now there are strong cultural affinities to individual enterprise.  
answer: (a) affinities
- A3 Over the centuries, business has emerged, legitimised by reflexive social notions of entrepreneurship and fuelled by regulated international free trade, competition, property rights and usury.  
answer: (d) notions
- A4 In this landscape, small businesses are increasingly important but relatively powerless.  
answer: (b) landscape
- A5 The overall thesis is that small businesses, once ubiquitous, have been systematically othered, then homogenised.  
answer: (c) ubiquitous
- A6 The article traces a brief history of small business from post-medieval times, through the Industrial Revolution to the present day.  
answer: (d) present
- A7 In doing so, it uncovers a number of principles upon which small business in the UK is founded, and illustrates how corporatism has emerged as these principles evolved.  
answer: (d) uncovers
- A8 Small business is conceived as being in a weak position relative to corporate business but co-dependent upon it.  
answer: (a) conceived
- A9 The link between the entrepreneurial individuals and innovation is discussed, outlining a view that entrepreneurs may best be served by corporate ecologies.  
answer: (c) served
- A10 The future trajectory of small business in the UK and Europe is by no means certain.  
answer: (c) no means

*Trade Multilateralism*

- A1 Multilateral trade agreements serve the interests of today's global production system in a way that the alternative — a fragmented system of bilateral agreements — does not.  
answer: (d) fragmented
- A2 Victor K. Fung gives his point of view as a businessman on what is at stake and why WTO negotiators have an interest in finding common ground.  
answer: (a) ground
- A3 Global rules ease global production.  
answer: (b) ease
- A4 In the old days, manufacturing would be done "in-house", but manufacturing carries a completely different meaning today: products are no longer made under one roof.  
answer: (c) under one roof
- A5 Increasingly, production is dispersed across different factories in different countries — it is becoming globalized.  
answer: (d) dispersed
- A6 Information technology and logistics help dissect the value-added process into component parts, with factories, locations and countries assigned for each stage according to their competitive advantage.  
answer: (b) component
- A7 Over the past several years, we have seen discord in Seattle and Cancn, with what appears to be a widening divergence of views between developed and developing countries, and a rise in bilateral trade agreements.  
answer: (c) discord
- A8 Bilateralism distorts the flow of goods: it throws up barriers, creates friction, reduces flexibility, raises prices and hinders companies' ability to bring new countries into the global production system. throws up breaks down bowls over stands on  
answer: (d) throws up
- A9 Of particular concern are 'rules of origin', which define where a product is made and determine what kind of market access it will have.  
answer: (a) access
- A10 With each new bilateral agreement, considerations relating to rules of origin multiply and become more complex in the phenomenon trade experts call 'the spaghetti bowl effect'.  
answer: (c) phenomenon

*Thinking to Export*

- A1 There are several ways to evaluate the export potential of your products and services in overseas markets; the most common approach is to examine the success of your products domestically.  
answer: (d) potential
- A2 Another means is by examining the unique or important features of your product: if those features are hard to duplicate abroad, then it is likely that you will be successful overseas.  
answer: (b) duplicate
- A3 Sizeable export markets may still exist, especially if the product once did well in the United States but is now losing market share to more technically advanced products.  
answer: (b) Sizeable
- A4 Other countries may not need state-of-the-art technology and/or may be unable to afford the most sophisticated and expensive products.  
answer: (d) sophisticated
- A5 Such markets may have a surprisingly healthy demand for U.S. products that are older or considered dated by U.S. market standards.  
answer: (d) healthy
- A6 All aspects of an export plan should be agreed upon by the personnel involved in the exporting process, as they will ultimately execute the export plan.  
answer: (c) execute
- A7 From the start, the plan should be viewed and written as a management tool, not as a static document.  
answer: (c) static
- A8 Many companies begin export activities haphazardly, without carefully screening markets or options for market entry.  
answer: (a) haphazardly
- A9 While these companies may or may not have a measure of success, they may overlook better export opportunities.  
answer: (b) measure
- A10 If early export efforts are unsuccessful because of poor planning, your company may be misled into abandoning exporting altogether.  
answer: (c) misled

*Starting a Business*

- A1 When deciding on which form of business will best serve your purposes, you should take into account the time commitment necessary to handle regulations and formalities.  
answer: (a) commitment
- A2 The need for funding is one of the first concerns for any new business, and unless you have the personal assets or can tap into friends, family or your bank, you will be seeking investors.  
answer: (b) tap into
- A3 Determining not only the type of business you are starting, but the type of customers you will attract and the manner in which you will attract them should also be factored into your decision making process.  
answer: (b) factored
- A4 The potential for liability from customer relationships or interaction impacts heavily on your liability risk.  
answer: (a) impacts
- A5 For example, someone with a business that sells goods via the Internet or through mail order is less likely to garner lawsuits than someone who owns physical store locations, where customer foot traffic (and potential injuries) could result.  
answer: (a) garner
- A6 It will also be assumed that a professional business such as a law firm or accounting practice will have greater assets, making them greater targets in a litigious society.  
answer: (d) litigious
- A7 Someone who has already had previous business success and has significant assets from a previous business venture would also want to protect those assets closely.  
answer: (a) closely
- A8 Apathy can come back to haunt a successful entrepreneur; plan ahead.  
answer: (a) haunt
- A9 It is wise to sit down with both an attorney and an accountant and discuss the details of the business that you are planning to start and where you see it going in five or ten years.  
answer: (d) sit down
- A10 Cover all the bases, including liabilities, taxes, employee benefits and the need for investors, before making your decision.  
answer: (a) Cover

*Eco-tourism in Australia*

- A1 Tourism is one of the world's largest and fastest growing industries; it can contribute to sound economic development and substantial employment generation in Australia in the coming years.  
answer: (d) sound
- A2 Tourism has many links with other industries, such as agriculture, manufacturing and telecommunications, and can provide a powerful stimulus to economic growth, particularly in regional areas.  
answer: (d) stimulus
- A3 A strong and viable tourism industry will remain an important contributor to continued employment growth, and tourism's contribution to foreign exchange earnings will continue to be a significant item in Australia's balance of payments.  
answer: (a) balance
- A4 Ecologically sustainable development has as its basic aim to meet the needs of the present without compromising the ability of future generations to meet their needs.  
answer: (b) compromising
- A5 A recent report by the Industry Commission found that the Australian environment is a major tourist attraction and the provision of accommodation in appropriate locations is important for ensuring access to sought-after sites.  
answer: (c) sought-after
- A6 It also suggests that accommodation provision should have regard to impacts on the environment in which it is situated and that this applies to both the original siting decision and continuing operations.  
answer: (c) impacts
- A7 The construction of accommodation and service amenities and associated transport and service links can cause changes in vegetation, soil compaction and erosion, siltation of rivers and estuaries, and generation of waste.  
answer: (a) amenities
- A8 These changes can affect the balances and relationships in ecosystems and may contribute to the modification of habitats, a change in the competitive advantage of species, and in some cases loss of representative habitats and species or a reduction in genetic diversity.  
answer: (d) diversity
- A9 The report also says that tourism development should recognise and support the identity, culture and interests of indigenous people.  
answer: (c) indigenous
- A10 As the market for environmentally sensitive tourism facilities continues to expand, it is vital that local businesses have the information necessary to meet global expectations and standards.  
answer: (d) sensitive

*Tourism after 9/11*

- A1 Travel advertisers were confronted with a major decision after September 11, 2001: should they spend more on advertising to spur travel by people who were apprehensive but fence-sitting?  
answer: (d) spur
- A2 Meanwhile, corporations cut back their budgets, reducing the volume of business travel.  
answer: (b) back
- A3 On an annual basis, trends varied by industry.  
answer: (a) by
- A4 Airlines understandably decreased their advertising spending, as they normally do after a crisis or an accident.  
answer: (d) understandably
- A5 Spending was down across the board on network and spot TV, cable TV and national spot radio — although domestic carriers boosted their outlay for outdoor advertising in 2001.  
answer: (a) board
- A6 In contrast to the troubled airlines, hotel companies spent more on advertising in 2001.  
answer: (c) troubled
- A7 Holiday Inn remained on top of the domestic spending heap, laying out \$38.3 million in 2001, an increase of 25 percent.  
answer: (a) heap
- A8 The car rental industry has been plagued by financial problems, so it is no surprise that the cash-strapped companies cut back on their ad spending.  
answer: (d) cash-strapped
- A9 After a brief downturn in late 2001, the cruise industry's sales revived quickly, thanks to discounting and steady advertising.  
answer: (d) revived
- A10 The industry as a whole laid out \$237 million on advertising for the year, a slight gain of 2.7 percent over 2000.  
answer: (c) out

*Internet Travel Arrangements*

- A1 The Economist explains that the internet has pitted travel agents against travel providers in an intense battle to win customers.  
answer: (c) pitted
- A2 This year's travel season, now drawing to a close, has been busier than ever, despite strikes and terrorist threats.  
answer: (a) drawing
- A3 Freed from having to ring busy call centres or queue at high-street travel agents, consumers have gone online in droves to find flights, hotels, car rentals and other travel services, making travel one of the most successful forms of e-commerce.  
answer: (b) droves
- A4 By designing websites that ordinary people could use, online travel agents were able to put product availability and price transparency at their customers' fingertips.  
answer: (b) fingertips
- A5 After the September 11th terrorist attacks on America, online agents helped airlines and hotels overcome a worldwide travel slump by making bargains more visible to a greater number of people.  
answer: (c) slump
- A6 These websites work like shopping comparison services: matching users' itineraries with offers and then directing bookings to the websites of agents and suppliers.  
answer: (b) itineraries
- A7 In America, suppliers and distributors currently each take about half of all online bookings; that adds up to a sizeable chunk of the travel industry.  
answer: (c) sizeable
- A8 Most analysts reckon about one-third of America's \$200 billion travel market will be booked online this year.  
answer: (d) reckon
- A9 The travel market can be broken down into two parts: leisure combined with 'unmanaged' business travel (this is because individuals booking business trips can be indistinguishable from leisure travellers) and managed corporate travel.  
answer: (b) indistinguishable
- A10 People booking online are now presented with a range of fares to choose from, with the busiest flights commanding the highest premiums, because customers are shrewd enough to understand the laws of supply and demand.  
answer: (c) shrewd

*Tobacco Marketing*

A1 Health experts from throughout the world are meeting in the U.S. to address the tobacco industry's marketing efforts in developing countries, Reuters reported August 5th.

answer: (a) address

A2 "We're bringing the world's tobacco-control community together in one place to see how can we stem this tide of export, promotion and production by the tobacco industry," said Dr. Thomas Houston of the American Medical Association.

answer: (d) stem

A3 The tobacco industry views developing countries as an untapped market, which causes concern among health officials.

answer: (c) untapped

A4 The World Health Organization estimates that 70 percent of deaths caused by smoking-related illnesses will take place in the developing world, mainly because people in those countries may be unaware of the dangers posed by smoking.

answer: (c) posed

A5 "It will be a huge tragedy for developing countries and will overwhelm their health-care systems," Houston said.

answer: (b) overwhelm

A6 WHO officials noted that the tobacco industry is dealing with legal setbacks in the U.S. by marketing their products worldwide.

answer: (c) setbacks

A7 In addition, the tobacco industry is working towards dissuading developing countries from levying taxes on cigarettes or enacting western-style laws that ban smoking in office buildings and other public places.

answer: (b) dissuading

A8 "Most people in the developing world believe cancer is a communicable disease," Houston said, "The warnings are nebulous and not particularly clear."

answer: (b) nebulous

A9 "The companies have found loopholes in the law, and we have not plugged them," said H.J. Sallehudin, an assistant director of Malaysia's Department of Public Health, which enforces Malaysia's tobacco ad bans.

answer: (b) plugged

A10 An international tobacco-control treaty sponsored by the United Nations is aimed at curbing the increase in tobacco-related deaths worldwide.

answer: (d) curbing

*Financial Assets*

- A1 In financial accounting, financial assets are cash and other assets that convert directly into estimated amounts of cash.  
answer: (b) estimated
- A2 In the balance sheet, financial assets are listed at the current value: for cash, this means the face amount.  
answer: (b) face
- A3 Marketable securities are listed at current market value, while receivables are listed at net realizable value.  
answer: (c) realizable
- A4 The objectives of cash management are accurate accounting for cash transactions, the prevention of losses through theft, and maintaining adequate cash balances.  
answer: (d) theft
- A5 One major step in achieving internal control over cash transactions is separating cash handling from the accounting function.  
answer: (c) internal
- A6 The cash balance shown on the month-end bank statement will usually differ from the amount of cash shown in the depositor's ledger; this is a result of such items as outstanding checks and deposits in transit.  
answer: (b) outstanding
- A7 The bank reconciliation adjusts the cash balance per the books and the cash balance per the bank statement for any unrecorded items and thus produces the correct amount of cash to be included in the balance sheet at the end of the month.  
answer: (c) reconciliation
- A8 Under the allowance method, the portion of each period's credit sales expected to prove uncollectible is written off by debiting Allowance for Doubtful Accounts and crediting Accounts Receivable.  
answer: (b) off
- A9 The most liquid financial asset is cash, followed by cash equivalents, marketable securities, and receivables.  
answer: (c) liquid
- A10 Interest is a contractual amount that accumulates day by day; the amount of interest accruing over a time period may be computed by the formula  $\text{Principal} \times \text{Rate} \times \text{Time}$ .  
answer: (a) accruing

*The Cybernation Economy*

- A1 The cybernation revolution has been brought about by the combination of the computer and the automated self-regulating machine.  
answer: (a) about
- A2 This results in a system of almost unlimited productive capacity which requires progressively less human labor.  
answer: (d) progressively
- A3 Cybernation is already reorganizing the economic and social system to meet its own needs.  
answer: (b) meet
- A4 In the past, when new technologies have replaced workers in a given sector, new sectors have always emerged to absorb the displaced laborers.  
answer: (c) displaced
- A5 Today, all three of the traditional sectors of the economy — agriculture, manufacturing, and service — are experiencing this, forcing millions onto the unemployment rolls.  
answer: (d) rolls
- A6 The only new sector emerging is the knowledge sector, made up of elite entrepreneurs, scientists, technicians, computer programmers, professionals, educators, and consultants.  
answer: (c) emerging
- A7 While this sector is growing, it is not expected to absorb more than a fraction of the hundreds of millions who will be eliminated in the next several decades in the wake of revolutionary advances in the information and communication sciences.  
answer: (d) wake
- A8 The technological changes now occurring will not make human labor superfluous; on the contrary, they will require tremendous numbers of highly skilled and highly trained managers and technicians.  
answer: (c) superfluous
- A9 In the entire occupied population, a larger fraction of members than at present will be engaged in occupations where 'personal service' involving face-to-face human interaction is an important part of the job.  
answer: (b) engaged
- A10 I am confident of stating this conclusion, but far less confident in conjecturing what these occupations will be.  
answer: (a) conjecturing

*Micromanagement*

- A1 Estienne de Beer, author of *Boosting Your Career*, warns that sooner or later you will report to a micromanager who obsessively controls and manipulates you to the point of desperation.  
answer: (b) obsessively
- A2 Harry Chambers explains that micromanagers always have their antennae up, trying to detect violations.  
answer: (a) antennae
- A3 If you get frustrated and tell the boss to back off, you get accused of having a bad attitude and not being a team player.  
answer: (c) off
- A4 It feels as if you are controlled like a robot and second-guessed every step of the way.  
answer: (d) second-guessed
- A5 Everything needs to get approved beforehand and double-checked afterwards.  
answer: (c) double-checked
- A6 It is important to understand what motivates a micromanager to command and control, even if it is unknowingly.  
answer: (b) unknowingly
- A7 Most micromanagers tend to have a controlling tendency and simply don't believe that outstanding work will be done without their constant intervention.  
answer: (d) intervention
- A8 Coping skills and effective communication are the keys to successfully managing your micromanager.  
answer: (a) Coping
- A9 One of the best lines of defence is your diligence in clarifying expectations and keeping a(n) paper trail of everything that you have done.  
answer: (c) paper trail
- A10 Micromanagers need to learn how to transform themselves into leaders; micromanagers just twist your arm, but leaders sway your opinion.  
answer: (d) sway

*The Southeastern European Economies*

- A1 In an address to the Second International Banking Forum, Panayotis Thomopoulos states that the southeastern economies are turning the corner and can now start enjoying the benefits of stability and growth within the European Union.  
answer: (a) corner
- A2 Greece will continue to make a positive contribution to the economies of the region, but he admits that he draws comfort from the fact that Greece is now surrounded by open, dynamic economies.  
answer: (a) draws
- A3 The recent appreciation of the euro is an indication of the markets' confidence in our economies.  
answer: (a) appreciation
- A4 There have been of course problems, especially in the European insurance sector, exacerbated by natural catastrophes, but all financial institutions have managed through.  
answer: (c) exacerbated
- A5 Nonetheless, such problems, whenever they surfaced, were contained and did not have systemic repercussions that could threaten the macroeconomic stability of our economies.  
answer: (b) contained
- A6 As a result of not very prudent policies, the significant losses of insurance and re-insurance companies in the last few years have been partly absorbed by the banking sector.  
answer: (c) prudent
- A7 The banking sector in some countries has unwillingly assumed the responsibility for the well-being of the financial sector as a whole, because it understands the danger of systemic risks, which can wreak havoc.  
answer: (a) wreak
- A8 With the help of the central banks, the private sector has become more adept in dealing with risks and the supervisors have learned from the mistakes of the past and improved their vigilance.  
answer: (a) adept
- A9 The new practices to be introduced will further improve our ability to deal with financial risks and better tailor our requirements to each market's special needs.  
answer: (d) tailor
- A10 Looking at the developments in the Southeastern Balkans themselves, the present situation is a far cry from the bleak picture at the early stages of transition more than a decade ago.  
answer: (b) cry

*Internet Securities Trading*

- A1 The World Wide Web consists of a vast network of Web 'sites'. i.e., graphical presentations of information that is controlled by the site-holder; sites can contain pictures, text and sound in static or moving form.  
answer: (c) static
- A2 The World Wide Web creates a(n) dramatically new environment for both investors and companies issuing securities.  
answer: (b) dramatically
- A3 Web sites, bulletin boards, e-mail and push technology can all be used in advertising, offering and selling securities, and for disseminating investment advice.  
answer: (b) disseminating
- A4 In the mid-1990's, the marketing of securities on the Internet began to take off.  
answer: (d) take off
- A5 A number of small discount brokers started online secondary trading in 1995 and the number gradually swelled.  
answer: (d) swelled
- A6 Developments in cyberfinance have virtually exploded since these early entries.  
answer: (c) exploded
- A7 Investment bankers can post their underwritings of stock issues on the World Wide Web to expose them to vast numbers of prospective investors at very low cost.  
answer: (d) expose
- A8 Issuers can bypass traditional underwriters and make direct public offerings ('DPOs') of securities using the Web bulletin boards and push technology.  
answer: (a) bypass
- A9 Since 1995, the SEC has sought by rule and interpretive release to mesh the Securities Acts of 1933 and 1934 and the regulatory framework built up around them with the new Internet world.  
answer: (c) mesh
- A10 Electronic disclosure of information must provide adequate and timely notice to investors, afford effective access to the information, and give reasonable assurance that the information in fact has been delivered.  
answer: (b) afford

*Mortgage Law*

- A1 A mortgage involves the transfer of an interest in land as security for a loan or other obligation.  
answer: (b) obligation
- A2 Normally, a mortgage is paid in installments that include both interest and a payment on the principle amount that was borrowed.  
answer: (b) installments
- A3 Failure to make payments results in the foreclosure of the mortgage.  
answer: (a) foreclosure
- A4 This allows the mortgagee to declare that the entire mortgage debt is due and payable immediately, accomplished through an acceleration clause in the mortgage.  
answer: (a) clause
- A5 In the case of failure to pay the debt, the most common processes to effect seizure and sale are court proceedings or grants of power to the mortgagee to sell the property.  
answer: (d) proceedings
- A6 Under the title theory, title to the security interest rests with the mortgagee.  
answer: (c) rests
- A7 Most states, however, follow the lien theory, under which the legal title remains with the mortgagor.  
answer: (b) remains
- A8 Finally, the intermediate theory applies the lien theory until there is a default on the mortgage, whereupon the title theory applies.  
answer: (b) default
- A9 If the mortgage is not the only lien on the property, then state law determines the priority of the property interests.  
answer: (c) priority
- A10 The Uniform Commercial Code governs conflicts between mortgages on real property and liens on fixtures (personal property attached to a piece of real estate).  
answer: (c) fixtures

*Basic Microeconomics*

- A1 A crucial concept in understanding microeconomics is that of utility: utility is how much a product pleases people.  
answer: (d) crucial
- A2 Marginal utility is how much every incremental quantity of a product pleases; it tends to drop as the numbers of a product consumed increases.  
answer: (d) incremental
- A3 Consumers choose what products they want to buy by comparing something's price and its utility.  
answer: (b) price
- A4 They will pick the product that gives them the biggest bang for the buck, the product that gives them the greatest satisfaction for every unit of money spent.  
answer: (a) bang
- A5 Based on the law of demand, quantity demanded is inversely related to price.  
answer: (c) related
- A6 'Perfect competition' is defined as economic forces at work, uninterrupted by any other force.  
answer: (b) at work
- A7 In reality, no such thing as a true perfectly competitive market exists; there are other types of market structures, however — monopoly, oligopoly, and monopolistic competition.  
answer: (c) such
- A8 In monopolistic competition, there are many firms vying for control of one market.  
answer: (d) vying
- A9 Oligopoly is a small number of competing firms, so the key property of oligopolies is that all firms execute strategic planning.  
answer: (d) execute
- A10 Some oligopolies act as cartels, in which many firms act as one.  
answer: (a) as one

*Trade Regulation*

- A1 Recent World Bank research suggests that countries should complement trade openness with greater flexibility of their investment climate and labor markets.  
answer: (a) climate
- A2 "Trade boosts growth in flexible economies, but its positive impact is much reduced — and in some cases, even reversed—in excessively regulated economies," says Caroline Freund, Senior Economist in the World Bank's Trade Research Team.  
answer: (a) boosts
- A3 Trade stimulates growth by directing resources into their most productive uses both within and across industries.  
answer: (a) across
- A4 An excessive regulatory burden will prevent this reallocation of resources from occurring, reducing the prospects for trade-generated growth.  
answer: (a) burden
- A5 However, complications can arise because of interest groups that stand to lose in a more flexible environment.  
answer: (c) stand
- A6 Some of the steps that heavily regulated economies need to take are easy and inexpensive; for example, it does not cost much to reduce excess procedures for registering a new business.  
answer: (b) heavily
- A7 New technologies can also facilitate deregulation, such as implementing online registration systems.  
answer: (b) facilitate
- A8 The success of openness depends on whether firms can adjust quickly to the new conditions imposed by international competition.  
answer: (a) imposed
- A9 Doing well in the areas of public infrastructure, governance and ease of firm entry clearly correlates with stronger trade-related growth, suggesting that countries may need to simultaneously undertake reform in several areas in order to benefit from trade openness.  
answer: (c) undertake
- A10 An analysis to help identify the areas requiring reform helps design a policy package tailored for a particular country, as opposed to a(n) 'one-size-fits-all' approach.  
answer: (d) one-size-fits-all

*A Quick History of Advertising*

- A1 Encarta's History of Advertising notes that archaeologists have found evidence of advertising dating back to the 3000s BC, among the Babylonians.  
answer: (b) archaeologists
- A2 One of the first known methods of advertising was the outdoor display, usually an eye-catching sign painted on the wall of a building.  
answer: (b) eye-catching
- A3 An outdoor advertisement excavated in Rome offers property for rent, and one found painted on a wall in Pompeii calls the attention of travelers to a tavern.  
answer: (a) excavated
- A4 In medieval times word-of-mouth praise of products gave rise to a simple but effective form of advertising, the use of so-called town criers.  
answer: (b) criers
- A5 These were citizens who read public notices aloud and were also employed by merchants to shout the praises of their wares.  
answer: (c) praises
- A6 Although graphic forms of advertising appeared early in history, printed advertising made little headway until the invention of the movable-type printing press by German printer Johannes Gutenberg about 1450.  
answer: (b) headway
- A7 In the United States, the advertising profession began in Philadelphia, Pennsylvania, in 1841, when Volney B. Palmer set up shop as an advertising agent, the forerunner of the advertising agency.  
answer: (b) set
- A8 The introduction of radio created a new opportunity and by the end of the 1920s, advertising had established itself in radio to such a(n) extent that advertisers were producing many of their own programs.  
answer: (b) extent
- A9 The early 1930s ushered in dozens of radio dramatic series that were known as soap operas because they were sponsored by soap companies.  
answer: (c) ushered
- A10 Television had been introduced in 1940, but because of the high cost of TV sets and the lack of programming, it was not immediately embraced.  
answer: (a) embraced

*Hedge Funds*

- A1 A hedge fund is a fund that sells some stocks short, and buys other stocks long; with this technique, the overall value of buying and selling balances out, thereby eliminating heavy losses due to large market swings.  
answer: (d) swings
- A2 The term hedge fund refers to the practice of balancing out transactions to ensure that a profit can still be made in any market turning, which distinguishes them from the spate of other fund strategies that sprang up at the beginning of the 21st century.  
answer: (b) spate
- A3 Profit gains in a hedge fund rely on the choosing of appropriate stocks and acting on them at the most opportune moment.  
answer: (c) opportune
- A4 Stock pioneer Alfred Winslow Jones used borrowed money to inject his funds with additional capital (leverage), and charged an incentive fee to his customers to place their money in his fund.  
answer: (c) inject
- A5 For the most part, the term hedge fund now refers to any mostly unregulated fund using unconventional methods of investing.  
answer: (d) unconventional
- A6 Some common hedge fund strategies include trading stock options and bonds, the purchase or sale of highly undervalued securities, and arbitrage.  
answer: (d) arbitrage
- A7 Unlike mutual funds, hedge funds are very lightly regulated, and so can keep their actions relatively secret.  
answer: (c) lightly
- A8 This secrecy makes it difficult to predict actual numbers for hedge funds, but estimates for 2003 were over US \$650 billion under hedge fund management.  
answer: (c) under
- A9 Hedge funds are subject to the same prohibitions against fraud as are other market participants, and their managers have the same fiduciary duties as other investment advisers.  
answer: (b) fiduciary
- A10 Only accredited investors and qualified purchasers may invest in them — those who have incomes of over \$200,000 per year or a net worth of over \$1 million, or those who already have at least \$5 million in investments.  
answer: (d) worth

*The Victorian Apprentice (1)*

- A1 From 'The Dictionary of Daily Wants', 1858-1859: 'Apprentice' signifies a person who is bound by indenture to serve a master for a certain term, and receives in return for his services instruction in his master's profession, art, or occupation.  
answer: (b) indenture
- A2 Apprentices and masters are equally bound to perform their portion of the contract towards each other; and if the master neglect to teach the apprentice his business, is liable to be summoned before a magistrate to answer the complaint against them.  
answer: (d) summoned
- A3 A master cannot legally compel his apprentice to work an unreasonable length of time.  
answer: (a) compel
- A4 There is no specific duration marked out by law, but doubtless the habitual employment of an apprentice for more than twelve hours daily (exclusive of meal times) would be deemed unreasonable.  
answer: (c) deemed
- A5 When an assignment is made of a trader's effects, the apprentice may form part of the assignment and he is bound to serve him to whom he is transferred in all respects the same as his original master.  
answer: (a) effects
- A6 In cases of dissolution of partnership, the apprentice is bound to serve the remaining members of the firm, just as though the partnership remained intact.  
answer: (d) dissolution
- A7 When the master dies the apprenticeship is at an end, for the contract is held to be a personal one between master and servant.  
answer: (a) at an
- A8 If there be any covenant for maintenance in the contract, the executor of the deceased master is bound to make provision for the same so far as the assets will allow.  
answer: (c) covenant
- A9 A master may administer reasonable corporal chastisement to his apprentice, but he cannot discharge him.  
answer: (a) administer
- A10 If an apprentice enters another person's service, his master is entitled to his earnings, and he may bring an action against the persons who enticed him away.  
answer: (b) enters

*The Victorian Apprentice (2)*

- A1 From 'The Dictionary of Daily Wants', 1858-1859: As apprenticing has the most important influence upon success in life, it ought to be exercised by parents and guardians with the most scrupulous care and discretion.  
answer: (d) scrupulous
- A2 In apprenticing a youth, it is not alone sufficient that he should learn a trade from which good earnings may afterwards be derived, but that the trade selected should be in accordance with his taste, and also conformable to his mental and physical capacity.  
answer: (b) conformable
- A3 It may be said that a boy does not know his own mind, and that it is consequently idle to consult him upon a subject when his seniors are better qualified to judge.  
answer: (b) know
- A4 But in the majority of cases, a boy will be found to give unmistakeable indications of the branch of mechanical employment upon which his mind is most bent and for which his hands will be consequently most fit.  
answer: (a) bent
- A5 If the boy is apprenticed to a trade of a totally opposite nature to that for which he has a predilection, the incessant struggle between natural desire and constrained duty will frequently entail failure and disappointment.  
answer: (d) predilection
- A6 Equally necessary is it that the mental and bodily faculties should be considered before apprenticeship.  
answer: (b) faculties
- A7 And it is also a species of cruelty to select for a youth of a weak and delicate constitution such a trade as is only adapted for the robust and hardy.  
answer: (c) robust
- A8 The premiums for apprenticeship are governed by no stated tariff, but as a general rule they are proportioned to the wages which the trade affords.  
answer: (b) affords
- A9 The amount of the premium, therefore, is a secondary consideration to the advantages which its outlay secures.  
answer: (d) secures
- A10 The usual term of apprenticeship is seven years, namely, from fourteen to twenty-one years of age, but that period of probation is not always necessary, and, generally speaking, it is optional to determine upon a shorter term.  
answer: (c) probation

*Current Liabilities*

- A1 In the normal course of trading with external vendors on credit terms, the University incurs current liabilities (i.e. accounts payable within 12 months).  
answer: (a) course
- A2 These accounts payable are subsequently extinguished by regular creditors payment runs.  
answer: (d) extinguished
- A3 Amounts owed to creditors which have not been paid or recorded at 31 December are accrued, and a liability is recorded in the general ledger; these are reversed in the following year.  
answer: (a) accrued
- A4 Procedures established in respect of incurring a liability through the procurement of goods and services are specified in Section 5, 'Expenditure', of the manual.  
answer: (d) respect
- A5 The University is bound by legislation and industrial awards to provide its employees with various entitlements accumulated as a result of the rendering of their services to the University.  
answer: (c) rendering
- A6 Liabilities arising from the accumulation of employee entitlements are recognised in the financial statements.  
answer: (b) arising
- A7 Staff who commenced employment with the University prior to 1 April 1961 are entitled to receive a gratuity on retirement at age 55 years or later, or on death.  
answer: (c) age 55 years
- A8 In accordance with The University Act of 1998, the Senate, in the name of and on behalf of the University, may borrow funds by way of loan or overdraft from any bank or other financial institution.  
answer: (b) name
- A9 Borrowings will only be undertaken in exceptional circumstances where operating or research funds are not sufficient to satisfy existing funding requirements.  
answer: (b) satisfy
- A10 A current liability arises where students pay a refundable deposit on locker keys, laboratory equipment, slide boxes, accommodation, etc. to a School.  
answer: (a) deposit

*Global Capital Management*

- A1 Rainer Rauleder and Therese Hockey, two Deutsche Bank Treasury managers, here outline practical approaches in dealing with issues relating to allocation and investment of the bank's capital, performance measurement of regional businesses, and regulatory compliance across multiple regimes.  
answer: (a) performance
- A2 Sunrise in Auckland and another business day begins at Deutsche Bank, where members of the Treasury team located in the Asia-Pacific region take the baton from their colleagues in the Americas managing the bank's capital and balance sheet.  
answer: (a) baton
- A3 These regional managers, specialists in their local market conventions and regulatory requirements, work with the business divisions to optimize the return on the bank's capital.  
answer: (d) return
- A4 Later in the working day, the European members of the team based in the corporate center join with their colleagues to ensure that the practical matters of the localities are aligned with the bank's strategic global issues.  
answer: (c) matters
- A5 Like Deutsche Bank, banks the world over are pursuing the ultimate capital framework, which will optimize the mix of capital, adequately assess capital at risk, and maximize capital growth.  
answer: (c) over
- A6 These global banks are faced with an array of regulatory requirements, business practices, and infrastructural complexity, demanding a dynamic approach to ensure a sufficiently robust yet flexible framework.  
answer: (a) framework
- A7 What is meant by the term capital? — though a seemingly basic question, the notion of capital varies, depending on the perspective being considered.  
answer: (b) perspective
- A8 From an accounting standpoint, capital is just the shareholder equity as it is reported on the balance sheet.  
answer: (d) shareholder
- A9 The regulatory view of capital expands on this by allowing for the inclusion of hybrid capital instruments, usually accounted as liabilities, and then deducting purchased goodwill.  
answer: (d) allowing
- A10 While regulatory requirements will pose a constraint on the bank's businesses, they will not determine the internal allocation of capital.  
answer: (a) pose

*Price-based or Target Costing*

- A1 The target cost is a financial goal for the full cost of a product, derived from estimates of selling price and desired profit (which top management sets on the basis of firm strategy and financial goals).  
answer: (c) derived
- A2 Product selling price is constrained by the marketplace and is determined by analysis along the entire industry value chain and across all functions in a firm.  
answer: (a) constrained
- A3 Common to most target-cost applications is a belief that large-scale cost planning and reduction must occur early in the product life cycle.  
answer: (b) Common
- A4 However, Shank and Fisher believe there is no conceptual reason the methodology cannot be a value-added exercise applied to existing products during manufacturing.  
answer: (a) conceptual
- A5 They posit that if managers were to believe that, during manufacturing, only incremental (i.e., slight) change is possible, firms would likely miss significant strategic opportunities.  
answer: (b) posit
- A6 Shank and Fisher present a case study that demonstrates the relevance of target-costing techniques for a process-industry plant built in the 1890s that had been making largely the same products for fifty years.  
answer: (d) largely
- A7 The firm's managers, who had used a standard-cost system for many years, might have concluded that kaizen costing was most appropriate for this plant.  
answer: (a) kaizen
- A8 However, competitive realities necessitated a major strategic change that employed target costing as an important ingredient in cost-reduction efforts leading to strategic revitalization.  
answer: (c) ingredient
- A9 The standard cost concept essentially dropped out of the picture.  
answer: (b) picture
- A10 Because standard costing accepts the existing game rules and the existing value chain, the authors believe that fundamental cost breakthroughs are much more probable when using target costing.  
answer: (c) breakthroughs

*Transfer Pricing*

- A1 When one part of a multinational organisation in one country transfers (that is, sells) goods, services or know-how to another part in another country, the price charged for these goods or services is called 'transfer price'.  
answer: (c) sells
- A2 According to Manfred Davidmann, this may be a purely arbitrary figure, meaning by this that it may be unrelated to costs incurred, to operations carried out, or to added value.  
answer: (d) arbitrary
- A3 In other words, it is possible for a multinational company to minimise its liability for corporation tax by transfer pricing.  
answer: (c) liability
- A4 This is done without any change to procedures, operations or added value; it is done by merely changing book entries.  
answer: (c) entries
- A5 This tax avoidance is legal until governments legislate to prevent this practice.  
answer: (b) avoidance
- A6 If a multinational has increased its profits by this method, then the government, whose expenses have not changed, must make up this shortfall elsewhere.  
answer: (c) shortfall
- A7 Its citizens pay more tax, the government can spend the same amount as before, and the multinational's profits have increased: in other words, the multinational's increased profits arise from money which is in effect collected by the government from its taxpayers.  
answer: (b) effect
- A8 This is a matter far removed from earning reasonable profits on needed quality goods and services at reasonable prices in open competition with other corporations.  
answer: (d) removed
- A9 It seems that at times some top US companies pay no federal income tax at all or obtain an overall rebate.  
answer: (c) rebate
- A10 Multinationals need to be made accountable to elected representatives of the people, for their policies and for acting for or against the national interest.  
answer: (c) interest

*Internal Controls*

- A1 Senior executives have long sought ways to better control the enterprises they run.  
answer: (b) sought
- A2 Internal controls are put in place to keep the company on course toward profitability goals and achievement of its mission, and to minimize surprises along the way.  
answer: (d) place
- A3 They enable management to deal with rapidly changing economic and competitive environments, shifting customer demands and priorities, and restructuring for future growth.  
answer: (a) enable
- A4 Internal control is looked upon more and more as a solution to a variety of potential problems.  
answer: (d) upon
- A5 This report defines and describes internal control to provide a standard against which business and other entities can assess their control systems and determine how to improve them.  
answer: (a) against
- A6 Internal control is broadly defined as a process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in several categories.  
answer: (c) effected
- A7 The first category, effectiveness and efficiency of operations, addresses an entity's basic business objectives, including performance and profitability goals and safeguarding of resources.  
answer: (a) addresses
- A8 The second, reliability of financial reporting, relates to the preparation of reliable published financial statements, including interim and condensed financial statements and selected financial data derived from such statements, such as earnings releases, reported publicly.  
answer: (d) derived
- A9 The third, compliance with applicable laws and regulations, deals with complying with those laws and regulations to which the entity is subject.  
answer: (a) subject
- A10 While internal control is a process, its effectiveness is a state or condition of the process at one or more points in time.  
answer: (a) in

*Internal Control Activities*

- A1 Control activities are the policies and procedures that help ensure management directives are carried out.  
answer: (a) directives
- A2 Control activities occur throughout the organization, at all levels and in all functions, and include a range of activities as diverse as approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties.  
answer: (d) diverse
- A3 Pertinent information must be identified, captured and communicated in a form and time frame that enable people to carry out their responsibilities.  
answer: (c) Pertinent
- A4 Information systems produce reports containing operational, financial and compliance-related information that make it possible to run and control the business.  
answer: (d) related
- A5 They deal not only with internally generated data, but also information about external events, activities and conditions necessary to informed business decision-making and external reporting.  
answer: (d) informed
- A6 Internal control systems need to be monitored — a process that assesses the quality of the system's performance over time.  
answer: (c) over
- A7 Internal control deficiencies should be reported upstream, with serious matters reported to top management and the board.  
answer: (d) upstream
- A8 There is synergy and linkage among these components, forming an integrated system that reacts dynamically to changing conditions; the internal control system is intertwined with the entity's operating activities.  
answer: (d) intertwined
- A9 Internal control is most effective when controls are built into the entity's infrastructure and are a part of the essence of the enterprise.  
answer: (c) essence
- A10 In sum, internal control can help an entity get to where it wants to go, and avoid pitfalls and surprises along the way.  
answer: (b) pitfalls

*Business Software Competitors*

- A1 Brian Moran writes in SQL Server Magazine (March 2005) that an interesting battle is taking shape between Microsoft and Oracle, two titans of the database world, and the prize is business-application software.  
answer: (c) shape
- A2 Pricing for databases and prices for high-end business-application software can be inexorably entwined when a vendor controls both the business layer software and the database.  
answer: (b) inexorably
- A3 Vendors who sell both have a lot more margin to play with and can be a lot more creative about how they price a total package for customers.  
answer: (c) play
- A4 Microsoft and Oracle are fierce competitors in the database space; competition in other areas inevitably has an effect on their database competitions.  
answer: (c) fierce
- A5 Earlier this year, Oracle (the second largest provider of business application software) merged with PeopleSoft (the third largest provider), which had already swallowed J. D. Edwards (another major provider) back in 2003.  
answer: (d) swallowed
- A6 SAP is still the dominant provider, but Oracle's PeopleSoft acquisition is intended to grow the company's flagging application division.  
answer: (a) flagging
- A7 So a series of acquisitions has led to a(n) oligopoly in which SAP and Oracle share market leadership in the world of business application software.  
answer: (d) oligopoly
- A8 At the same time, Microsoft has been making slow but steady strides in building its own competitive offerings in this space.  
answer: (b) making
- A9 Microsoft has been on a buying spree since its purchase of Great Plains several years ago, acquiring Solomon and several other niche companies to stitch together the Microsoft Business Solutions Business Group.  
answer: (d) spree
- A10 The competition between Microsoft and Oracle isn't only about business software; both companies are striving to be platform companies.  
answer: (d) striving

*Electronic Tax Records*

- A1 Tax authorities throughout the world want organizations to maintain records, regardless of form or media, that are true and accurate, legible, accessible, and retained for as long as they are needed for tax purposes.  
answer: (c) retained
- A2 However, electronic records pose certain risks not generally encountered with manual, paper-based recordkeeping.  
answer: (b) pose
- A3 In Draft Taxation Ruling 97/D4, the Australian Tax Office notes that electronic tax records (i.e., those required to compute a corporation's tax liability and to justify that liability to the government during tax audits) are subject to destruction, tampering and obsolescence.  
answer: (c) justify
- A4 Unauthorized tampering may compromise their integrity as true and accurate records.  
answer: (a) compromise
- A5 DTR 97/D4 sets forth provisions prescribing the characteristics of electronic recordkeeping systems required to make computerized accounting systems sufficient for tax purposes.  
answer: (d) provisions
- A6 Records processed and kept electronically must be in a form which ATO staff can access and understand in order to ascertain a company's tax liability.  
answer: (a) ascertain
- A7 Businesses operating computerized accounting systems must have in place adequate controls to safeguard the security and integrity of the records processed and retained in such systems.  
answer: (b) in place
- A8 The level of controls must be sufficient to demonstrate that the records retained in the computer system are secure and accurate.  
answer: (a) demonstrate
- A9 The ruling provides that any tax records using this technology must be stored for the statutory period of five years.  
answer: (d) statutory
- A10 In the new tax ruling, the ATO's position is that the general principles governing records processed and kept in an EDI (electronic data interchange) environment are the same as those for a normal computerized accounting system.  
answer: (c) position

*Accounting Information Systems*

- A1 Accounting information systems are a vital part of an organization's day-to-day operations.  
answer: (d) vital
- A2 Prices can vary from customized multimillion dollar systems to prepackaged software that costs less than \$100.  
answer: (c) prepackaged
- A3 Customization allows for a good fit to the business's needs, smooth interfacing with other internal systems, and the ability to implement special security measures.  
answer: (c) interfacing
- A4 Advantages of non-custom software include low cost, immediate availability, quality, documentation on data flow, good compatibility with external systems, and support from the vendor.  
answer: (c) support
- A5 Disadvantages include lack of features, paying for unwanted features, and risk of vendor availability.  
answer: (d) unwanted
- A6 Good accounting systems allow users to run informal reports such as aged accounts receivable or to keep track of inventory.  
answer: (a) aged
- A7 Accounting systems have to track transactions in three business processes: order entry/sales, billing/accounts receivable/cash receipts, and purchasing/accounts payable/cash.  
answer: (c) transactions
- A8 The order entry/sales process captures sales data and records the information.  
answer: (a) captures
- A9 This process starts with a customer order, which initiates a credit check.  
answer: (b) check
- A10 After the customer is approved, the sales order department must let the warehouse know what goods to pick, and the shipping department needs to know that an order has been placed.  
answer: (c) placed

*Global Protocol Advertisement*

- A1 Global Protocol's seminars and training will give you the techniques for projecting confidence through the way you present yourself and for controlling a variety of difficult business situations with ease.  
answer: (d) projecting
- A2 Our techniques have a proven track record and will teach you how to inspire, lead, and succeed.  
answer: (d) track
- A3 The Global Protocol team delivers personal enhancement techniques that leverage years of experience.  
answer: (d) enhancement
- A4 This expertise ensures that each of our clients embarks from our program with a powerful set of skills to navigate today's diverse workplace and thrive in our global economy.  
answer: (b) embarks
- A5 Through our individual and group training, hundreds of companies and thousands of individuals have reaped the benefits gained from knowing appropriate business behavior and protocol and having a confident, powerful presence.  
answer: (c) reaped
- A6 Knowing and utilizing the proper code of conduct with the right professional demeanor will prepare anyone for any situation.  
answer: (b) demeanor
- A7 Our mission at Global Protocol, Inc. is to provide both the foundation and the framework for success by building each participant's confidence and self-esteem, thereby improving morale and productivity and encouraging teamwork and integrity.  
answer: (c) esteem
- A8 By teaching behavior modification, personal presentation, and business protocol, Global Protocol has established itself as the premier resource for personal performance improvement and leadership development.  
answer: (b) premier
- A9 Our Topic Specialists, because they are experts in their field, add another dimension that helps our programs meet the needs of the marketplace, keeping them up to date and timely with the latest information on each given topic.  
answer: (a) dimension
- A10 Tip: when faced with uncertainty, make the decision that is in the best interest of the other individual and demonstrates good form.  
answer: (d) interest

*The Global Financial Environment (1)*

- A1 Timothy F. Geithner, CEO of the New York Reserve Bank, remarks (March 2006) that we are in the midst of another wave of global economic and financial integration.  
answer: (d) wave
- A2 Stronger real and financial linkages across nations have the potential to significantly raise the prospects for long-run world growth.  
answer: (d) linkages
- A3 The ensuing development of the market sector in emerging market and developing economies offers probably the most powerful means available for raising income growth and living standards in a very large share of the world's population.  
answer: (a) ensuing
- A4 These changes, and the complementary advances in technology, offer the prospect of more productive and stable real economies.  
answer: (a) complementary
- A5 The increase in the ties between national financial systems and the increase in capital flows across borders, allow risks to be shared more broadly and capital to flow to where the returns are highest.  
answer: (a) highest
- A6 This process of integration has, of course, a range of implications for policymakers.  
answer: (a) implications
- A7 The benefits of integration over time are powerful and compelling for all economies.  
answer: (c) compelling
- A8 Economic integration may make the principal job of central banks easier, by contributing to productivity growth and reducing inflation pressure, at least during the transition when a large share of the working age population of the world is being brought into the market.  
answer: (a) brought
- A9 Our understanding of how these changes affect our capacity to forecast economic activity and inflation and our ability to assess how monetary policy affects the economy almost certainly lags the changes underway.  
answer: (d) lags
- A10 As the world progresses toward increasingly integrated financial and goods markets, other things being equal, one might expect to see an increase in the number of countries with surpluses or deficits, as flows of both financial assets and goods work to equalize desired saving and investment around the world.  
answer: (a) equal

*The Global Financial Environment (2)*

- A1 Timothy F. Geithner, CEO of the New York Reserve Bank (March 2006) focuses on two features of what is happening in the world economy and financial markets today, which are among the most interesting and consequential questions we face today.  
answer: (b) face
- A2 These are, first, the behavior of forward interest rates in financial markets, and, second, the pattern of external imbalances.  
answer: (b) behavior
- A3 These features are interesting, in part, because they seem somewhat anomalous, or inconsistent with what the past has led us to expect.  
answer: (b) anomalous
- A4 Understanding the forces behind these phenomena is important to thinking through what they mean for policy.  
answer: (d) through
- A5 The source of the relatively low level of nominal rates is still a matter of considerable debate.  
answer: (c) considerable
- A6 The other surprising feature of the current economic environment is the pattern of global imbalances, and the size and persistence of the U.S. current account deficit.  
answer: (c) persistence
- A7 As Alan Greenspan has explained, the greater dispersion in external imbalances can be seen as the inevitable result of fundamentally healthy changes in the world economy.  
answer: (a) inevitable
- A8 If one were confident that observed imbalances reflected an efficient allocation of the world's saving to its most productive uses, then we might also expect these imbalances to resolve themselves through smooth and gradual adjustments in relative prices and flows of goods and services.  
answer: (d) resolve
- A9 We do not yet live in a world of perfect capital mobility, one in which savings move across borders to their most productive use without constraint in the form of capital controls or without distortions affecting the behavior of private actors.  
answer: (a) mobility
- A10 Recognizing this is important to understanding both why the U.S. imbalance has grown as large as it has and, perhaps more importantly, why it has been financed with such apparent ease despite obvious concerns about its sustainability.  
answer: (a) Recognizing

*Dividends*

- A1 Dr. Sharon Garrison explains that the term 'dividend' usually refers to a cash distribution of earnings; if it comes from other sources, it is called 'liquidating dividend'.  
answer: (d) distribution
- A2 The dividend may be a signal to the public of the management's anticipations for future policy of the firm and prospects.  
answer: (d) prospects
- A3 Companies that have a long-standing history of stable dividend payouts would be negatively affected by lowering or omitting dividend distributions.  
answer: (d) long-standing
- A4 According to the proponents of the no-dividend policy, a company's alternatives to paying out excess cash as dividends are the following: undertaking more projects, repurchasing the company's own shares, acquiring profitable assets, and reinvesting in financial assets.  
answer: (c) proponents
- A5 Once the company decides on whether to pay dividends, they may establish a(n) somewhat permanent dividend policy, which may in turn impact on investors and perceptions of the company in the financial markets.  
answer: (d) somewhat
- A6 Dividends are payments made to stockholders from a firm's earnings, whether those earnings were generated in the current period or in previous periods.  
answer: (b) generated
- A7 Dividends may affect capital structure, because financing with earnings is cheaper than issuing new common equity.  
answer: (d) structure
- A8 The Dividend Irrelevance Theory purports that a firm's dividend policy has no effect on either its worth or its cost of capital: investors value dividends and capital gains equally.  
answer: (d) value
- A9 The hypothesis for dividend policy irrelevance is based on the assumptions of 1) perfect capital markets; 2) rational behavior on the part of participants in the market; 3) certainty about the investment policy of the firm; and 4) managers that act as perfect agents.  
answer: (a) rational
- A10 For dividend policy to matter, one or more of these assumptions cannot hold.  
answer: (c) matter

*Tort Law*

- A1 Torts are civil wrongs recognized by law as grounds for a lawsuit.  
answer: (d) grounds
- A2 These wrongs result in harm constituting the basis for a claim by the injured party.  
answer: (d) injured
- A3 While some torts are also crimes punishable with imprisonment, the primary aim of tort law is to provide relief for the damages incurred and deter others from committing the same harms.  
answer: (a) relief
- A4 The plaintiff may sue for an injunction to prevent the continuation of the tortious conduct or for monetary damages.  
answer: (a) an injunction
- A5 There are numerous specific torts, including trespass, assault, battery, products liability, and intentional infliction of emotional distress.  
answer: (b) infliction
- A6 Torts fall into three general categories: intentional torts (e.g., intentionally hitting a person); negligent torts (e.g. causing an accident by failing to obey traffic rules); and strict liability torts (e.g. liability for making and selling defective products).  
answer: (b) negligent
- A7 Damages, in a legal sense, is the sum of money the law imposes for a breach of some duty or violation of some right.  
answer: (a) breach
- A8 Compensatory damages, as the name suggests, are intended to redress the loss or injury.  
answer: (a) Compensatory
- A9 Punitive damages are awarded to punish a wrongdoer.  
answer: (d) Punitive
- A10 There are other modifying terms placed in front of the word 'damages', like 'liquidated damages' (contractually established damages) and 'nominal damages' (where the court awards an amount such as one dollar).  
answer: (c) nominal

*Products Liability Law*

- A1 Products liability refers to the liability of any or all parties along the chain of manufacture of any product for damage caused by that product.  
answer: (a) chain
- A2 This includes the manufacturer of component parts, the assembling manufacturer, the wholesaler, and the retail store owner.  
answer: (c) component
- A3 Products containing inherent defects that cause harm to a consumer of the product, or someone to whom the product was loaned, given, etc., are the subjects of products liability suits.  
answer: (b) inherent
- A4 While products are generally thought of as tangible personal property, products liability has stretched that definition to include intangibles (gas), naturals (pets), real estate (house), and writings (navigational charts).  
answer: (c) stretched
- A5 Many states have enacted comprehensive products liability statutes.  
answer: (b) enacted
- A6 While the product might serve its purpose well, it can be unreasonably dangerous to use due to a design defect.  
answer: (a) serve
- A7 On the other hand, manufacturing defects occur during the construction or production of the item; only a few out of many products of the same type are flawed in this case.  
answer: (c) flawed
- A8 Defects in marketing deal with improper instructions and failures to warn consumers of latent dangers in the product.  
answer: (a) latent
- A9 Translated to products liability terms, a defendant is liable when it is shown that the product is defective.  
answer: (d) liable
- A10 When a person fails to exercise the care that a reasonable, prudent person would exercise under the same circumstances, that person is open to prosecution.  
answer: (c) prudent

*Detecting Competition*

- A1 Mark Hennricks in Entrepreneur magazine (December 1999) warns that you should not count on friendly competition; if you do, your rivals might just steal your customers from under your nose.  
answer: (c) nose
- A2 Potential competitors for Sparks.com, an online retailer of real greeting cards, run the gamut, from the corner gift shop to Amazon.com.  
answer: (b) gamut
- A3 That awareness was brought home during a recent meeting with executives of another company, supposedly to explore setting up a strategic alliance with Lindau's 70-person firm.  
answer: (a) brought
- A4 "One of them laid down a briefcase and out popped one of our business plans from a year ago, which they had clearly obtained through channels we had not intended," recalls Lindau.  
answer: (b) channels
- A5 "Someone to whom we had given a confidential copy of our business plan had shared it with our competition."  
answer: (b) confidential
- A6 Query vendors, customers, consultants and others who do business with companies in and around your field to find out if and when new competitors are likely to emerge.  
answer: (a) do
- A7 Lindau says venture capitalists represent a fruitful source for competitive information for her because due diligence requires investors to research related businesses before backing a company.  
answer: (c) diligence
- A8 Companies that occupy spots on your value chain often understand your business and customers well enough to become potent rivals.  
answer: (d) potent
- A9 Carefully scrutinize firms that have mastered technology similar to yours, even if they appear to operate in distant sectors.  
answer: (d) scrutinize
- A10 No one wins every sale, but if you start to lose sales to companies you've never heard of, you may be witnessing the birth of new and unexpected competitors, and your early warning system may be faulty.  
answer: (d) witnessing

*Globalization in Aviation*

- A1 Globalization is illustrated in aviation by commercial, marketing and technical alliances amongst airlines, in some cases involving ownership and control issues beyond national boundaries, while transnationalization means airlines going 'offshore', that is locating parts of their operations outside their national base.  
answer: (a) offshore
- A2 One factor affecting civil aviation is the emergence of regional and sub-regional blocs, which provide vehicles for sharing of some of the safety responsibility in a common localized geographic approach.  
answer: (c) vehicles
- A3 Another factor is the blurring of sectoral boundaries: developments in economic activity have led to a lessened distinction between the boundaries of responsibilities of regulatory authorities at national, regional and global levels alike.  
answer: (b) blurring
- A4 This can lead to evasion of labour, competition and, most importantly, safety regulation, in the absence of adequate safeguards, particularly when the international dimension is added.  
answer: (a) evasion
- A5 One very significant trend in recent years is the commercialization of service providers, including the handing over of airport and other air navigation facilities and services by governments to autonomous authorities or even to the private sector.  
answer: (d) autonomous
- A6 The commercialization of such provision therefore necessitates both prescribed delegation of operational functions of governments and changed regulatory functions of governments.  
answer: (a) prescribed
- A7 Civil aviation is unique in that it remains regulated at the international level largely by bilateral agreements between governments, but several regional and subregional air services agreements are already in place and others are under consideration.  
answer: (a) bilateral
- A8 Economic liberalization is being fostered transnationally by the Organization for Economic Co-operation and Development as well as globally by the World Trade Organization which is responsible for the General Agreement on Trade in Services.  
answer: (b) fostered
- A9 A factor which is having an increasing impact on civil aviation, and one which is likely to grow in importance in the future is environmental consciousness.  
answer: (c) consciousness
- A10 There is increasing recognition of and response to environmental concerns, and a perception that the aviation sector may be contributing unduly to both existing and emerging problems.  
answer: (c) unduly

*Interpersonal Skills*

- A1 A leader has the ability to influence others through qualities such as personal charisma, expertise, command of language, and the creation of mutual respect — all of which require strong interpersonal skills.  
answer: (b) charisma
- A2 Interpersonal skills include the ability to read and manage the emotions, motivations, and behaviors of oneself and others during social interactions or in a social-interactive context.  
answer: (b) read
- A3 Those who have interpersonal skills are able to manage their behavior during social interactions and align their goals to the goals of others during collaborative activities.  
answer: (b) collaborative
- A4 They are able to empathize and are sensitive to the needs of others and to the forces that shape the way that others feel and behave.  
answer: (d) shape
- A5 They manage conflict effectively by devising win-win solutions, constructively influencing the behavior of others, and using effective communication and persuasive strategies.  
answer: (d) persuasive
- A6 Many have wondered how it happens that persons with high IQs don't always land the top jobs: the answer often lies in interpersonal skills.  
answer: (a) land
- A7 Modern teamwork often brings together individuals from diverse groups who may not share common norms, values, or vocabularies but who do offer unique expertise, insights, and perspectives.  
answer: (d) vocabularies
- A8 E-mail, voice mail, audioconferencing and videoconferencing, and the myriad other technologies that enable individuals to communicate with each other not only increase the ways in which individuals can interact but also require a heightened sensitivity to the nuances of interpersonal interactions.  
answer: (c) nuances
- A9 This idea is particularly true in the worlds of virtual learning and virtual communication, where one cannot yet use hand gestures, facial expressions, or body language to fully express ideas.  
answer: (a) language
- A10 The challenge is to perfect interpersonal skills not only in face-to-face interactions but in virtual interactions as well.  
answer: (a) perfect

*Electronic Commerce (1)*

- A1 This paper by Derek Miers received critical acclaim when it was published in 1996, and the issues highlighted are just as relevant today.  
answer: (a) acclaim
- A2 Over recent years information technology has experienced an unprecedented degree of change, enabling the transformation of the basic mechanisms of business.  
answer: (d) mechanisms
- A3 Within the next years we will see the emergence of secure, cost-effective electronic payment systems to augment these technologies.  
answer: (c) augment
- A4 Those waiting for clear signs of this new age before acting will forever be destined to observe from the sidelines.  
answer: (d) sidelines
- A5 The fundamental opportunity offered by the Internet is for suppliers to gain direct access to consumers without the attendant costs associated with the maintenance of physical distribution channels-- people, bricks and mortar.  
answer: (c) mortar
- A6 Markets and marketing concepts will change radically, driven by those companies who successfully rise to the challenge.  
answer: (b) rise to
- A7 11th-century Europe saw the emergence of credit-based banking systems and financial instruments such as bills of exchange, and these concepts remain with us, in their modified form, to this day.  
answer: (c) to this day
- A8 These basic concepts underpin all modern forms of commerce.  
answer: (c) underpin
- A9 The rise of the Internet since the advent of the World Wide Web has provided an easy-to-use communication channel for businesses to contact current and potential customers.  
answer: (a) advent
- A10 The emergence of the Internet as a general communication channel has also given rise to the possibility of widespread electronic commerce.  
answer: (b) rise

*Reverse Marketing*

- A1 Fast technological developments, growing globalisation of markets and higher customer requirements have resulted in cutthroat competition in many consumer and industrial markets.  
answer: (b) cutthroat
- A2 Emergent global markets are populated by stateless companies that try to position themselves as local firms by emphasizing local content.  
answer: (d) stateless
- A3 In this continuously changing world, the importance of price is being reduced and quality becomes a significant means of realizing sustainable competitive advantage.  
answer: (d) realizing
- A4 Leenders and Blenkhorn (1988) introduced the term 'reverse marketing' for an aggressive kind of purchasing that they had encountered in the U.S. and Japan.  
answer: (d) encountered
- A5 Reverse marketing describes how Purchasing actively identifies potential suppliers and offers suitable partners a proposal for long term collaboration.  
answer: (d) suitable
- A6 Successful reverse marketing requires a concerted effort.  
answer: (b) concerted
- A7 The upgraded demands and reduced supplier roster lead to the substitution of traditional arm's-length relationships by close and long term partnerships, characterized by mutual trust and interdependence and mutual benefits.  
answer: (a) arm's-length
- A8 The current development of the purchasing function shows remarkable similarities to the development of the marketing concept.  
answer: (d) remarkable
- A9 This conceptual parallel between purchasing and marketing can also be found within individual firms.  
answer: (c) parallel
- A10 Purchasing and marketing are basically comparable activities directed at facilitating exchange transactions and relationships with external parties; accordingly, the purchaser's and marketer's tools and methods are more similar than might be expected at first glance.  
answer: (c) glance

*Natural Gas Resources*

A1 Alan Greenspan (June 2003) states that in recent months, in response to very tight supplies, prices of natural gas have increased sharply.

answer: (d) tight

A2 Working gas in storage is currently at very low levels relative to its seasonal norm because of a colder than average winter and a seeming inability of increased gas well drilling to significantly augment net marketed production.

answer: (d) a seeming

A3 Canada, our major source of imported natural gas, has had little room to expand shipments to the United States, and our limited capacity to import liquefied natural gas (LNG) effectively restricts our access to the world's abundant supplies of gas.

answer: (b) little room

A4 Our inability to increase imports to close a modest gap between North American demand and production is largely responsible for the marked rise in natural gas prices over the past year.

answer: (a) close

A5 Competitive crude oil prices, after wide gyrations related to the war in Iraq, are now only slightly elevated from a year ago, and where spot markets for natural gas exist, prices exhibit little change from a year ago.

answer: (a) gyrations

A6 Today's natural gas markets have been a long time in coming, and futures prices suggest that we are not apt to return to earlier periods of relative abundance and low prices any time soon.

answer: (b) apt

A7 It was little more than a half-century ago that drillers seeking valuable crude oil bemoaned the discovery of natural gas.

answer: (a) bemoaned

A8 Given the lack of adequate transportation, wells had to be capped or the gas flared.

answer: (a) capped

A9 Natural gas consumption by 1970 had risen to three-fourths of that of oil, but its consumption lagged in the following decade because of competitive incursions from coal and nuclear power.

answer: (c) incursions

A10 Increased marginal supplies from abroad, while likely to notably damp the levels and volatility of American natural gas prices, would expose us to possibly insecure sources of foreign supply, as it has for oil.

answer: (a) damp

*Canada's Monetary Policy*

- A1 Monetary policy is concerned with how much money circulates in the economy, and what that money is worth.  
answer: (a) circulates
- A2 The cornerstone of the Bank of Canada's monetary policy framework is its inflation-control system, the goal of which is to keep inflation near 2 per cent.  
answer: (b) cornerstone
- A3 Inflation is a persistent rise over time in the average price of goods and services.  
answer: (b) persistent
- A4 This system provides a clear measure of the effectiveness of monetary policy, and increases the predictability of inflation.  
answer: (c) measure
- A5 When the level of demand for Canadian goods and services is strong, it can push the economy against the limits of its capacity to produce.  
answer: (d) strong
- A6 This tends to raise inflation above the midpoint, so the Bank will raise interest rates to cool off the economy.  
answer: (b) cool
- A7 When demand is weak, inflationary pressures are likely to ease.  
answer: (a) ease
- A8 The Bank will then lower interest rates to stimulate the economy and absorb economic slack.  
answer: (a) slack
- A9 The Bank carries out monetary policy by influencing short-term interest rates, and it does this by raising and lowering the target for the overnight rate, the interest rate at which major financial institutions borrow and lend one-day funds among themselves.  
answer: (d) themselves
- A10 The goal of Canadian monetary policy is to contribute to rising living standards for all Canadians through low and stable inflation.  
answer: (d) standards

*Australian Aboriginal Governance*

- A1 John Taylor's publication, 'Social Indicators for Aboriginal Governance', addresses the issue of how and whether current social and economic conditions in remote regions can be quantified to establish a baseline against which the impacts of policies might be measured.  
answer: (a) addresses
- A2 Two recent policy initiatives (one from the Council of Australian Governments, and one from the Northern Territory Government) raise the need for such a question.  
answer: (d) initiatives
- A3 Writing in 1971 on the cusp of change from the assimilationist years of welfare administration to the era of Indigenous self-management, Charles Rowley described the myriad mission and government settlements across remote Australia as instrumental in frustrating urbanisation.  
answer: (d) cusp
- A4 With the benefit of more than 30 years' hindsight, during which time Indigenous people have been free from the institutional and legislative shackles that governed their place of residence, Rowley's proposition is only partially upheld.  
answer: (d) shackles
- A5 The more striking and profound observation concerning Indigenous population distribution concerns the growth in size of remote Aboriginal towns alongside the increased dispersion of Aboriginal population to outstations on Aboriginal lands.  
answer: (b) alongside
- A6 Some contemporary opinion would lament this continuity of Indigenous rural settlement, seeking the means to socially engineer migration to urban areas.  
answer: (a) lament
- A7 It is interesting to compare such views with the current activities of Federal, State, and Territory governments, which appear increasingly prepared to respond to the reality of a growing Indigenous population in remote areas by seeking ways to enhance life chances and life quality in situ.  
answer: (a) situ
- A8 Such efforts are in line with a growing search for more efficient regionalism in Indigenous community governance.  
answer: (d) with
- A9 This study takes its cue from these policy directions.  
answer: (b) cue
- A10 Taylor closes with a note on cultural relevance, questioning whether the information obtained from an instrument such as census data, principally designed to establish the characteristics of mainstream Australian life, is in fact valid in this region.  
answer: (b) relevance

*First Nations Rights (1)*

- A1 In August of 1993, the authorities arrested Donald Marshall on three charges under the Fisheries Act: the selling of eels without a license, fishing without a license and fishing during the closed season with illegal nets.  
answer: (b) charges
- A2 The issue at trial, his defense, was the affirmation of a treaty right to catch and sell fish as found in the treaties of 1760-61 that he believed exempted him from compliance with the fishery regulations.  
answer: (a) compliance
- A3 The trial judge found him guilty.  
answer: (b) found
- A4 However, in September, 1999, the Supreme Court of Canada allowed his appeal and acquitted him on all charges.  
answer: (a) appeal
- A5 The court decided that Donald Marshall had a treaty right to secure a 'moderate livelihood' by hunting, fishing and gathering natural resources.  
answer: (c) secure
- A6 By affirming the treaty right of First Nation peoples to make a moderate livelihood from fishing, hunting and gathering, the people of Burnt Church attempted to exercise their legally-affirmed treaty right by fishing for lobster in September and October, 1999.  
answer: (b) exercise
- A7 This initiative was met with an unprovoked attack by non-native fishermen who cut lobster trap lines and destroyed \$210,000 (Canadian) worth of traps belonging to the people of Burnt Church.  
answer: (b) met
- A8 The Canadian government authorities, the Department of Fisheries and Oceans (DFO) and the Royal Canadian Mounted Police (RCMP), were dormant; no action was taken to prevent or stop the destruction of property or escalating levels of violence.  
answer: (b) dormant
- A9 An atmosphere of fear and anger emerged as violent threats, gun-toting, and assaults increased between native and nonnative people.  
answer: (b) gun-toting
- A10 One Mi'kmaq man was seriously injured during an altercation.  
answer: (b) altercation

*First Nations Rights (2)*

- A1 In November, after the destruction of the lobster traps, a clarification of the Marshall decision (see First Nations Rights Part 1) was drafted by the judges who dissented in the original decision.  
answer: (b) dissented
- A2 The Marshall judgment referred to the Court's principal pronouncements on the various grounds on which the exercise of treaty rights may be regulated.  
answer: (c) pronouncements
- A3 The paramount regulatory objective is conservation, and responsibility for it is placed squarely on the minister responsible and not on the aboriginal or non-aboriginal users of the resource.  
answer: (d) squarely
- A4 However, it also was stated that the Minister has an obligation to consult aboriginal people about limitations on treaty and aboriginal rights, and that any regulation should not infringe upon the right to earn a moderate livelihood.  
answer: (b) infringe
- A5 Following this clarification, the Department of Fisheries and Oceans limited the number of Burnt Church lobster traps to 600 and began to confiscate traps.  
answer: (a) confiscate
- A6 Sound justification for these limits was not provided to any of the concerned parties; the issue of conservation was simply stated as a justification but never demonstrated by the DFO.  
answer: (a) concerned
- A7 The Atlantic Policy Congress of First Nations Chiefs found the template of an offered agreement unsatisfactory in that it would have negative impacts on future treaty right rulings.  
answer: (d) template
- A8 The congress advised bands not to sign the agreement; nevertheless, the DFO managed to have 29 of 34 bands sign full or interim agreements.  
answer: (c) interim
- A9 To encourage signing, the DFO offered access to commercial and food fisheries, substantial monies, boats, gear, training, and fishery-related economic development initiatives.  
answer: (b) monies
- A10 Because the agreements are for communal licenses, it is believed by some that economic benefits will accrue to only a few people in the First Nations community.  
answer: (b) accrue

*Internal Communications*

- A1 According to the Government Communication Network (GCN), a plan for internal communications should be integrated into every communication strategy.  
answer: (b) integrated
- A2 Winning the support of internal stakeholders can be as important as reaching key external audiences, and will be vital to the success of your communication programme.  
answer: (c) stakeholders
- A3 Internal communications need exactly the same kind of analysis and strategy as external communications: there will be distinct audience groups who should be segmented, and the same processes of information collection and insight generation apply to internal as to external groups.  
answer: (b) segmented
- A4 Far from being the poor relative of external communication, internal communication performs a crucial role within government.  
answer: (c) relative
- A5 By engaging staff with the departmental vision and values so that they can apply them in their day-to-day work, it creates a culture that does two things: it improves policy delivery and it increases the chance of meeting departmental objectives.  
answer: (b) engaging
- A6 Organisations that have a strong communications function frequently outperform those that don't; private sector companies that communicate effectively have a 19.4 per cent higher market premium than companies that do not.  
answer: (a) outperform
- A7 As with external communications, it is not enough to have a tactical approach; every department should have an internal communications strategy that is developed, implemented and monitored according to industry best practice and the needs of staff.  
answer: (a) best
- A8 Printed or online surveys might be your first port of call when it comes to understanding communication needs within your department.  
answer: (b) call
- A9 Before selecting a research method, produce a brief that sets out clear objectives and explains what you are trying to achieve.  
answer: (a) brief
- A10 You might also need to set up a different dialogue with each team within your department to take on board cultural differences.  
answer: (a) board

*External Communications*

- A1 The first discussion by the Executive Board of the International Monetary Fund (IMF), in July 1998, called for preserving and enhancing the IMF's credibility, including by providing more information to the public, extending the reach of IMF communications, and engaging critics more effectively.  
answer: (d) reach
- A2 A second Board discussion, in February 2000, considered plans to strengthen IMF external communications, including recommendations that they develop a strategy comprising a clearer message, sharper focus and improved coordination of the IMF's public output, and more proactive external communications.  
answer: (d) sharper
- A3 The IMF's external communications strategy has also been shaped by Board decisions to expand transparency by publishing staff country reports (when the country concerned agrees) and many other Board documents, and Public Information Notices, shortly after Board discussions.  
answer: (d) transparency
- A4 The Executive Directors took stock of the progress achieved in recent years in increasing the IMF's openness and enhancing its responsiveness to outside views, including concerns and criticism.  
answer: (d) stock
- A5 Directors felt that the current relatively high media visibility of the IMF offers a valuable opportunity to enhance the implementation of its external communications strategy.  
answer: (c) visibility
- A6 They observed that, although the work of the IMF — based on its mandate to safeguard the macroeconomic and monetary foundations of economic growth — is vital to economic welfare and rising living standards worldwide, much of its work tends to attract controversy.  
answer: (d) mandate
- A7 This is not least because a prominent part of the IMF's job is to advise countries on how best to face economic reality in difficult circumstances, including when they need the IMF's financial support.  
answer: (b) least
- A8 In this context, Directors considered that improving understanding of the IMF's work and respect for its competence, and enhancing the credibility of its policies, are key objectives of its communications — and more so than increasing its popularity.  
answer: (c) more so
- A9 A continuing, concentrated effort to improve understanding of the institution will, over time, be valuable in increasing support for its work in member countries even if progress may seem incremental and modest.  
answer: (d) incremental
- A10 In a similar vein, Directors called for continued efforts to enhance the communication skills of all IMF staff, which will be important not only for improved interactions with the public, but also for enhancing the learning culture of the institution more broadly.  
answer: (d) vein

*The US International Trade Administration*

- A1 The defining purpose of the International Trade Administration (ITA) is helping to create economic opportunity for American workers and businesses.  
answer: (a) defining
- A2 By promoting trade and investment we are promoting prosperity and a better world; to increase trade and investment, the ITA helps U.S. companies navigate foreign markets.  
answer: (d) navigate
- A3 We help educate companies about how to tailor their activities to the specific market with respect to their product slate, financing, marketing, assembly and logistics.  
answer: (b) slate
- A4 While the United States exports more than any other country, making that first export can still be a daunting challenge for a small- or medium-sized business.  
answer: (c) daunting
- A5 The U.S. Commercial Service is the trade promotion arm of the U.S. Department of Commerce's ITA; its Web-based services are provided through the U.S. government's export portal, [www.export.gov](http://www.export.gov).  
answer: (a) portal
- A6 The ITA advances policies and strategies that stimulate innovation and investment, enhance economic growth, and support U.S. manufacturing and services industries.  
answer: (a) advances
- A7 Unfair foreign pricing and government subsidies distort the free flow of goods and adversely affect American business in the global marketplace.  
answer: (a) adversely
- A8 According to a University of Michigan study, the average U.S. family of four still stands to gain an estimated \$7,800 per year if there were total elimination of global barriers to trade in goods and services.  
answer: (d) stands
- A9 The World Bank has reported that the elimination of global trade barriers could lift 300-500 million of the world's poor out of poverty over the next 15 years.  
answer: (d) lift
- A10 Market Access and Compliance (MAC) country desk officers are experts on the commercial, economic, and political climates in their assigned countries.  
answer: (a) climates

*Business Buzzwords from Mumbai to Virginia*

- A1 In Mumbai, the bullish phase in the stock markets has attracted a whole new breed of investors, including students and housewives; the latest to join the party on Dalal Street are BPO employees.  
answer: (a) Dalal
- A2 An entrepreneur for over 35 years mentioned to me that it's a common misconception that it takes a ton of money to create a business; in his experience, many of the successful businesses out there have been started by people with little or no money at all.  
answer: (c) a ton
- A3 Fair Funds for Investors was put into place to benefit those investors who have lost money because of the illegal or unethical activities of individuals or companies that violate securities regulations.  
answer: (a) Fair
- A4 The cost of executive pension plans is rarely laid out for shareholders, but is usually so deep in a company's regulatory filings that it is difficult to find, let alone calculate; Critics call it 'stealth wealth' or 'camouflage compensation'.  
answer: (a) camouflage
- A5 Say an entrepreneur selling a business is asking \$2,000,000 based on projected revenue, but the buyer is willing to pay only \$1,000,000 based on historical performance: an earnout provision structures the deal so that the entrepreneur receives more than the buyer's offer only if the business achieves a certain level of gross sales.  
answer: (b) an earnout
- A6 In the stock market, capitulation is associated with giving up any previous gains in stock price as investors sell equities in an effort to get out of the market and into less risky investments.  
answer: (a) capitulation
- A7 "I tell folks to invest to eat well but not beyond the point that they no longer sleep well," said Richard F. DeMong, Virginia Bankers Professor of Bank Management at the University of Virginia, "That trade-off is different for each individual."  
answer: (a) eat
- A8 "My wife knows me as a perfidious stock picker; over the years my technique has been to buy a fallen angel at 4, then ride it to 2, panic and bail." — Rich Karlgaard, "Do As I Say," Forbes, December 20, 1999.  
answer: (a) angel
- A9 When somebody likes a stock enough to back up the truck, the buyer is very bullish on it.  
answer: (d) truck
- A10 Accounting noise can be seen either as a consequence of necessary rules regarding generally accepted accounting principles or as a result of management's attempts to massage the numbers to present a rosier financial picture of the firm.  
answer: (b) noise

*Business Buzzwords through the Seasons*

- A1 If a nervous nellie ever does decide to invest, he or she is likely to liquidate the investment at any time.  
answer: (a) nellie
- A2 Exchange Traded Funds or iShares aim to duplicate the growth of a stock exchange index, usually an index of ordinary shares, working like Index Tracker Funds except that they are closed ended to a private investor.  
answer: (c) iShares
- A3 Some economists divide the Kondratiev wave into two 'seasons', namely, the Kondratiev Fall and the later part, the Kondratiev Winter.  
answer: (c) wave
- A4 Otherwise known as Yasuo Hamanaka, Mr Copper was a trader who lost over \$2.5 billion for his employer, Sumitomo Corporation in Japan; Hamanaka's scandalous activities rank first for the greatest unauthorized trading loss in history.  
answer: (a) Copper
- A5 A foreign currency trading at 75.25 and a money market security trading at 75.75 both have handles of 75.  
answer: (b) handles
- A6 Garbatrage is an increase in price and trading volume in a particular sector of the economy that results from a recent takeover creating a change in sentiment towards the sector; proponents of behavioral finance theory would view this psychological impact as evidence supporting their theory.  
answer: (b) Garbatrage
- A7 Lady Godiva Accounting Principles (LGAP) will supersede generally accepted accounting principles (GAAP) as companies 'come clean' in post-Enron Wall Street.  
answer: (a) Lady Godiva
- A8 A daisy chain is a group of unscrupulous investors who, practicing a kind of fictitious trading or wash selling, artificially inflate the price of a security so that they sell it at a profit.  
answer: (b) daisy chain
- A9 The January Barometer does have a fairly successful track record: from 1950 to 2003, the S&P 500 was up in January 34 times, and in 30 of those 34 instances, the S&P 500 traded higher 11 months later, for a success rate of 88%.  
answer: (a) Barometer
- A10 To be considered a gazelle company, its revenue must be larger than \$1 million in each of the four prior years, the sum of the last four years' net income must be positive, and its growth in revenue and gross profit should exceed 100% from the first to the last balance sheet in the four-year period.  
answer: (a) gazelle

*Business Buzzwords for Better or Worse*

- A1 Hammering the market is achieved through large sale orders or many small sell orders; in some cases, investors may even collaborate on orders to attempt to push the share's price even lower.  
answer: (b) Hammering
- A2 A general obligation bond (GOB) is one that is issued on the county's ability to tax; no assets are used as collateral, and the county will provide payment to the bond from taxes collected specifically for this purpose.  
answer: (a) obligation
- A3 Baby Bills are the hypothetical companies that would have been formed if the Justice Department had broken up Microsoft Corporation.  
answer: (b) Bills
- A4 A college has until recently been thought of as an institution that exists to provide instruction; subtly but profoundly, however, we are shifting to a new paradigm: a college is an institution that exists to produce learning.  
answer: (a) paradigm
- A5 The telecommunications giant, WorldCom, is perhaps best known for a massive accounting scandal; its executives effectively fudged the company's accounting numbers, inflating the company's assets by around 12 billion dollars, and the swift bankruptcy that followed led to massive losses for investors.  
answer: (d) WorldCom
- A6 The real estate assets subject to a synthetic lease do not appear on the lessee's balance sheet and no depreciation is charged against earnings for SEC reporting purposes, but its structure allows improvements to be depreciated for tax purposes, thus preserving the tax shelter aspect of owning improved real estate.  
answer: (b) synthetic
- A7 A former McKinsey & Company consultant named Michael Lanning coined the term in a 1984 white paper, where he said that a business was a "value delivery system" and that system could be articulated in a 'value proposition'.  
answer: (b) proposition
- A8 Tailgating is the purchase of a security by a broker after the broker places an order for the same security for a customer; the broker hopes to profit either because of information which the customer has or because the customer's purchase is of sufficient size to affect security prices.  
answer: (d) Tailgating
- A9 If a person wanted to buy one billion U.S. dollars, he or she might say, "I would like to buy a yard of U.S. dollars"; by using this word in place of 'billion', the person ensures that the counter-party will not misunderstand 'billion' for 'million' or 'trillion'.  
answer: (d) yard
- A10 Machinery in a mothballed facility is kept in working order so that production may be restored quickly if needed.  
answer: (b) a mothballed

*Business Buzzwords through Thick and Thin*

- A1 The Hong Kong government might have won this particular battle against the speculators, just as the Malaysians reckon they have done; but with both administrations' credibility hugely damaged as a result, these are Pyrrhic victories that they may come to rue.  
answer: (d) Pyrrhic
- A2 The cost of mortgage payments, property taxes, insurance and maintenance on an alligator property is greater than the income it brings in, and if this situation is not corrected, it will eat up all of the owner's profit, leaving him or her with negative cash flow.  
answer: (b) an alligator
- A3 The Lady Macbeth strategy is one in which a third party poses as a white knight in a takeover bid, and then joins forces with an unfriendly bidder.  
answer: (b) Lady Macbeth
- A4 The seven categories of variables used in the quadrix stock valuation system are momentum, quality, value, financial strength, forecasted earnings, performance, and volume.  
answer: (a) quadrix
- A5 A gunslinger is a high-strung portfolio manager who, looking for high returns, invests in very high-risk stock.  
answer: (a) gunslinger
- A6 Cyber Monday is often associated with the unfounded belief that it is the busiest (highest sales volume) shopping day of the year for online retailers, because people would continue shopping from the company's computer while at work.  
answer: (b) Cyber
- A7 A securities firm is practicing the fraudulent act of kiting if it fails to purchase the securities on the open market and maintains a short position, delays delivery or takes part in transactions contrary to SEC regulations regarding the proper settlement of trades.  
answer: (d) kiting
- A8 The level of net debt per capita is an important factor to consider when analyzing a government's ability to continue to pay its debt service costs through its current levels of tax revenue; this measure helps indicate the default risk of government bonds.  
answer: (b) capita
- A9 The upstream oil and natural gas industry's exploration and production activities may have impacts on air, land and water, and to offset these impacts, it invests in programs and technologies that help to reduce its environmental footprint.  
answer: (d) upstream
- A10 A dawn raid is a sudden and unexpected buying of a significant proportion of a company's shares, usually as a prelude to a takeover bid; the aim is to prevent the target company from having time to organize opposition to the takeover.  
answer: (c) raid

*Business Buzzwords from New England to Michigan*

- A1 The tendency of stocks newly added to the S&P composite index to rise in price due to a large number of buy orders as funds add the stock to their portfolios is called the S&P Phenomenon.  
answer: (c) Phenomenon
- A2 As demand for metals lurched lower and layoffs swelled, the once pulsing industrial belt that stretches from Illinois across to western New England took on the grim, ground-down demeanor of a half-century earlier, acquiring the glumly descriptive epithet of Rust Bowl.  
answer: (d) Rust
- A3 Once a firm's stock becomes substantially overvalued, managers who wish to eliminate this are faced with disappointing the capital markets.  
answer: (d) overvalued
- A4 An angel investor's love money is sometimes the only way a business can get off the ground; this type of financing can create growth that would be impossible through traditional financing channels.  
answer: (d) love
- A5 IT managers often must promise a higher rate of return to justify technology investments than other corporate departments; in some organizations, the hurdle rate for a project to pass the funding threshold may exceed 30% to 50%.  
answer: (d) hurdle
- A6 Fannie Mae's 15-year mortgage-backed securities and Bilbo Baggins's friends are called dwarves.  
answer: (a) dwarves
- A7 The settlement price for a weather futures contract is calculated by summing Heating Degree Day values for a month and multiplying that sum by \$20.  
answer: (c) Heating
- A8 An air pocket stock is one whose price suddenly plunges; the fall is usually caused by panicked shareholders rushing to sell after hearing unexpected bad news.  
answer: (b) air pocket
- A9 The Pac Man defense is used in a hostile takeover situation: the target firm turns around and tries to take over the company that has made the hostile bid.  
answer: (b) Pac Man
- A10 I can imagine why that Ford manager in Michigan recently announced that they would eat their own dog food (only Ford- or subsidiary-built vehicles are allowed to park on the plant premises); it must be discouraging to see the place swarmed every day by Daihatsus, Suzukis and Toyotas.  
answer: (b) dog

**Business buzzwords: English villages**

- A1 That formidable fighting force, the English village, flexed its muscles yesterday to gazump a Scientology plan to open a drug rehabilitation centre next to a primary school; residents raised over 175,000 in three days to outbid the proposed centre at a former inn.  
answer: (d) gazump
- A2 The bigger the melon, the sweeter it tastes to investors!  
answer: (c) melon
- A3 On April 12th, 2002, the Toronto Stock Exchange will introduce the iceberg order feature to the trading system: market participants will be able to place orders larger than typically displayed in the TSE market, without paying an informational price for revealing the entire order size.  
answer: (b) iceberg
- A4 Similar to other restrictive provisions contained in bond indentures, a net revenue pledge serves to make the bond issue less risky for bondholders: since it forces the government to use revenue from its debt-financed projects to pay debt service costs first, bondholders enjoy a reduced risk of default.  
answer: (c) pledge
- A5 Four years ago, the Dow Jones Industrial Average hovered in the range of 10,500 points, nearly the same place it is now; its path has traced what stock traders call a 'sideways market' always on the move, but not going anywhere.  
answer: (b) sideways
- A6 Usually, most-active stocks experience higher-than-normal trading volume due to significant new information reaching the market and creating a strong impetus amongst investors to buy or sell the stock, resulting in heavier trading volume and often strong momentum in the stock.  
answer: (a) most-active
- A7 Most pyramid schemes take advantage of confusion between genuine businesses and complicated but convincing moneymaking scams; the idea behind them is that the individual makes only one payment, but is promised to receive exponential benefits from other people as a reward.  
answer: (c) schemes
- A8 Using the Macaroni Defense, a company issues a large number of bonds with the condition that they must be redeemed at a high price if the company is taken over.  
answer: (a) Macaroni
- A9 Quadruple witching days occur four times a year, on the third Friday of the quarter-ending month (March, June, September, December), when three different types of derivatives related to stocks expire: options on individual stocks, options on Stock Index Futures, and Stock Index Futures.  
answer: (d) witching
- A10 Raiders look for companies with undervalued assets and then attempt the hostile takeover by purchasing enough shares to have a controlling interest.  
answer: (c) Raiders

*Business buzzwords: A well thought out strategy*

- A1 When you're setting up your business, it's essential to think about how you'll ultimately end your involvement with it; a well thought-out exit strategy can help you maximise the value you get from your business, successfully market it to potential buyers, and ensure you end your involvement with little disruption.  
answer: (b) exit
- A2 Even a dead cat will bounce if dropped from high enough!  
answer: (a) cat
- A3 During the LTCM crisis there was extensive front-running by dealers who traded on their own accounts in the same direction as LTCM did, but just one or two minutes beforehand.  
answer: (b) front-running
- A4 When the market has a strong and quick upward movement, you'll hear 'the market has a woody'.  
answer: (d) woody
- A5 Bendigo Mining Ltd is a fully fledged 'falling knife' at this stage; IMHO I would not attempt to punt the situation, as it is conceivable that the valuation could fall back even further towards cash value.  
answer: (b) knife
- A6 When traders attempt to time the market by identifying the end of a price trend and the beginning of a new one, but, due to greed and fear, tend to overstay their positions, this usually results in reduced gains or worse, further losses.  
answer: (c) overstay
- A7 In the wild market of the Roaring '20s, one of Wall Street's games was called 'painting the tape': savvy investors secretly pooled to buy and sell shares in unison, and by creating an illusion of hectic activity on the ticker tape, they lured in unwitting small investors and pocketed big profits by dumping when prices were artificially high.  
answer: (c) painting
- A8 Any instrument described by the word 'synthetic' is, as the root of the word implies, made from something else or from components; it may consist of a single contract, security, etc., or it may be a collection of instruments whose combined features are comparable to the instrument it replicates.  
answer: (d) synthetic
- A9 A yellow knight makes a takeover attempt but ends up discussing a merger with the target company; the implication is that the company attempting the takeover has chickened out, deciding to discuss things instead of making an aggressive move.  
answer: (c) knight
- A10 If a trader goes bankrupt, it is not the result of one bad trade but a long string of them — such a trader is called a lame duck because s/he is ineffective as a trader.  
answer: (c) duck

*Business buzzwords: Screaming guts*

- A1 Your gut is screaming, "There is no way this company can hit those targets!", but your hope and the Mad Hatter CEO's enthusiasm get the better of you — this scenario is repeated many times at under-performing companies; there can be too much over-optimism and not enough effort made at analyzing the facts and confronting reality.  
answer: (b) Hatter
- A2 On the one hand, the idea of carbon trade seems like a win-win situation — greenhouse gas emissions are reduced while some countries reap economic benefit — on the other hand, critics suspect that some countries will exploit the trading system and the consequences will be negative.  
answer: (b) carbon
- A3 Following the technology boom of the late 1990s and early 2000s, many investors, because of their huge losses, were said to have taken a bath.  
answer: (a) bath
- A4 Because cutoff points are largely subjective, they will vary widely among investors; if an investor has a lower required rate of return, he or she will likely pay more for the same security than a person with a higher required rate of return.  
answer: (b) cutoff
- A5 During the extreme price volatility in fast markets, currency pair prices will gap and spreads widen; a price gap occurs when the price of a currency pair either jumps or plummets from its last bid/offer quote to a new quote, without trading at prices between those quotes.  
answer: (b) fast
- A6 Testing small before you spend lots of money on ads or mailings will keep you from losing your shirt on ineffective marketing efforts.  
answer: (a) shirt
- A7 Companies, usually with the help of killer bees, use a number of strategies to repel a hostile takeover bid.  
answer: (b) killer bees
- A8 This club will be funded through dock permits of our residents, which will create an evergreen funding source of some amount in the future that will be perpetual, and we look forward to working with staff to see that this revenue stream is used for the enforcement of the manatee zone.  
answer: (c) evergreen
- A9 Temporary buydowns are the most effective way to reduce expense ratios because the payment reduction is concentrated in the early years of the loan: to cover the shortfall between the reduced payments made by the borrower and the regular payment received by the lender, cash is withdrawn from an escrow account.  
answer: (a) buydowns
- A10 The so-called Baby Bell local phone companies are among the most potent forces in the US telecommunications business today, shielded from the worst effects of the downturn by their control of local phone markets.  
answer: (b) Baby Bell

**Business buzzwords: Greenhouse gas emissions**

- A1 Using ocean data collected by diving floats, U.S. climate scientists released a study Thursday that they said provides the 'smoking gun' that ties manmade greenhouse gas emissions to global warming.  
answer: (c) smoking gun
- A2 There's a name for people who are able to identify the customer-grabbing, revenue-generating power in their particular job and maximize it at every possible opportunity — they're called rainmakers.  
answer: (c) rainmakers
- A3 For all the debate over President Bush's \$87 billion request for military operations and economic reconstruction in Afghanistan and Iraq, no one seems to have noticed that the sum includes a slush fund of \$9.3 billion which Secretary of Defense Rumsfeld can spend pretty much as he pleases.  
answer: (d) slush
- A4 Recent versions of shareholder rights plans have contained what has been called a 'dead hand' provision, which provides that only incumbent directors or their designated successors, so-called 'Continuing Directors', can redeem the rights.  
answer: (a) a 'dead hand'
- A5 As a general guideline, an order may be cancelled if it is more than 30% away from the market, depending upon where it has been routed to for execution, and you may receive a warning message when attempting to place a trade that fails a price reasonability check.  
answer: (a) away from
- A6 When I bought my seat on the exchange, if someone gave me an order, I took it to an order clerk, who called it down to the floor; the clerk wrote out the order ticket, gave it to a two dollar broker who had to be a member of the NYSE, who took it to the specialist's post, bought or sold the stock, and repeated the whole process back.  
answer: (b) two
- A7 If you are unsubscribed to a given public securities issue, you will not be buying any shares through the public offering.  
answer: (d) unsubscribed
- A8 Sheep follow trends, tips and gurus; they sometimes put on bull horns or a bearskin and try to swagger; you recognize them by their pitiful bleating when the market becomes volatile.  
answer: (d) Sheep
- A9 The failures of well known pure-play retailers like Garden.com, Pets.com and discount retailer Value America have experts talking about the value of multi-channel retailing.  
answer: (d) pure-play
- A10 Recently, the SEC's Enforcement Division has signaled a change in philosophy from a reactive approach (i.e. investigations of individuals or companies were initiated after evidence of a possible violation) to 'wildcatting' — pursuing investigations where it is not clear that a securities violation has occurred.  
answer: (d) wildcatting

**Business buzzwords: Israeli scientists**

- A1 Imclone, the company best known for the insider-trading scandal that sent founder Samuel Waksal and domestic diva Martha Stewart to prison, received more bad news this week when a U.S. judge ruled that the patent for its only product was actually owned by three Israeli scientists.  
answer: (b) Imclone
- A2 Today's stock market scandals are different because the main victims today are Main Street investors — everyone from parents saving for their children's college education to the firefighter saving for retirement to the elderly who don't have time to rebuild their nest egg.  
answer: (c) Main Street
- A3 In another move towards making itself a financial center, north China's port city of Tianjin has applied to the State Council to establish an over-the-counter market rather than a third stock exchange for the Chinese mainland.  
answer: (d) over-the-counter
- A4 From 1989, more share-buying opportunities were made available to the British public as a number of financial institutions demutualised; these windfall shares' for members of the societies offered instant cash or the opportunity to continue as a part owner of the newly public entity.  
answer: (d) windfall
- A5 Builders slammed on the brakes in August as housing starts sank to their lowest level in more than three years, and a drop in permits signaled more weakness ahead for the real estate market.  
answer: (d) starts
- A6 Broker-dealers impliedly represent that they will deal fairly with their customers, and therefore unfair dealing is a breach of this implied representation and a violation of the antifraud provisions; this representation arises from the mere act of hanging up a sign and going into business, and therefore it is known as the 'shingle theory'.  
answer: (b) shingle
- A7 Nasdaq data indicate that 94% of the share volume from 4:00 p.m. to 4:15 p.m. resulted from after-hours transactions rather than runoff from the regular trading session.  
answer: (b) runoff
- A8 WPP CEO Sir Martin Sorrell has accused Rupert Murdoch of panic-buying internet companies because of falling ad revenues; he said it was intriguing to speculate why Mr Murdoch launched a multimillion-dollar internet shopping spree, and accused him of buying web operations willy-nilly.  
answer: (b) panic-buying
- A9 A third of first-time home buyers may cut their offer at the last minute, forcing the seller to take less or find a new buyer; "In total, 31% would consider 'gazundering', reflecting first-time buyers' new-found confidence in a slowing market," says a Yorkshire Bank.  
answer: (d) gazundering
- A10 When Seagate Technology went public, the giant drivemaker took an important stand: unlike most initial public offerings, it declined to offer any friends-and-family shares, the coveted shares issuers and their bankers can quietly offer to whomever they choose.  
answer: (a) friends-and-family

*Business buzzwords: Dutch colonists*

- A1 Wall Street was named after the wooden structure Dutch colonists built in this area in 1653 to defend themselves from the British and Native Americans.  
answer: (d) Wall Street
- A2 In early 2000, Enron, the natural gas pipeline company turned online phenomenon, held a conference for Wall Street analysts and investors, who were particularly receptive when Jeffrey Skilling, its president, suggested that their money-losing broadband network business alone was worth \$29 billion, or an extra \$37 a share.  
answer: (b) Enron
- A3 A long jelly roll is a time value trade (involving the sale and purchase of options with different expiry months) and as such cannot be adequately plotted in terms of its risk/reward profile.  
answer: (c) jelly
- A4 Boating Industry Magazine reports that demand for the new 4-stroke outboard has by far outpaced supply, and Mercury officials have implemented a ramp-up in production: they expect to reach maximum output within a month, and catch up with demands sometime later this year.  
answer: (b) ramp-up
- A5 Alan Greenspan, in a speech entitled 'The Challenge of Central Banking in a Democratic Society', posed a now-famous rhetorical question: "How do we know when irrational exuberance has unduly escalated asset values, which then become subject to unexpected and prolonged contractions as they have in Japan over the past decade?"  
answer: (d) exuberance
- A6 The break-up of Equitable Life has moved closer following the launch yesterday of a vulture fund, Synesis, backed by some of the City's most powerful institutions, to buy out distressed annuity and pension liabilities.  
answer: (d) vulture
- A7 Punters aren't concerned with the fundamentals of an investment; instead, they attempt to make a quick profit by selling to somebody else at a higher price.  
answer: (b) Punters
- A8 In the U.K., the exchange may determine that share movement is so sharp that quotes cannot practically be kept current; under its Fast Market Rule, it may permit trading outside quoted ranges where updating quotes is deemed impractical.  
answer: (c) Market
- A9 Statements made that are not historical facts are forward-looking statements and made pursuant to the safe harbor provisions of the Securities Litigation Reform Act of 1995; in some cases, these forward-looking statements may be identified by the use of words such as 'may', 'should', 'expect', 'plan', or 'project', or their negatives, or other comparable words.  
answer: (a) harbor
- A10 This new publication incorporates all facets of trading technology for buy-side organisations: each month, it will deliver up-to-date news and analysis on the business and technology trends, drivers and processes shaping the hedge fund and investment management industries.  
answer: (a) buy-side

*Business buzzwords: Online exchange*

- A1 HedgeStreet, Inc., the nation's first government-regulated online exchange for binary options and futures, today announced that it has secured \$12.5 million from Norwest Venture Partners (NVP), a leading Silicon Valley venture capital firm.  
answer: (b) HedgeStreet
- A2 Confident that there was a healthy base of stockholders who would not sell out, the Walbro board created more shares and looked for a large capital base that could keep these new shares in friendly hands.  
answer: (b) hands
- A3 The dragon bond, essentially a Eurobond sold and listed in Asia, primarily in Hong Kong, Singapore and Taiwan, was pioneered by the Asian Development Bank, which saw in its own needs to raise money an opportunity to spur the development of capital markets for Asian borrowers in their own time zones.  
answer: (a) dragon
- A4 Bloomberg News uses the Cardboard Box Index, which follows leading packaging and boxing stocks to predict manufacturing output; the reasoning is, if you manufacture something, you need something to put it in.  
answer: (a) Cardboard
- A5 The reason for the January Effect is debated among academics; the most common explanation is for tax reasons — individual investors sell their small stocks that have declined in December to offset capital gains taxes, and selling knocks down the prices.  
answer: (a) Effect
- A6 Before Google priced its \$1.9 billion IPO, Playboy magazine published an interview that the company's founders had given months earlier; because the interview occurred before Google filed its IPO registration statement, the interview could have been viewed as a gun-jumping violation of the securities laws.  
answer: (a) gun-jumping
- A7 On December 4, 2001, intending to execute a large amount of short sale of a stock, traders of Morgan Stanley Securities realized that such execution was difficult, insomuch as buy orders were only placed at lower prices than the latest market price and short sale on a minus tick is prohibited by a Cabinet Order.  
answer: (d) tick
- A8 In an article published in the Journal of Petroleum Technology titled 'Competitive bidding in high risk situations', by Capen, Clapp and Campbell of the Atlantic Richfield Company (ARCO) in 1971, the authors coined the term 'winner's curse'.  
answer: (b) curse
- A9 Christopher Cox, the SEC Chairman, recently testified that "hedge funds were too risky for Mom and Pop investors"; he even wants to increase the net worth threshold to be considered wealthy enough to invest in hedge funds.  
answer: (b) Mom and Pop
- A10 In the downstream sector, OPEC Member Countries are planning nearly a 50% increase in distillation and condensate splitter capacity, which would bring the combined capacity to 17.7 mb/d by the end of 2011, a relatively short time span considering the usual lead times required for refinery projects.  
answer: (b) downstream

*Business buzzwords: Jack Be Nimble*

- A1 While the big money trade over the past two years has been to buy both sheer optimism and extreme pessimism, now the hedge funds are back in the green for the year, they'll try to lay low and preserve capital — only the nimble grinders are likely to coin money in this tape.  
answer: (c) grinders
- A2 This company may be a disaster that has already happened, a walking corpse that doesn't yet know that it's dead — because it has created an insulated culture systematically excluding any information that contradicts its rosy picture of reality; companies that cultivate these positive qualities to excess become 'zombie businesses'.  
answer: (d) zombie
- A3 New WTO Director General Pascal Lamy faces a baptism of fire at the WTO's conference on December 13, four months after he took the helm of the global trade body; Lamy will face a fierce test of his mettle that is likely to shape the Frenchman's reputation for the rest of his term.  
answer: (a) baptism
- A4 Smaller swings in the Dow Jones industrial average in the current quarter, compared to the swings of last quarter, will trigger stock market trading curbs under the NYSE's quarterly revision of the levels; the Big Board's new circuit-breaker and trading-collar trigger levels go into effect Monday, Oct. 1.  
answer: (b) curbs
- A5 Managed money products and process continue to evolve as extensive progress is made in institutionalizing investment administration for individuals and households.  
answer: (c) Managed
- A6 The rule of thumb for the General Motors indicator is that whenever its stock price fails to make a new high within any given four month period, it harbingers economic recession for the U.S.  
answer: (b) General Motors
- A7 In a normal market the bid is less than the ask, and the difference (the bid-ask spread) would be the market maker's profit, so we would not expect to see a locked market with a single market maker; however, in a market with more than one market maker, one market maker may show the best bid and another the best offer, and these may be the same.  
answer: (d) a locked
- A8 Massive panic selling sparked by a criminal investigation of a high-profile Internet company and weaker-than-expected U.S. tech earnings forced the Tokyo Stock Exchange to suspend trading in the world's second-largest market.  
answer: (c) panic
- A9 Despite the many changes in the tax system, there has been relatively little change in its role as an automatic stabilizer: we estimate that individual federal taxes offset perhaps as much as 8 percent of initial shocks to GDP.  
answer: (b) automatic
- A10 Death Spiral financing, the latest big thing in Japan's investment banking world, can raise money for cash-hungry companies but is also susceptible to abuse; the financing involves the issuance of 'moving strike convertible bonds' by Japanese firms to investment banks, who are allowed to convert the MSCBs into stock at a discount of about 10 percent.  
answer: (b) Death Spiral

**Business buzzwords: Illegal trading activities**

- A1 The rule currently being considered by the SEC to prevent illegal late-day trading activities is by no means foolproof: imposing a deadline that a trade must be received by 4 p.m. EST by the mutual fund company would not prevent it from conspiring with traders to manipulate the deadline.  
answer: (b) late-day
- A2 Predictions have prompted investors to take a flier on all manner of podcasting businesses; more than \$40 million has gone into the sector in the last two years, yet many podcast businesses are trying to make a buck with a mostly untested business — selling airtime to advertisers in a medium that hasn't yet established a set of common measurement metrics.  
answer: (b) flier
- A3 In the investing world, the herd instinct is often blamed for unsubstantiated rallies or sell-offs; but we are, after all, social animals, and many aspects of that mentality are beneficial.  
answer: (c) herd
- A4 Defense stocks should continue to outperform in 2007: Lockheed Martin Corp., Boeing Co., Raytheon Co., and General Dynamics Corp. shares are all up around 33% over the year, and according to LMT spokesman Thomas Jurkowsky, they "certainly don't foresee any change".  
answer: (a) outperform
- A5 Today, we are living in a transition period to a new economy defined by global competition, rampant change, faster flow of information, increasing business complexity, and pervasive globalization; the pace of change is so rapid that it has taken a different type of firm to be dominant and marks an entirely new era of business.  
answer: (a) economy
- A6 In periods of depressed stock valuation and sluggish economic times, unscrupulous venture capitalists — often referred to as vulture capitalists — often take advantage of entrepreneurs.  
answer: (d) vulture
- A7 Proponents of the October effect argue that that is when some of the greatest crashes in stock market history, including 1929's Black Tuesday and the 1987 stock market crash, occurred; while statistical evidence doesn't support the phenomenon that stocks trade lower then, the psychological expectations of the effect still exist.  
answer: (b) October
- A8 Wall Street financial analysts are bullish on the proposed merger between auto maintenance giant Jiffy Lube and fast food bluechip McDonalds; this deal has synergy written all over it — just in economics of scale the merger is bound to increase the value of the combined stock by a factor of five.  
answer: (d) synergy
- A9 Product line rationalization is a powerful technique to improve profits, free valuable resources, and simplify operations by examining product lines to eliminate or outsource products that are problem prone, have low sales, have excessive overhead demands, have limited future potential, or may really be losing money.  
answer: (a) rationalization
- A10 Six company and three gold wallflower stocks, including Boeing, General Motors, and Pegasus Gold, have the potential of providing rewarding returns despite their lackluster performance in recent months; the market has danced on without them, but someday they could be the life of the party.  
answer: (d) wallflower

**Business buzzwords: A 'Non-institution'**

- A1 The Paris Club has remained strictly informal; it is the voluntary gathering of creditor countries willing to treat in a coordinated way the debt due to them by the developing countries, and can be described as a 'non-institution'.  
answer: (d) Paris
- A2 Arthur Levitt, the chairman of the SEC, says that Lebed seems to have mastered an age-old Wall Street swindle called the pump-and-dump: buy, lie and sell high.  
answer: (c) pump-and-dump
- A3 There are tens of thousands of desktop Java applications for all kinds of specialized tasks and specialized people; what we're not seeing from Java is just one gigantically successful, widely used, everyone has just got to have it, killer application.  
answer: (b) killer
- A4 The drop in the stock market might have investors feeling sick, but they have yet to reach the 'puke point', according to A. Gary Shilling, attributing the queasy phrase to Dennis Gartman, a Suffolk, Va., investment analyst.  
answer: (b) puke
- A5 The franc gained nearly 100 points against the greenback and 60 points against the euro in tonight's Asian and European sessions, and news that European drug maker Merck was buying Zug-based Serono for 13 Billion also helped the swissie.  
answer: (d) swissie
- A6 The squawk box is used by many by wirehouses as a way to share information about potential orders to people on the sales desk, but all of that information is supposed to be proprietary and, for the most part, not to be shared with anyone outside the firm.  
answer: (b) squawk
- A7 It doesn't matter if demand is falsely created by a hedge fund taking the street (buying large amounts of a single stock to drain a market maker of its inventory, forcing them to buy it back at a higher price): demand is demand and that is what drives markets higher.  
answer: (d) street
- A8 The Finance Ministry's monetary policy as a whole meets the market expectations: it is more of a guidance note laced with moral suasion rather than a regulator's prescription full of quantitative measures.  
answer: (b) suasion
- A9 Valencia-based MannKind has estimated an offering price of between \$13.00 and \$15.00 per share in an IPO filing with the SEC; for 5.5M shares of stock, it is expected to raise up to \$94.8M for the company.  
answer: (c) offering
- A10 Cardiac Science argues that the real revenue generator in its line isn't the monitoring system, but the disposable electrodes which make the monitoring possible — the classic razor-razorblade model applied to medical devices; "Ultimately, we're a disposable defibrillator electrode company," says Cohen, and Powerheart becomes simply a vehicle to sell electrodes.  
answer: (c) razor-razorblade

**Business buzzwords: Illegal profits**

- A1 It is generally agreed that speculators can make profits from insider trading or from the release of false information, and both forms of stock-price manipulation have now been made illegal.  
answer: (d) manipulation
- A2 Bush, on the other hand, has a very steep and consistent decline in his approval rating the longer he goes without a major event; it is notable that this trend has never been upward, not even following 9/11 when his approval rating took a tremendous positive spike as the country rallied around their leader.  
answer: (d) spike
- A3 Millennium Bank, which purchased the building in a bankruptcy sale 'free and clear of all liens and encumbrances' and subsequently resold the building to the sole lessee, did not thereby assume an obligation to pay a commission to a third-party broker under a lease provision providing for such commission upon a sale to the lessee.  
answer: (a) clear
- A4 The unlucky folks who bought shares at the peak almost certainly lost money — as does every other investor who buys into a collapsing market hoping the worst is over; but to the extent that most holders didn't sell, the paper loss simply wiped out the apparent profit that was created by the inflating bubble.  
answer: (c) paper
- A5 Windows, Office, and the Internet Explorer Web browser all have greater than 90 percent share of their respective markets, and to protect these cash cows, Microsoft must do things that no other software company would be doing right now; it's a victim of its own success.  
answer: (a) cash cows
- A6 Under 'Reaganomics', small government was both a fiscal imperative and a political belief; adopting supply-side economics, the White House believed that reducing taxes would free individuals and businesses to invest elsewhere, thereby maximizing economic gain.  
answer: (d) Reaganomics
- A7 Pinnacle Entertainment, Inc. (NYSE: PNK) announced that the underwritten public offering of 10.0 million of its newly issued shares of common stock has been priced at \$32.00 per share, which will result in gross proceeds to Pinnacle of \$320 million.  
answer: (b) offering
- A8 In late October and early November of last year, because Enron was changing the outside administrator of its 401(k) plan, employees' shares were locked down in their 401(k) accounts for at least two weeks during a volatile period in the company's stock price, making them powerless to sell their Enron stock as it was dropping.  
answer: (a) locked
- A9 Data security is an increasing priority for many CIOs, and for good reason: corporate databases contain the crown jewels — proprietary and sensitive information such as non-public financial data, trade secrets, and personal information about customers and employees.  
answer: (c) crown jewels
- A10 Disillusioned investors who bought the convertible bond specifically for the conversion feature will typically sell the bond at a lower price; therefore we can we buy a busted convertible security at a discounted price.  
answer: (d) busted

**Business buzzwords: Animal markets**

- A1 Neither a bull or bear market, a deer market is characterized by low activity, with timid investors waiting for a sign of which way the market is going to end up moving.  
answer: (a) deer
- A2 Aggressive price cutting by Wal-Mart Stores, the world's biggest retailer, is likely to put margin pressure on food manufacturers this year: with commodity prices rising, one would expect that manufacturers would pass their cost increases along — but not if Wal-Mart won't allow it.  
answer: (b) margin
- A3 The NHS in England will be 750m in the red by the end of the financial year on 31 March, a BBC survey suggests: twenty predicted deficits total 799m, while a handful of surpluses brought the net deficit to 750m.  
answer: (b) red
- A4 In May 2000, Luminous had raised a \$60-million round of private financing that it expected to be its last, but market conditions forced the company to put off IPO plans indefinitely; should the company go public, they hoped crossover investors would buy the offering and continue to buy the company's shares.  
answer: (a) crossover
- A5 Request a copy of the decedent's credit report and request that the report be flagged with a deceased alert: this should ensure that no fraudulent accounts are opened.  
answer: (a) alert
- A6 'Derivatives' is rich in details about factual trading matters, something rarely found in textbooks; it includes a list of the major old tricks, such as cherry picking, chumming, and ghosting (in which market makers collude to push a price in a given direction), something I have not seen in options books before.  
answer: (c) ghosting
- A7 SupplierMarket.com was poised to go public, but in the meantime, it received a godfather offer it couldn't refuse from Ariba, a software maker; the all stock deal was worth \$581 million — not bad for a company that was around for 17 months.  
answer: (a) godfather
- A8 A lobster trap is a defense mechanism used by a company that has convertible securities outstanding to prevent an unfriendly takeover; it prohibits conversion into common stock of any convertible preferred stock or bonds if the owner of those securities would control 10% or more of the firm's common stock following conversion.  
answer: (b) lobster
- A9 George Akerlof, Michael Spence and Joseph Stiglitz, who received the Bank of Sweden Prize in Economic Sciences in Memory of Alfred Nobel, 2001, extended economic theory when they augmented it with the realistic assumption of asymmetric information: agents on one side of the market have much better information than those on the other side.  
answer: (a) asymmetric
- A10 Jeffrey Saut, chief market strategist with Raymond James, described the current environment as a 'fox-trot' economy, meaning he expects several periods of strong economic and earnings growth to be followed by times where profits and the economy slow down a bit.  
answer: (b) fox-trot

*Business buzzwords: Corporate sleuths*

- A1 American Express's sleuths could not protect them against one of the biggest business frauds of all time — the Great Salad Oil Scandal, in which a subsidiary was conned into issuing warehouse receipts for the nonexistent oil of the Allied Crude Vegetable Oil Company and commodities speculator Anthony De Angelis, who is now appealing his 20-year jail sentence.  
answer: (d) Salad
- A2 Our model predicts that people will exhibit what we call the ostrich effect: given bad or ambiguous news, they optimally choose to avoid collecting additional information, while given favorable news, individuals will seek out definitive information about the value of their portfolio.  
answer: (c) ostrich
- A3 Several top credit card issuers now slap penalty rates just shy of 30% on customers, including some who have made a single slip or even pay their bills on time; these modern-day versions of loan sharking won't endanger your kneecaps, but they may push you into bankruptcy court.  
answer: (d) sharking
- A4 The U.S. Department of Labor enforces several major laws that directly protect whistle blowers or have provisions to shield employees from retaliation, for reporting violations of the laws, refusing to engage in any action made unlawful by the laws, or participating in any proceedings under the laws.  
answer: (d) whistle
- A5 In the case of the WorldCom-Sprint combination, the FTC charged that the merger would have increased concentration in long-distance telecommunications and created barriers to entry that would have excluded competitors, such as the Baby Bells that lobbied hard against the merger.  
answer: (a) barriers
- A6 The Canadian dollar, also known as the 'loonie' for the beautiful bird on its one-dollar coins, has long been the weak sister to the U.S. dollar; oh, how nice it is for Yanks to go shopping in Canada — but maybe not for much longer, because the loonie is in a stealth rally.  
answer: (c) sister
- A7 Swing trading is a trading strategy where you hold stock positions for a short duration of time, but longer than a day trade; positions can last anywhere from 2 to 30 days, and generally try to take advantage of short and mid-term movements in stock prices.  
answer: (d) Swing
- A8 The Joint Bookrunners will endeavor to procure purchasers for the Offer Shares not subscribed for through the exercise of PARs during the exercise period by way of private placements in the Netherlands and elsewhere, at a price per Rump Share which is at least equal to the total of the Issue Price and any expenses relating to procuring such purchasers.  
answer: (d) Rump
- A9 This paper develops a theoretical model to analyze a firm's incentives to preannounce its new products: we consider a two-period model where a single firm controls the market with one product in the first period and it introduces a new and better product in the second period, where a preannouncement cannibalizes the sales of the old product in the first period.  
answer: (a) cannibalizes
- A10 After an aggressive run, the markets gave up some of their gains Thursday to profit taking, which was not unexpected.  
answer: (d) taking

*Business buzzwords: Auditor's doubt*

- A1 The auditor will normally reach substantial doubt that an entity can continue as a going concern if the entity is unable to meet its obligations as they become due without (1) substantial disposition of assets outside the ordinary course of business, (2) restructuring of debt, or (3) externally forced revisions of its operations or similar actions.  
answer: (b) going
- A2 Bankers in emerging markets often view treasury activities common in the developed world as casino finance, so they have lagged behind developed-market competitors in managing risk and creating profitable treasury units; but high-performing treasuries seek out and profit from market risk, and emerging-market banks must commit themselves to a more aggressive posture.  
answer: (a) casino
- A3 Each country established working groups to plan migration at national level, under the aegis of the banking and/or payment associations, to ensure that a critical mass of national credit transfers and card payments migrate to SEPA payment instruments by the end of 2010, as demanded by the regulators and committed to by the European Payments Council.  
answer: (a) critical
- A4 After the first day Google's stock was publicly traded on the NASDAQ, approximately 1,000 (or almost 50 percent) of its employees were estimated to be paper millionaires.  
answer: (c) paper
- A5 On Black Tuesday, Reuben Thorson, 77, retired senior partner of Paine Webber, recalls, "The volume was so heavy that the tape was late by hours; we had no idea what the prices were."  
answer: (d) tape
- A6 The Nikko Cordial Corporation announced a stock consolidation to its common shareholders in Japan at the rate of one (1) new share to be issued for every two (2) existing ordinary shares held; the assimilation of the ordinary shares in the local market will be effective September 1, 2005.  
answer: (d) assimilation
- A7 Bill Nguyen is the subject of a story in The WSJ about how entrepreneurs are cautiously spending venture capital, especially compared to the last crop of Internet entrepreneurs in the 90s; the story includes some of the monthly burn rates at Silicon Valley companies — about \$160,000 a month at Meebo, \$200,000 at LaLa and \$500,000 at Sharpcast.  
answer: (b) burn
- A8 Last week, the County announced that they no longer needed to consider Mandatory Time Off as a budget balancing device; some of the found money was a reallocation of about \$35k previously earmarked for the expensive (and unnecessary) study of raising Coyote Dam.  
answer: (a) found money
- A9 When a law firm that handled tons of sensitive legal matters for Valley startups and VC firms then goes belly up, what happens to all that information? — currently defunct Brobeck, Phleger & Harrison LLP notified clients that their digital files would be placed in a 'closed archive' managed by the Library of Congress.  
answer: (c) defunct
- A10 Filtronic, the telecoms equipment manufacturer, has got its house in order and is looking forward to the future with confidence: the banks have agreed new five-year facilities and the company's problem child, a mobile phone antennae business, is to be sold off.  
answer: (a) child

**Business buzzwords: Tight curbs**

- A1 Tight curbs on money supply, enforced by Indonesian monetary authorities for more than a year to prevent the economy from overheating, have driven domestic interest rates up to about 28 percent; analysts said this prolonged credit squeeze is straining the repayment capacity of many Indonesian businesses.  
answer: (c) squeeze
- A2 In 1983, the major success of Japan, Inc was serving to focus international attention on their ways of doing business: the Japanese corporate and political sectors were employing cooperative organizing strategies that produced the highest productivity and quality of work-life in the industrial world.  
answer: (a) Japan, Inc
- A3 Companies which are incorporated and listed in Hong Kong but controlled by Chinese entities or have Chinese state-owned enterprises as their parent companies have been viewed as a major experimental tool in China's economic reform; in this paper we analyze the market performance of red chip stocks in the first year following Hong Kong's reversion to China.  
answer: (b) chip
- A4 A sell of an overnight position and subsequent buy of the same security on the same day (which does not constitute a day trade) is treated as a same-day substitution and the customer can use the proceeds of the sale towards a new purchase.  
answer: (d) substitution
- A5 If we look at selling 500- to 550-lb. calves for 82-85 cents, and that's at your breakeven level, then it might make some sense to consider retained ownership; if all that can be had is trading dollars and giving away your time for the year, profit demands looking for other opportunities before selling them.  
answer: (d) trading
- A6 The Trilateral Commission was formed in 1973 by private citizens of Japan, Europe (European Union countries), and North America (United States and Canada) to foster closer cooperation among these core democratic industrialized areas of the world with shared leadership responsibilities in the wider international system.  
answer: (d) Trilateral
- A7 A foul weather fund is a mutual fund that tends to perform well in bear markets.  
answer: (a) foul weather
- A8 John A. Thain, who took the New York Stock Exchange (NYSE) public earlier this year, is racing to keep the Big Board competitive.  
answer: (b) Board
- A9 Infoseek (NASDAQ:SEEK) may be close to selling a piece of the Web search engine to a large media firm, with Disney cited as the most likely buyer and Time Warner a close second; this rumortrage has sent SEEK up 8.3% to \$32.625.  
answer: (c) rumortrage
- A10 Currently, there are 10 spiders that cover the S&P 500, nine of which cover individual sectors of the index; this selection allows investors to place their money in an ETF that covers either the whole market or a specific segment of the market.  
answer: (c) spiders

*Business buzzwords: Confidence in Christmas*

- A1 CEO Craig Barratt was very cautious in his interview with CNBC, where he went out of his way to say that this networking technology company with a big retail component could not feel confident going into Christmas; I think that he is sandbagging, setting the bar low so the stock can advance, take the medicine now for a rally later.  
answer: (c) sandbagging
- A2 The Direct Approach to estimating going concern value is based on the direct costs of creating a business, excluding the costs of the tangible assets; it also includes the owner's investment in working capital to finance early year losses.  
answer: (c) concern
- A3 Protus and Voice Shot have modified their voice broadcasting software to work seamlessly with Gold Calling's Automatic Response Management software to make Gold Calling the leading prospecting and lead generation contact management system currently available; the era of dialing and smiling is on its way out.  
answer: (b) dialing
- A4 P&G Chief Executive A.G. Lafley discussed why his company is no longer dependant on mergers to continue sales and profit growth: "Our growth has been quality growth because of organic growth," he said, adding that non-merger related growth has averaged 8 percent in recent years.  
answer: (c) organic
- A5 How long it will take for your money to double is easy to calculate using the Rule of 72: simply divide 72 by the percentage of interest you earn on your savings. If you're not pleased with the answer, start investigating other options that pay a higher rate of return.  
answer: (d) the Rule of 72
- A6 When you run out of credit and can't Top Up, you can get a 2 Call Credit IOU from Vodafone; so when you get that punctured tyre or absolutely have to respond to that special someone, you can!  
answer: (d) IOU
- A7 Basically, going public (or participating in an IPO) is the process in which a business owned by one or several individuals is converted into a business owned by many.  
answer: (a) going
- A8 As for the Robertson and Armco transactions, Bilzerian engaged in 'stock parking' shares of the two companies: Bilzerian 'sold' his stock in Robertson and Armco to a broker who held it for 30 days with the understanding that Bilzerian would buy the stock back for the purchase price plus interest and commissions.  
answer: (c) stock parking
- A9 Unlike the credit crunch of the early 1990s, when homeowners had the fiscal life squeezed out of them by high interest rates and unemployment, this time it seems the young are in the firing line.  
answer: (a) crunch
- A10 The Leading Lipstick Indicator is based on the theory that when a consumer feels less than confident about the future, she (or he) turns to less expensive indulgences such as lipsticks, and therefore, lipstick sales tend to increase during times of economic uncertainty or a recession.  
answer: (b) Leading

*Business buzzwords: The old days*

- A1 Investment banker Gary Lutin told the E-Commerce Times that in the old days when paper stock certificates were issued, some people used worthless stocks as wallpaper, but that since the securities market had gone digital and stock certificates are no longer issued, that is no longer an option.  
answer: (c) wallpaper
- A2 An employee embezzles millions of dollars from his company, but he doesn't know his firm is on to him; to combat his schemes, the company brings in a forensic accountant, a professional with a combination of financial expertise and investigative prowess, to determine exactly what's going on.  
answer: (c) a forensic
- A3 The acquisition of Corus will propel Tata Steel into the Fortune 500 list, making it one of the eight steel companies globally that figure in this elite list.  
answer: (b) Fortune 500
- A4 Managers are looking to cut costs, and one way to do it that's currently gaining favor is to go offshore for all or parts of the project; for example, one of the Intranet Design Annual 2001 winners was headquartered in the United States, but hired a firm in Mexico to design its intranet.  
answer: (b) offshore
- A5 Almost 1 million British adults are still living with their parents even though they are approaching 40, a study says; while this may not be a problem in itself, the real worry is how much these kippers cost — and the extent to which they eat into parents' retirement savings.  
answer: (b) kippers
- A6 Second only to the Saudi Arabia reserves, Alberta's oil sands deposits were described by Time Magazine as 'Canada's greatest buried energy treasure' and 'could satisfy the world's demand for petroleum for the next century'.  
answer: (c) sands
- A7 Ronald Reagan made supply-side economics a household phrase, and promised an across-the-board reduction in income tax rates and capital gains tax rates; when vying for the Republican party presidential nomination for the 1980 election, George H.W. Bush derided Reagan's supply-side policies as 'voodoo economics'.  
answer: (d) voodoo
- A8 A 2-minute preview of the investment teaser for a new feature film by Borderstop Filmed Entertainment called 'Urban Renewal' is now available on the official film site urbanrenewal.com and borderstop-studios.com; the production is scheduled for 2009.  
answer: (c) teaser
- A9 Reacting with horror to a huge proposed pay package for GlaxoSmith-Kline's chief executive JP Garnier, shareholders blocked the sweetheart deal; by doubling his share option grant and trebling his allocation of free performance-related shares, the plan would have almost doubled his remuneration to an estimated \$18 million.  
answer: (c) sweetheart
- A10 As costs of energy and other commodities soar, investors should be on the hunt for companies with pricing power; the ability to pass along higher product costs to consumers gives such outfits an edge and, in the long run, boosts returns.  
answer: (c) pricing

*Business buzzwords: A basket of goods*

- A1 Purchasing power parity theory states that the exchange rate between two countries should ultimately move toward the rate that equalizes the prices of an identical basket of goods and services in each country; the Economist has suggested that the 'basket' is a Big Mac, which is produced in about 120 countries.  
answer: (a) Big Mac
- A2 The Bond Market Association has long promoted greater transparency and has worked hard to provide actual price data to investors, supplying all MSRB price data free of charge on its website [www.investinginbonds.com](http://www.investinginbonds.com).  
answer: (d) transparency
- A3 Redlining Rules may be Weakened: Federal banking regulators in the Bush administration are poised to weaken the nation's primary law requiring small banks to serve low-income residents in their own back yards through housing investments and development projects.  
answer: (b) Redlining
- A4 The next time somebody taunts you for being a gold bug, tell them that the International Monetary Fund believes in gold: from its website, we read that one of its principles is, "As an undervalued asset held by the IMF, gold provides fundamental strength to its balance sheet; any mobilization of IMF gold should avoid weakening its overall financial position."  
answer: (a) bug
- A5 If you want to maximize the amount of money that you are investing (which in turn leads to higher returns), then a no-load mutual fund is for you: more of your money will go directly toward working for you, rather than finding its way into someone else's pocket.  
answer: (b) no-load
- A6 A 'goldbrick share' is a stock or security that appears to be of high quality and worth, although the company that issued it is actually worth very little.  
answer: (b) goldbrick
- A7 The Dow Jones Industrial Average is the oldest and most widely recognized stock market index, and the Dow Diamonds (\$104.37) is an exchange-traded fund that holds the 30 stocks that comprise the venerable index.  
answer: (d) Diamonds
- A8 Although inventory data indicates that U.S. crude and product stocks are at above-average levels, market jitters remain over the possibility that international oil supplies could be disrupted further as a result of political problems in both Iran and Nigeria.  
answer: (a) jitters
- A9 The Footsie stalwarts have money to burn: cash generation in the UK's major listed companies is at record levels, and over the next three years, the FTSE350 will generate close to 200bn in surplus cash, according to new research by KPMG.  
answer: (d) Footsie
- A10 I'm just on my way out to work when a sudden headache gripped me — could've been one of those migraines that one gets when stock markets fall, which has been coined the 'Aspirin Count Theory'.  
answer: (a) Aspirin

**Business buzzwords: Investment leverage**

- A1 In the case of Oanda they offer you leverage of 50 times your good faith money: if you put \$1000 into your account, you may buy or sell currencies up to an amount that would require \$50,000 cash to actually buy at the time.  
answer: (b) faith
- A2 The upcoming Google IPO contains a two-tier voting structure that gives Class B shareholders (primarily company founders Larry Page and Sergey Brin) 10 votes for each share while each Class A share being offered only carries one vote; this provision is shark repellent, intended to make it difficult for outsiders to take over Google or influence the company's operations.  
answer: (d) repellent
- A3 Altria has long been considered a classic widow-and-orphan stock: great for its stability and big annual dividend, currently about 4.1 percent.  
answer: (b) orphan
- A4 Central Canada Foods Corporation has agreed to lease terms for its Timberlea plant from 1469818 Ontario Inc., a company controlled by George Michaels, Central's president and majority shareholder in a related party transaction.  
answer: (d) a related
- A5 Around Wall Street, the talk is that the U.S. economy is not too hot, not too cool, but just right — the fabled 'Goldilocks' economy that means corporate profits can continue to grow, while inflation stays tame  
answer: (a) Goldilocks
- A6 The opening up of new markets and the development from the craft shop to such concerns as U.S. Steel illustrate the same process of industrial mutation that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one; this process of Creative Destruction is the essential fact about capitalism.  
answer: (a) Destruction
- A7 In financial markets here in London we call it 'The Rio Trade' — a trader who has lost big and has so far managed to cover up the fact puts on a huge trade, enough to cover all his losses, and buys a first class ticket to Brazil, where there is no extradition to the UK, just in case the trade goes wrong.  
answer: (c) Rio
- A8 Today's online video market is stuffed full of entrants with names like Broadsnatch, Eyeka, and Gkko, but video company CEOs like Tom McInerney of Guba agree that a shakeout is coming: "There'll be a lot of casualties in the next year," McInerney predicts.  
answer: (c) shakeout
- A9 A huge number of investors think they are buy-and-holders, but in fact they use a peculiar form of market timing, the ICSIA or 'I can't stand it anymore' system; this is probably the most widely used system in the world, and it relies on emotional reactions to market fluctuations.  
answer: (d) timing
- A10 A successful price war was the one Philip Morris began on Marlboro Friday, 2nd April 1993: the company cut the price of the world's best-selling cigarette by almost 20% — and in the process knocked almost \$10 billion off the market value of the company.  
answer: (b) Marlboro

**Business buzzwords: Takeover remedy**

- A1 A chastity bond is designed to prevent unwanted takeovers by having a maturity that is activated once a takeover is complete; the idea this is that companies will be less inclined to take over a company if they know that afterward they will immediately be forced to pay bondholders.  
answer: (d) chastity
- A2 The flow of risk capital in India has increased substantially since 2000, but over 90 percent of the money is invested in late-stage initiatives by mature firms; even the remainder mostly finances new firms replicating proven business ideas, and as a result, very few innovative startups are funded.  
answer: (b) risk
- A3 A syndicate desk employee, sales representatives or sales traders entered customers' indications of interest in the IPO into the IPO institutional pot book, the computer database where all of the institutional indications of interest in the IPO and allocations were recorded.  
answer: (c) pot
- A4 The wild card option is, for example for bond futures, the option to initiate delivery between 2 p.m. and 8 p.m. in the afternoon during the delivery month of the contract; the point here is that the futures price is settled at 2 p.m. but the trade in the underlying bonds goes on until 8 p.m.  
answer: (d) wild
- A5 The nucleus accumbens kicked into action two seconds before subjects made a risk-seeking choice that was a mistake (investing in a stock with a bad history); in contrast, the anterior insula was activated just before the volunteers made a less than optimal risk-averse choice prompting them to invest in a safe but low-return bond instead of the good stock.  
answer: (c) risk-averse
- A6 If a business division falls into the 'dog' quadrant — stagnant or shrinking industry growth and poor business unit performance — management usually sells it off or slashes it to a bare minimum.  
answer: (b) dog
- A7 Diworsification affects many individual investors, who simply have too many stocks (often, too many or the wrong type of mutual funds) in their portfolio; a company's share value could shoot to the moon, but it would have very little impact on the fund's overall performance because of its very small exposure.  
answer: (a) Diworsification
- A8 The bottom-up approach is the staple of professional investors worldwide: it involves picking stocks for reasons specific to particular companies, regardless of the prospects of their sector or market — no matter how markets are performing, some stocks have more value than others.  
answer: (b) bottom-up
- A9 The 'ring fence' around the profits of North Sea companies is designed to prevent losses from non-North Sea activities from being set against profits of North Sea activities; one of the rules is that interest can only be deducted from North Sea profits if the capital has been borrowed for a North Sea oil purpose.  
answer: (b) fence
- A10 One remedy, Walden says, would be to index the state tax rates to inflation: "That would tend to reduce bracket creep, and in fact this is what the federal government does with the federal income tax."  
answer: (a) creep

*Small-business salaries*

- A1 Mary Crane at Forbes.com says, "Which way is the economy going? — if executive salaries at smaller companies are any indication, the answer is sideways at best."  
answer: (b) indication
- A2 According to a new small-business compensation survey released today by Salary.com, median base salaries for most executives at small firms increased this year over last.  
answer: (a) median
- A3 The average paycheck for marketing managers rose 4.7% to \$136,100; head bean counters got a 3% bump, up to \$155,000; and plant managers took home \$80,000, or 1.8% more.  
answer: (a) bean
- A4 The annual survey spanned 11 job functions (not including 'owner') at more than 1,800 organizations, both privately and publicly held, employing one to 500 employees.  
answer: (b) spanned
- A5 Ken Kerr, chief executive and financial officer of Kettley Publishing, a small consumer-education company based in Newport Beach, Calif., has filled out the www.Salary.com survey for the past two years.  
answer: (a) based
- A6 He says the survey results mesh with what he's seen in the California small-business community and in his own 30-person firm.  
answer: (d) mesh
- A7 "In this region, we're seeing the economy coming back strong; the tide raises all boats — small businesses have really felt the impact of that," he says.  
answer: (a) boats
- A8 Bill Dunkelberg, chief economist for the National Federation of Independent Business is optimistic, too; he says the labor market is the tightest it's been in thirty years, sans the dot-com years.  
answer: (d) tightest
- A9 The bad news: while salaries have been on the rise, so too has inflation.  
answer: (c) so
- A10 For the trailing 12 months ended in August, the Consumer Price Index ticked up nearly 4% — eviscerating salary gains in real-dollar terms.  
answer: (c) eviscerating

*Various views of accounting*

- A1 Commercial, financial and taxation accounting rules serve their own purposes and, as a consequence, differences in the results should be expected and accepted.  
answer: (d) serve
- A2 Commercial accounting rules are used to determine the commercial results of a single entity, and establish, in particular, whether a profit or a loss has resulted for a given period.  
answer: (a) a given
- A3 The rules are intended to protect the rights of shareholders and creditors and, as a consequence, the prudence principle occupies an important place.  
answer: (c) prudence
- A4 Financial accounting and reporting rules are part of a country's capital market regulations.  
answer: (d) market
- A5 Their objective is to give investors and other stakeholders a reliable and as accurate as possible picture of the financial situation of the economic entity (group); the guiding principle is 'fair presentation'.  
answer: (c) fair presentation
- A6 Other important rules in this respect are 'substance over form', 'market value measurement', and the factual prohibition of hidden reserves.  
answer: (a) reserves
- A7 Taxation rules are used to determine taxable profits, and their objective is to define the tax liability of enterprises to the State.  
answer: (d) State
- A8 The rules must be susceptible to compliance by taxpayers and control and enforcement by tax authorities.  
answer: (d) compliance
- A9 Taxation rules for companies are usually designed to preserve economic neutrality, so that business decisions are not unduly influenced by fiscal measures.  
answer: (a) unduly
- A10 Tax laws reflect general principles of taxation, such as non-discrimination or taxation according to economic capacity, but also practicalities such as availability of funds for payment of the liability and long-term profitability.  
answer: (b) practicalities

*Corporate communications*

- A1 Paul Chin, in his 'The Evolution of Corporate Communications', realizes that communicating to hundreds, sometimes thousands, of employees within an organization is no mean feat.  
answer: (a) mean
- A2 This challenge is further complicated in organizations with a global presence, where corporate headquarters is responsible for delivering the same message to satellite offices in geographically dispersed locations.  
answer: (d) presence
- A3 And don't fool yourself in thinking that there's some long process of deliberation when they receive one of these messages; most corporate communications will grab the attention of an employee for no more than a few seconds — if at all.  
answer: (b) deliberation
- A4 It's within that very narrow window of opportunity that they will decide whether to read something or toss it aside.  
answer: (d) window
- A5 Communication is a two-way street; it requires a sender and a receiver: if no one is listening, you're just a crazy person talking to yourself.  
answer: (c) street
- A6 Anyone involved with corporate communications needs to be aware of their receivers' habits and idiosyncrasies before deciding on message and medium.  
answer: (c) idiosyncrasies
- A7 It wouldn't make sense to use technology-based communications with an audience who's not tech-savvy without first providing them with adequate training.  
answer: (c) tech-savvy
- A8 In the '90s, the IT industry was abuzz with the concept of push technology, a method of delivering content to users' desktop without requiring them to actively seek it out.  
answer: (a) abuzz
- A9 The technology, however, never lived up to its hype and communications fell back to old stalwarts: the intranet and e-mail.  
answer: (b) stalwarts
- A10 Momentum is also growing in the corporate environment for RSS, where organizations are beginning to see that RSS can be used to pick up where e-mail left off as an internal corporate communicator.  
answer: (d) left

**Business buzzwords: Whiplash**

- A1 Market mavens are nursing a bad case of whiplash: most of the 42 strategists surveyed by 'Business Week' a year ago saw their yearend forecasts surpassed in the first few months of 1996 — the consensus view then was for the Dow Jones to rise 5% and end the year at 5430, but the Dow passed 5430 in early February.  
answer: (c) mavens
- A2 Long-struggling Randall Park Mall now is in the hands of a Raleigh, N.C., real estate investor who specializes in buying ailing malls and who, until earlier this year, owned Euclid Square Mall; investor Haywood Whichard bought Randall Park for the type of price that gives spice to the life of real estate bottom-fishers.  
answer: (d) bottom-fishers
- A3 One reason traders are moving to the Forex is the momentum and longevity of trends: currencies tend to trend 1,000 pips or more in a direction, and then move back 1,000 pips or more within a 4- to 6-week period, and this type of movement gives the position trader a great opportunity for chasing the market.  
answer: (a) chasing
- A4 If the total asset value of your portfolio averaged \$1 million and the total value of assets sold during the year equals \$200,000, then the portfolio turnover is 20% or one fifth.  
answer: (d) turnover
- A5 The purchase of YouTube by Google for \$1.65bn (883m) is just the latest in a series of high-profile, high-value deals among internet firms, but does it mean that we are entering another dotcom boom era, like the one in the late 1990s that ended in a stock-market collapse?  
answer: (a) dotcom
- A6 The 1980s was a decade of corporate cannibalism as companies sought to buy out or build strategic alliances with competitors; nearly \$1.3 trillion was spent on corporate mergers in the 1980s, more than the annual economic output of the UK.  
answer: (a) cannibalism
- A7 The Act also restores the power of local governments to issue double-barreled bonds, which are general obligation bonds payable from enterprise funds or from a special revenue source or both, with the general obligation of the local government acting as a back-up security.  
answer: (a) double-barreled
- A8 Dennis N. Abbott, a former trader at BP, admitted that he carried out a strategy to buy large quantities of February 2004 TET propane to become the dominant long-holder of TET propane; he intended that the purchasing strategy would corner the market by reducing the supply, permitting him to sell propane at an artificially inflated price.  
answer: (c) corner
- A9 Almost 10 years after Telefonos de Mexico (TMX), Mexico's 800-pound gorilla, was privatized, Mexicans still find reasons to hate the phone company; although the Mexican market has been open to competition for four years, the company is still a quasi-monopoly.  
answer: (c) gorilla
- A10 Since it is nearly Christmas, I thought I would write something about the Boston Snow Indicator: the theory is that if there is snow in Boston on Christmas day then the price of stocks will go up for the coming new year.  
answer: (d) Indicator

**Business buzzwords: Unregistered securities**

- A1 An unregistered security may be sold by a broker, but specific documentation must be completed by the owner and presented to a broker before a sell order can be placed; moreover, this letter security may not be sold for at least two years from the date of purchase.  
answer: (a) letter
- A2 Parking violations involve a brokerage house or bank keeping a client's stock in its own name in disregard of its reporting requirements; such an act may allow the client to temporarily bypass his margin requirements, keep secret his position in a company, or stay within limits imposed by other rules.  
answer: (c) Parking
- A3 Now that investors are loath to believe anything good about a public company, con artists are finding that a new tactic, the 'short and distort' scam, is working better; with this strategy, scammers profit by selling while gambling that a stock will decline — and subsequently forcing shares down by spreading nasty rumors about the company.  
answer: (d) short and distort
- A4 Plug Power (NASDAQ: PLUG) Long Recommendation: Seems to be reaching stops — weak hands shaken out — may hold \$4 — add \$3.50.  
answer: (c) hands
- A5 In the 1960s and 1970s, a group of bond dealers known as the Memphis Bond Daddies were notorious for their unscrupulous methods of selling tax-exempt bonds to the elderly; eventually closed down by regulators, their role was to dispose of the toxic waste generated as Collateralized Mortgage Obligations were sliced into more and increasingly complex tranches.  
answer: (d) toxic waste
- A6 Government golden shares have their risks and their costs: the full benefits of privatization will not be realized, for example, if management is completely protected from every sort of takeover, and the device could be abused by less scrupulous governments in order to maintain political control over an enterprise while nominally privatising it.  
answer: (a) golden
- A7 I personally favour, as long as it is open, what is called the 'sunshine trade', all the cards on the table, everybody in the whole world knows what you are auctioning; the market will adjust immediately at that point and people will pay the price of it.  
answer: (c) sunshine trade
- A8 My first experience as an investor looking at companies trading below cash value was to buy the stock: how could I lose? — one could liquidate the company and make money at the very least.  
answer: (b) cash
- A9 The NYSE and the Chicago Mercantile Exchange agreed to impose restrictions when prices begin falling out of control; one safeguard is a shock absorber, a half-an-hour price floor that goes into effect on the S&P's 500 index whenever it drops on the Merc by the equivalent of about 96 points on the Dow Jones average.  
answer: (a) absorber
- A10 The human genome may go down in history as the biggest white elephant for humanity: it cost a lot and is useless, it does not work, and is so expensive to maintain and grows so big so fast that it will bankrupt the industry as well as entire nations.  
answer: (d) white elephant

**Business buzzwords: Spin tour**

- A1 Shell Oil and a bunch of its friendly top executives are bringing a genuine old-fashioned dog and pony show to 50 towns this summer, and their goal is to convince angry consumers that Big Oil is not ripping them off; it's sure to be complete with photo ops and baby kissing, and it ought to be called the Web Minus Zero spin tour.  
answer: (d) pony
- A2 The Super Bowl indicator gets attention at this time every year due partly to the fact that there are so many fans on Wall Street trading desks; even Bob Stovall, who helped popularize it in the 1970s when he served as investment policy director at Dean Witter Reynolds, admits there's not a lot of logic or validity behind it.  
answer: (b) Super Bowl
- A3 A newer trading strategy is the spark spread, which is intended to simulate the profits from a power plant; it was possible from 1996 to 2002 to hedge or sell such a spread on Nymex by shorting electric power and buying the fuel used for generation fuel oil, natural gas, or coal.  
answer: (c) spark
- A4 Dunlop Standard Aerospace Holdings plc announced today that it will make an optional partial redemption of US\$ 23.6 million aggregate principal amount of its 11-7/8% Senior Notes due 2009; the outstanding principal amount of the Senior Notes remaining after this redemption will be US\$ 321.4 million.  
answer: (c) partial
- A5 The critical piece of this puzzle, the element that made it all work, was a transaction called a 'price swap derivative' between Enron and Raptor, in which Enron committed to give stock to Raptor if Raptor's assets declined in value; but the more Raptor's assets declined, the more of its own stock Enron was required to post.  
answer: (c) swap
- A6 In a number of cowboy marketing cases, a company has approved an email campaign because the marketer promised that it would send only to people who opted in to receive stock announcements; then the company is surprised to learn that the so-called 'opt-in list' is just a standard bulkmailer's list of addresses scraped from Usenet and the Web.  
answer: (c) cowboy
- A7 Six-year futures for light sweet oil and natural gas are among the most important indicators of value for oil and gas producers; such a far-sighted view, imperfect as it may be, is not widely available for the refining crack, the margin between crude oil and refined products.  
answer: (a) crack
- A8 In a blitzkreig takeover, iBank was suddenly history, and its blue, white and yellow marquee will soon be replaced by the blue and white of Unionbank, following the former's multibillion buy-out of the latter's majority shareholders concluded Friday; "The speed in which it was consummated really caught us off guard," quipped an iBank executive.  
answer: (a) blitzkreig
- A9 Technology is better than ever and more people than ever before are using it, but still, technology stock prices keep falling, and Wall Street is overcompensating by giving these stocks the cold shoulder: this is where we've gone astray. and it has more to do with the happenings on Wall Street than with problems on Tech Street.  
answer: (c) Tech
- A10 Federal Reserve Chairman Alan Greenspan said yesterday that the U.S. economy is 'going through a soft patch,' but that it won't hold back a 'broadening' economic expansion that has gained momentum this year.  
answer: (b) soft

**Business buzzwords: Food stocks**

- A1 Food stocks aren't as exciting as some of the tech names, but they don't go up nearly as much when the market is going crazy and they also don't go down as much because they're not as dependent on the economy; they're steady stocks, which is why Kraft could be a good core holding to diversify your portfolio.  
answer: (c) core
- A2 "Much of what happens in history," Nassim Taleb notes, "comes from Black Swan dynamics, very large, sudden, and totally unpredictable outliers, while much of what we usually talk about is just noise; our track record in predicting those events is dismal, yet by hindsight bias we think that we understand them."  
answer: (d) Swan
- A3 The Small Order Execution System allows small investors near-instant execution of trades of 1,000 or fewer shares on the Nasdaq, and these SOES bandits are a growing force in the market, accounting for about 15% of the trades on the Nasdaq Stock Market.  
answer: (a) bandits
- A4 When the CEO or minister announces the agency is going to restructure in the name of operational efficiencies or an expanded range of services, public sector managers suspect they are really hearing "The last approach didn't work, so let's try another".  
answer: (d) restructure
- A5 'Why Bill Gates?' — this is the question for a small clique of siliconaires — Scott McNealy of Sun Microsystems, Larry Ellison of Oracle, Steve Jobs of Pixar; a decade ago, the four geek tycoons were all stumbling around an industry as small as their pocket protectors, but Gates graduated into the history books, while the other three seem headed for footnote status.  
answer: (c) siliconaires
- A6 The director of a funds management company says that smaller companies focusing on a single service like sustainable living, alternative energy, etc. are less likely to be involved in big uglies like the defense industry and oil.  
answer: (d) uglies
- A7 The OS/400 high availability market was a dog-eat-dog market before the merger of one-time foes iTera and Vision, and that intense competitiveness continues following the merger.  
answer: (c) dog-eat-dog
- A8 Typically Wal-Mart and other retailers debut the eagerly awaited day-after-Thanksgiving specials a few days in advance; Wal-Mart hasn't officially debuted its Black Friday ads, but the information appears to have been leaked to a few Web sites.  
answer: (b) Friday
- A9 A dividend clawback is an arrangement under which sponsors of a project agree to contribute as equity any prior dividends received from the project to the extent necessary to cover any cash deficiencies.  
answer: (b) clawback
- A10 Since 1975, the number of money management firms that provide research and other products and services in exchange for commissions has grown; the total value of third-party research purchased annually with soft dollars is estimated to exceed \$1 billion.  
answer: (c) soft

**Business buzzwords: China's mass media**

- A1 Driven by increasing investments and consumption, China's mass media industry will grow into a sunrise industry with high profits and investment potential in future years; within the industry, newspaper, audio and video products and online games are the fields seeing the fastest growth potential, the blue paper said.  
answer: (d) a sunrise
- A2 At some point, investors will recognize that Wal-Mart stock is poised for a rebound, but what's needed to speed up that process is a catalyst, and sales of generic drugs may give Wal-Mart just the boost it needs.  
answer: (b) a catalyst
- A3 In his book, 'The Logical Trader', author Mark Fisher discusses techniques for identifying potential market tops and bottoms; one, the 'sushi roll', has nothing to do with food, except that it was conceived over lunch where a number of traders were discussing market set-ups.  
answer: (d) sushi roll
- A4 Microsoft has an interesting, if dubious, cookie jar accounting scheme where profits from successful quarters aren't reported so that less successful quarters can be padded; this creates a false growth curve that is smooth and steady, not the typical up and down earnings you'd expect from a company that relies on periodic product rollouts.  
answer: (a) cookie jar
- A5 Perhaps the most famous example of a speculative bubble is the 'tulipmania' that struck 17th century Holland: Dutch collectors devised a hierarchy of values for the various flowers, the tulip became an object of speculation, and people mortgaged their homes and industries in order to buy the bulbs for resale at higher prices.  
answer: (b) bubble
- A6 Matlock allegedly made or retained no record of having received individual orders from customers, how many shares each had ordered, or when the orders were placed; bunching the orders allowed Matlock to grant preferential treatment to certain customers, and to himself.  
answer: (c) bunching
- A7 Golden handcuffs are to be offered across the ranks in a desperate bid by defence chiefs to stop the haemorrhaging of British troop numbers; the Ministry of Defence is drawing up plans for a massive expansion of a multi-million-pound programme offering bonuses of up to 5,500 if personnel promise to stay in the forces for at least two years longer.  
answer: (c) handcuffs
- A8 ETFs (Exchange-Traded Funds) do not sell individual shares directly to investors and only issue their shares in large blocks (blocks of 50,000 shares, for example) that are known as creation units.  
answer: (b) creation
- A9 Several Democratic groups have already begun spending large donations on advertising and get-out-the-vote activities, but Republicans had asked the Federal Election Commission to stop the activities under the campaign law that broadly banned big checks known as 'soft money' from federal elections.  
answer: (d) soft money
- A10 Investments that glittered, but turned into fool's gold: the metal industry has been tarnished by several high-profile scandals in recent years that have left City banks owed millions of pounds and politicians red-faced.  
answer: (a) fool's

*An economic profile of the Pacific Rim*

- A1 James V. Koch, in *Business Horizons* (March 1989), explains that it is now commonplace to talk of the Asian economic miracle, a phenomenon that has provided certain countries with the highest real rates of economic growth and the most rapidly rising per capita incomes in the world.  
answer: (b) commonplace
- A2 The beneficiaries of this miracle are only part of a larger, economically fertile area known as the Pacific Rim, and the World Bank predicts that the Pacific Rim will be the fastest growing region in the world over the next five years, averaging a real growth rate of 4.3 percent annually compared to an average of only 3.5 percent for all industrialized nations.  
answer: (c) fertile
- A3 The Pacific Rim comprises a group of extremely diverse countries that are united by their common access to the Pacific Ocean and their export-oriented economies.  
answer: (c) comprises
- A4 The United States and Japan dominate the Pacific Rim from an economic standpoint, while the economically immature People's Republic of China, by virtue of its more than one billion citizens, is a force of growing importance.  
answer: (d) virtue
- A5 Together, these three countries constitute the economic giants of the region; by comparison, the remainder of the countries of the Pacific Rim are economic dwarfs.  
answer: (a) dwarfs
- A6 Others in the region, the ASEAN group (Indonesia, Malaysia, the Philippines, Thailand, and Singapore), generally exhibit lower levels of per capita GDP than the NICs (Hong Kong, South Korea, and Taiwan) but are more fully integrated economically and have had high rates of economic growth in recent years.  
answer: (c) integrated
- A7 The British Commonwealth nations of Australia, Canada, and New Zealand are prosperous in terms of their per capita incomes, although they have exhibited only modest rates of economic growth in recent years.  
answer: (d) modest
- A8 The so-called 'Island Countries', such as Fiji, French Polynesia, Papua New Guinea, and Vanuatu, exhibit traditional native agrarian economies that are small in size and seldom based upon organized markets.  
answer: (a) agrarian
- A9 Finally, the considerable physical presence of the Soviet Union, Southeast Asian states such as Vietnam, and Spanish-speaking Central and South American countries such as Mexico and Peru belies their relatively insignificant economic role in the area to date.  
answer: (c) belies
- A10 There are surprisingly few common threads among the countries on the Pacific Rim; they are exceedingly diverse ethnically, politically, socially, religiously, and geographically.  
answer: (d) threads

*Cross-border corruption*

- A1 Bribery has been the leading ethical issue in business activities, and international bribery is more complicated and has greater repercussions than bribery within one country.  
answer: (a) repercussions
- A2 Cross-border corruption has become a serious issue in international business especially in Asia's commercial activities, and is threatening the integrity of all cross-border business transactions.  
answer: (d) integrity
- A3 Cross-border bribery is bribery aimed at manipulating business decisions made by a public official or a corporate employee across the national border in such a way that they are no longer motivated by the interest of the employer.  
answer: (a) interest
- A4 The issue of cross-border bribery by American companies was first brought to public attention by the Foreign Corrupt Practices Act in 1977; it was recognized that many American companies were involved in questionable foreign payments in order to gain an edge over their competitors.  
answer: (c) an edge
- A5 It remains unclear, however, whether the Act has had any detrimental effect on the competitiveness of American companies in international business.  
answer: (a) detrimental
- A6 Cross-border corruption exists also in business activities between mainland China and Hong Kong: according to the Independent Commission Against Corruption, in some 50 Hong Kong companies with a production base on the mainland, payments intended to bribe accounted for three to five per cent of their operating costs.  
answer: (c) some
- A7 While the Prevention of Bribery Ordinance in Hong Kong gave the ICAC the power to combat corruption in Hong Kong, there has been no legislation similar to the FCPA that deals with cross-border corruption.  
answer: (a) combat
- A8 Mainland Chinese authorities too show much concern about the issue; the Premier's Office has issued Corruption Prevention Directives to tackle the problem.  
answer: (c) tackle
- A9 The influence of ethical norms on cross-border business transactions can be examined from three different perspectives: cultural relativism, ethical imperialism (universalism), and the development of contextualized hypernorms.  
answer: (c) perspectives
- A10 Education can be used to shape people's attitudes towards corruption, but this is a time-consuming process; an expedient alternative would be to pass legislation to deter business executives from giving or receiving bribes.  
answer: (a) expedient

*Management of transboundary fishing*

- A1 In 'The Management of Transboundary Fishery Resources and Property Rights', Gordon R. Munro tackles one of the knottiest questions in the field of rights-based fishing.  
answer: (a) knottiest
- A2 His paper concerns itself with the difficult issue of managing transboundary fishery resources, in which state, let alone individual, property rights may be poorly defined.  
answer: (c) let
- A3 The paper aims to break new ground, in that the consequence for the management of transboundary fishing resources of establishing fishermen/company based property rights has never been properly dealt with.  
answer: (a) break
- A4 The paper begins with a brief history of the legal position of national ownership over offshore fishery resources.  
answer: (c) offshore
- A5 Munro reminds us that it is now established by the 1982 UN Convention on the Law of the Sea (CLS) that coastal states have property rights to the fishery resources contained within their Exclusive Economic Zones extending 200 nautical miles offshore.  
answer: (d) nautical
- A6 This principle established, coastal states such as Canada quickly discovered that the stocks stubbornly refused to stay within their EEZ, and hence international management issues arise.  
answer: (c) stubbornly
- A7 Two issues concern us here: one is the issue of 'shared stocks', which are fish stocks shared by two or more coastal states whose EEZs are contiguous.  
answer: (a) contiguous
- A8 The CLS admonishes coastal states to cooperate in the management of shared fishery resources, but provides little or no guidance as to how the cooperation is to be effected.  
answer: (a) admonishes
- A9 The second issue is that of 'straddling stocks', or those that move back and forth between a country's EEZ and the high seas.  
answer: (c) high
- A10 The new element which is introduced into resource management when the resource is transboundary is the fact that the resource is subject to exploitation by one, two, or more states which can be expected to interact with one another.  
answer: (b) exploitation

*Technology licensing*

- A1 Technology licensing is a contractual arrangement in which the licensor's patents, trademarks, service marks, copyrights, trade secrets, or other intellectual property may be sold or made available to a licensee for compensation that is negotiated in advance between the parties.  
answer: (c) intellectual
- A2 This compensation, or royalties, may be a lump sum royalty, a running royalty (royalty that is based on volume of production), or a combination of both.  
answer: (c) lump
- A3 A technology licensing agreement usually enables a firm to enter a foreign market quickly, and poses fewer financial and legal risks than owning and operating a foreign manufacturing facility or participating in an overseas joint venture.  
answer: (c) poses
- A4 Licensing also permits U.S. firms to overcome many of the tariff and nontariff barriers that frequently hamper the export of U.S. manufactured products.  
answer: (c) hamper
- A5 Technology licensing can also be used to acquire foreign technology, such as cross-licensing agreements awarding rights to improved technology developed by a licensee.  
answer: (b) cross-licensing
- A6 Franchising is also an important form of technology licensing used by many service industries, where the franchisor (licensor) permits the franchisee (licensee) to employ its trademark or service mark in a contractually specified manner for the marketing of goods or services.  
answer: (c) specified
- A7 As a form of 'exporting', technology licensing has certain potential drawbacks: one negative aspect of licensing is that control over the technology is weakened because it has been transferred to an unaffiliated firm.  
answer: (c) drawbacks
- A8 In considering the licensing of technology, it is important to remember that foreign licensees may attempt to use the licensed technology to manufacture products in direct competition with the licensor or its other licensees.  
answer: (b) competition
- A9 In many instances, U.S. licensors may wish to impose territorial restrictions on their foreign licensees, depending on U.S. and foreign antitrust laws as well as the licensing laws of the host country.  
answer: (c) impose
- A10 Also, U.S. and foreign patent, trademark, and copyright laws can often be used to bar unauthorized sales by foreign licensees, provided that the U.S. licensor has valid patent, trademark, or copyright protection in the United States or the other pertinent countries.  
answer: (c) pertinent

*International accounting standards (1)*

- A1 With the activities and interests of investors, lenders and companies becoming increasingly global, the Securities and Exchange Commission is increasing its involvement in a number of forums to develop a globally accepted, high quality financial reporting framework.  
answer: (b) framework
- A2 Our efforts, at both a domestic and international level, consistently have been based on the view that the only way to achieve fair, liquid and efficient capital markets worldwide is by providing investors with information that is comparable, transparent and reliable.  
answer: (c) comparable
- A3 That is why we have pursued a dual objective of upholding the quality of financial reporting domestically, while encouraging convergence towards a high quality global financial reporting structure internationally.  
answer: (b) convergence
- A4 Over the last two decades, the global financial landscape has undergone a significant transformation.  
answer: (a) landscape
- A5 These developments have been attributable, in part, to dramatic changes in the business and political climates, increasing global competition, the development of more market-based economies, and rapid technological improvements.  
answer: (d) attributable
- A6 Our efforts to develop a global financial reporting structure have been guided by the cornerstone principle underlying our system of regulation — pursuing our mandate of investor protection by promoting informed investment decisions through full and fair disclosure.  
answer: (b) cornerstone
- A7 In 1988, we issued a policy statement that noted that all securities regulators should work together diligently, to create sound international regulatory systems that will enhance the vitality of capital markets.  
answer: (c) diligently
- A8 Currently, issuers wishing to access capital markets in different jurisdictions must comply with the requirements of each jurisdiction, which differ in many respects.  
answer: (b) respects
- A9 Throughout this effort, we have been steadfast in advocating that capital markets operate most efficiently when investors have access to high quality financial information.  
answer: (d) steadfast
- A10 While the accounting standards used must be high quality, they also must be supported by an infrastructure that ensures that the standards are rigorously interpreted and applied, and that issues and problematic practices are identified and resolved in a timely fashion.  
answer: (d) rigorously

*International accounting standards (2)*

- A1 High quality accounting standards are critical to the development of a high quality global financial reporting structure.  
answer: (c) to
- A2 Different accounting traditions have developed around the world in response to varying needs of users for whom the financial information is prepared; in some countries, accounting standards have been shaped primarily by the needs of private creditors, while in other countries the needs of tax authorities or central planners have been the predominant influence.  
answer: (b) shaped
- A3 Establishing and maintaining high quality accounting standards are critical to the U.S. approach to regulation of capital markets, which depends on providing high quality information to facilitate informed investment decisions.  
answer: (d) informed
- A4 High quality accounting standards are essential to the efficient functioning of a market economy because decisions about the allocation of capital rely heavily on credible and understandable financial information.  
answer: (c) credible
- A5 When issuers prepare financial statements using more than one set of accounting standards, they may find it difficult to explain to investors the accuracy of both sets of financial statements if significantly different operating results, financial positions or cash flow classifications are reported under different standards for the same period.  
answer: (c) positions
- A6 Questions about the believability of an entity's financial reporting are likely where the differences highlight how one approach masks poor financial performance, lack of profitability, or deteriorating asset quality.  
answer: (b) masks
- A7 Also, the audit is an important element of the financial reporting structure because it subjects information in the financial statements to independent and objective scrutiny, increasing the reliability of those financial statements.  
answer: (d) scrutiny
- A8 Recent events in the United States have highlighted the importance of high quality auditing standards and, at the same time, have raised questions about the effectiveness of today's audits and the audit process.  
answer: (d) raised
- A9 Audit firms should have a responsibility to adhere to the highest quality auditing practices, on a world-wide basis, to ensure that they are performing effective audits of global companies participating in the international capital markets.  
answer: (b) adhere
- A10 Historically, audit firms have developed internal quality control systems based on their domestic operations; however, as clients of audit firms have shifted their focus to global operations, audit firms have followed suit and now operate on a world-wide basis.  
answer: (d) suit

*Optimal hedging*

- A1 The article, 'Optimal Hedging and Foreign Exchange Risk', by Nancy Beneda, illustrates the technique of computerized optimization and simulation modeling to manage foreign exchange risk, and the results indicate that a lower level of risk can be achieved, given a specified level of expected hedging cost, from using optimization modeling.  
answer: (b) simulation
- A2 The focal point of the technique is its ability to identify optimal combinations of hedging vehicles (i.e. futures, options, forward contracts, leaving the position open).  
answer: (d) vehicles
- A3 An optimal combination is one which minimizes the variance of the expected cost of the commodity (i.e. foreign currency), given a desired level of hedging cost.  
answer: (a) variance
- A4 This paper examines optimal hedging strategies for a long position in the Japanese yen/US\$ foreign exchange market.  
answer: (a) long
- A5 In the context of this paper, the expected hedging cost is the expected cost of the commodity (i.e. foreign currency) using a specified hedging strategy minus the expected cost of the foreign currency when the position is left open.  
answer: (c) context
- A6 The technique is similar to achieving optimal portfolios: portfolio theory suggests that optimal allocations of a pool of money exist which minimize the standard deviation of the portfolio for any targeted expected return.  
answer: (c) a pool
- A7 The optimization methodology increases the hedger's range of choices, and in this way risk managers will have the information needed to choose the desired level of foreign exchange risk which fits in with the firm's overall risk strategy.  
answer: (a) in with
- A8 Being able to more accurately measure the total risk which a firm faces will result in a better understanding of the extent to which the firm will be able to handle new speculative projects.  
answer: (d) speculative
- A9 Risk-return analysis suggests that the amount of gain expected from investing is positively related to the level of risk incurred.  
answer: (d) positively
- A10 If this concept is applied to hedging, the more risk a hedger is willing to incur, the more gain potential from favorable market conditions there will be for the hedger, and the lower the expected hedging cost.  
answer: (c) incur

*Top 10 online marketing predictions for 2007*

- A1 Social networking (like YouTube and MySpace) will get more and more niche; people use specific tools to connect, recommend, rate and communicate within their groups, and for this reason, there are many types of social media now and there will be five times this many by the end of next year.  
answer: (c) niche
- A2 Viral campaign websites (initiated by Spent2000.com) will have a purpose; next year will feature more substantial sites, like Philips's ShaveEverywhere, PassportToFlavor from Kettle Foods, and Snakes on a Plane.  
answer: (d) Viral
- A3 User-generated content (which enables customers to co-create with their brands) will be a component on most new websites; ultimately, allowing users to post their stories through text, images and video helps to build community and long-term brand loyalty.  
answer: (c) User-generated
- A4 Email marketers will demand to know more advanced strategies for their email programs by asking questions like these: How does this email render in the default settings of the different email environments (AOL, Yahoo, Gmail, Hotmail, etc.)? What content shows up above and below the fold on the email preview?  
answer: (d) render
- A5 Quality content is more important now than ever before; there is a glut of content, and it's only going to get more crowded.  
answer: (c) glut
- A6 Most successful companies will become media companies: more and more companies are starting their own blogs, stepping into their customers' shoes and providing them with more industry knowledge and news rather than simply ramming products down their throats.  
answer: (c) throats
- A7 The Democrat majority in Congress swings the tide of online marketing: marketers will push the envelope far more aggressively in 2007 now that the fear of death by Republican firing squad has been reduced.  
answer: (d) envelope
- A8 Greater integration of video into all websites; the ShaveEverywhere site proves that the use of video is hugely engaging and effective in converting sales.  
answer: (b) engaging
- A9 eROI published an email study in early 2006 showing a direct correlation between smaller, more relevant lists and higher open and click through rates; updating email content and starting a conversation will be more important as people move toward seeing their inboxes as sacred places that they don't want violated by one-way advertising messages.  
answer: (a) click
- A10 Thoughtful, cause-related marketing is the biggest winner in 2007: ask your company what one nonprofit they want to support, and throw a lot of energy behind it, and you'll see that your employees, customers, and prospects will help you take this cause, and indirectly your company, to the next level.  
answer: (a) cause-related

*Apple advertising philosophy*

- A1 It was on September 30, 1997 that Steve Jobs revealed Apple's new marketing strategy, which would entail focusing on Apple's brand; Steve cited Nike commercials that left people with a feeling of physical excellence without ever showing the shoe.  
answer: (b) shoe
- A2 The problem with Steve's analogy is, of course, that Nike doesn't just advertise with television ads, Nike also sponsors athletes, tons of them.  
answer: (c) analogy
- A3 Undoubtedly Apple would have pursued the sponsorship idea, but since people won't willingly watch other people use computers, they were unable to avail themselves of that option.  
answer: (b) avail
- A4 Apple's strategy may have been mistaken, incomplete or a stroke of genius depending on your perspective.  
answer: (d) stroke
- A5 In any event, Apple held the course for years: if you were to take any particular television ad produced between the date of Steve's speech and the most recent July you'll note that they share a common theme.  
answer: (a) course
- A6 What could a TV spot featuring Einstein, Gandhi, Picasso and a Richard Dreyfuss voiceover have in common with G4 towers surrounded by tanks? — rest assured the common theme is there, but it takes a moment to ferret the thing out.  
answer: (b) ferret
- A7 Once it hits though, it becomes impossible not to notice it in every subsequent ad.  
answer: (a) hits
- A8 The theme isn't one of some hidden message or even a shared background but rather something that is omitted: specifically, you never see the Apple products actually working.  
answer: (d) shared
- A9 You'll be treated to spinning Macs, slovenly snails, or silhouettes dancing, but never an actual product doing what it was designed to do: the most unfathomable example of this is the spot introducing Airport.  
answer: (d) unfathomable
- A10 While the technology has become commonplace today it was Apple who first glommed onto the wireless future, yet they never showed Airport operating wirelessly.  
answer: (b) glommed

*Quebec tourism*

- A1 Between now and 2010 the outlook for growth in international tourism in French Canada appears excellent.  
answer: (b) outlook
- A2 Around the world, international tourist arrivals will escalate from 702 million in 2000 to 1.18 billion in 2010, an increase of 45%.  
answer: (c) escalate
- A3 Tourist clienteles travelling to foreign destinations will become increasingly diversified as a result of the emergence of new originator markets.  
answer: (c) originator
- A4 The outlook for domestic tourism is interesting: retirees during this period (especially between 2005 and 2010) will be wealthier than their predecessors.  
answer: (d) predecessors
- A5 Contrary to the past decade, the active population should benefit from more disposable income with a lowering of income tax rates; therefore, people will have more money to travel.  
answer: (d) disposable
- A6 The increasing number of Canadian retirees will have an impact on travel behaviour, with the emphasis likely to be placed on short trips during the off-season.  
answer: (b) off-season
- A7 Finally, the population of allophones, who tend to travel little in Quebec, is growing.  
answer: (a) allophones
- A8 However, competition will continue to be fierce on all markets.  
answer: (c) fierce
- A9 Under the pressure of demographic, social and technological changes, clienteles are becoming diversified and demanding, which is having a major impact on tourism behaviour: interests are multiplying, leading to a rising number of theme trips and an upsurge in products and activities.  
answer: (d) theme
- A10 More and more often, tourists are seeking memorable, personalized trips that feature better integrated products and services; currently, the most successful businesses are those that organize their products in the form of experiences (for example, cruises).  
answer: (b) memorable

**Business buzzwords: Worst investments**

- A1 Investment turkeys of 2002: the three worst-performing funds of the year — Aberdeen Fund of Investment Trusts, Exeter High Income and Aberdeen Progressive Growth — are all invested in split capital trusts.  
answer: (d) turkeys
- A2 Buying and selling stock rather than looking for dividend income was seen as a new form of entertainment for women in 1720: "Stock-jobbing is now become so laudable, that many great ladies forsake their tea to go to Change Alley", reported one paper, while another announced that "several great ladies repair into the city, and pawn their jewels to buy South Sea".  
answer: (b) jobbing
- A3 In its effort to thwart the takeover attempts of Campeau Corp., FDS unveiled a restructuring plan to sell off its discount chain and other non-department store assets; the retailer said it may also seek a 'white squire' by issuing new preferred stock with a value of 15 percent of total outstanding shares in the company.  
answer: (c) squire
- A4 On one side, double-dippers offer fund-of-fund vehicles for hedge fund investors and on the flip side they offer contract marketing agreements on the hedge fund side, so it is possible for them to not only make money from their own investors but also clip a marketing fee for putting their fund-of-funds investment with a manager in any given strategy.  
answer: (b) dippers
- A5 Most specialty drug companies obtain product rights only for one or two national markets and so cannot fund clinical development and sales expansion by sub-licensing or partnering; they must sell equity to finance 100% of development & marketing costs, resulting in highly diluted founders and lower returns for all their investors.  
answer: (b) diluted
- A6 Instead of benefitting the company, the defendants have saddled it with a risky and costly share repurchase program, in order to dispose of its cash and make it less attractive to potential buyers; the plan was designed as a defensive barrier akin to a 'suicide pill', decreasing the likelihood of any potential acquirer making an offer for the company.  
answer: (d) suicide pill
- A7 The ICF is a new private-public partnership, focused on improving the continent's investment climate; our mission is to make Africa an even better place to do business, by removing obstacles to domestic and foreign investment and by promoting Africa as an attractive investment destination.  
answer: (b) climate
- A8 Since 2000, Market Harmonics has been dedicated to giving traders and investors an edge through an understanding of what truly drives markets — investor psychology; in the research area, we have specialized in tracking market sentiment as the key to successful and profitable trading.  
answer: (d) sentiment
- A9 IRC has agreed to pay \$37.4 million to acquire a sliding-scale NSR royalty on the Pascua Lama gold project, expected to become Barrick's third largest gold operation; the acquisition is expected to provide significant growth in cash flow, and by having the world's largest gold producer as its operator, long life and low cash costs, this is truly a marquee asset.  
answer: (a) marquee
- A10 Back in the far off days of the early 1980's the general view was that, when battered by a financial market crash, investor risk-aversion increased and that it tended to take about a decade for the pain experienced from severe financial loss to ebb.  
answer: (b) crash

**Business buzzwords: Penny stock**

- A1 A small group of speculators will accumulate a large number of shares in a penny stock, and once their positions are in place, they will release positive financial porn — news so unexpected and titillating it can drastically affect people's perception of the stock; the intent is to get small time investors to start trading irrationally.  
answer: (d) porn
- A2 We are downgrading Brady Corp. to market perform from outperform, as we believe the issues the company is facing in its OEM business may take several quarters to resolve, which will likely limit stock appreciation until visibility improves.  
answer: (b) market
- A3 When she hears stirrings of a corporate takeover by the family's archrival, North Grayhawk, Jocelyn heads to North's ranch to offer a valuable commodity — herself — if he will call off his plans: "He's the man my shark watcher says is our anonymous corporate raider," she explained.  
answer: (d) watcher
- A4 To many, perhaps most, observers of today's legal scene, a 'white shoe' law firm is nothing more than a large, prominent firm serving a primarily corporate clientele; but those who entered the profession before the 1980s can remember a time when there were those firms and there were the Jewish firms, and the former worked to keep it that way.  
answer: (c) shoe
- A5 When you 'pay yourself first', you send 10% of your paycheck (your take-home pay) to a separate account before you have a chance to spend it; combined with your tax-deferred savings, this monthly contribution to your long-term savings will make you wealthy over time.  
answer: (c) yourself
- A6 Stop hunting is a practice by traders and/or market makers whereby they move prices intentionally to hit a specific level in order to trigger the stop orders they know are piled up there; the reason for doing so is to be able to take the other side of those trades and profit by the short-term move the flurry of activity creates.  
answer: (b) hunting
- A7 This is a good place to start if your company isn't one of the elite investment banks that pay their top traders to attend; this information is critical to trading success, and if you want to make a buck a year (\$US1million in trading terms) you better start here.  
answer: (a) buck
- A8 Any 'stock idea' is subject to detailed fundamental analysis using a framework based on four key factors of quality, value, growth and change; if detailed analysis demonstrates the opportunity for a stock to achieve a significant return, it becomes a conviction recommendation and is swiftly communicated to product managers for consideration in portfolios.  
answer: (a) idea
- A9 At a time when your career is reaching a peak and you are looking ahead to your own retirement, you may find yourself in the position of having to help your children with college expenses while at the same time looking after the needs of your aging parents: squeezed in the middle, you've joined the ranks of the 'sandwich generation'.  
answer: (b) sandwich
- A10 The Rule of 18 is a rule whereby the sum of the inflation rate and the P/E ratio of the Dow Jones Industrial Average is an indicator of the direction of the stock market.  
answer: (a) 18

**Business buzzwords: Stale inventory**

- A1 Some companies allow inventory to become stale through product obsolescence or inattention; it sits on balance sheets, consumes capital to maintain, and is unattractive to potential buyers, and analysts get a good picture of FISH accounting when inventory turns are slowing over time and consistently below industry averages.  
answer: (c) FISH
- A2 For widely held, publicly traded firms, dividends are taken as a signal that the firm is financially healthy; but this 'signaling approach' is not applicable to closely held firms, where communication between management and shareholders is more direct and signals are not required.  
answer: (a) approach
- A3 New brokers got the desks nearest the noise of the quote board, but as a broker gained experience and stature he got to move further away from the board; most brokers moved out of the bullpen to a private office when they had enough experience and customers to justify the move to management.  
answer: (c) bullpen
- A4 Should the U.S. stock market rally falter, some analysts may try to blame it on the TED spread, which measures the gap between the prices of U.S. Treasury bills and Eurodollar deposits; this has lately been at its lowest level ever, and that, to some, is an ill omen for interest rates and share prices.  
answer: (b) TED
- A5 Apple is in the pink: Apple Computer is riding a wave that shows no sign of breaking; on March 6, the Cupertino, CA-based computer pioneer celebrated its highest stock price in over three years, buoyed by the popularity of Apple's iPod portable music player and the company's iTunes downloadable music service.  
answer: (c) pink
- A6 Missouri's commitment to openness in government is clearly stated in Section 610.011 of the Sunshine Law: "It is the public policy of this state that meetings, records, votes, actions, and deliberations of public governmental bodies be open to the public unless otherwise provided by law."  
answer: (c) Sunshine
- A7 Ours is an era when huge increases in home values and stock prices make people feel richer and cause them to buy more; they spend more of their regular incomes, borrow more or sell something, most likely stocks, so you can imagine this 'wealth effect' as a powerful afterburner that's boosted the economy for roughly 20 years.  
answer: (b) effect
- A8 Inventory shrinkage, a combination of employee theft, shoplifting, vendor fraud and administrative error, cost United States retailers over \$31 billion last year according to the latest National Retail Security Survey report on retail theft, which analyzed theft incidents from 118 of the largest U.S. retail chains.  
answer: (c) shrinkage
- A9 In the London equities markets, both the FTSE 100 and the FTSE 250 finished both the day and the week on a positive note; volume was a very high 4.1 billion shares traded, explained by a double witching hour in which both stock options and index futures on the main index expired.  
answer: (c) witching
- A10 With the SMTP forwarding feature, Fetchmail pulled far enough in front of the competition to potentially become a category killer, one of those classic programs that fills its niche so competently that the alternatives are not just discarded but almost forgotten.  
answer: (a) category

**Business buzzwords: 2007 market decline**

- A1 The market decline on Tuesday, February 27th, 2007, was triggered by the 'Shanghai Sneeze', a steep fall in stock prices on China's Shanghai market, which triggered big declines in other stock markets around the world.  
answer: (b) Sneeze
- A2 Style drift is a serious problem for clients because it distorts asset allocation and undermines performance when styles rotate; value managers who have slowly changed over the past three years toward more favored growth stocks are regretting those moves, but not as much as their clients.  
answer: (a) drift
- A3 On a recent Friday, the foreign currencies and exchange floor looked like a large frat party without beer: runners in yellow jackets gave each other backrubs, frisked each others' pockets for bid cards, and flung waste paper aside while traders flung themselves around the pit, conducting their business by the time-honored means of 'open outcry.'  
answer: (c) pit
- A4 Traders often times will adopt a simple buy low, sell high' range bound approach, but when we strive to pick the next major top or bottom, we may encounter a fairly frustrating event: our trade is stopped out as the market continues to slightly new highs or lows.  
answer: (b) out
- A5 China has just announced that it is going to come off the dollar peg currency arrangement, but in fact this is a very dirty float, since the trading price of the US dollar against the renminbi will now float within a trading band of plus or minus 0.3 per cent, while the band of other currencies against the renminbi will be set by the central bank.  
answer: (a) dirty
- A6 The appropriate procedure in evaluating returns adjusted for risk is to subtract from a fund's return the risk-free return (here taken as the return on United States government money market funds), and to divide the surplus return by the fund's beta, the measure of risk.  
answer: (b) free
- A7 Many start-up companies issue stock warrants or options under one of two scenarios: (1) as a sweetener to induce potential investors to purchase stock in an offering or (2) as compensation for executives, directors or other service providers; when these situations are distinct, the tax treatment is very straightforward.  
answer: (d) sweetener
- A8 When he was a U.S. attorney, Rudolph Giuliani is credited with patenting the perp walk for white-collar defendants: when three prominent Wall Street traders and bankers were accused of insider trading, Giuliani had the defendants arrested at their offices, handcuffed and escorted from the building to a mob of press that had been previously alerted.  
answer: (c) perp
- A9 The markets that consistently show the largest amounts of inefficiency are the dollar-pound-yen, dollar-mark-yen, and dollar-yen-franc markets; inefficiencies in triangular arbitrage imply that risk-free profitable opportunities exist, and attentive traders can take advantage of these.  
answer: (d) triangular
- A10 Energy exchanges offer crack spreads as futures, where both legs of the combination (crude oil and an oil product) can be traded in one single transaction; these derivatives help refineries to offset or manage their risks, but investors can also use these instruments.  
answer: (a) crack

*Business buzzwords: Lost horizons*

- A1 An investor with a short horizon should buy stocks in bull markets, thus chasing general trends; an investor with a long horizon should reduce her commitment to stocks in the same markets.  
answer: (b) bull
- A2 Markets are full of cats and dogs — stocks of unprofitable companies that at some point fly through the roof, defying gravity: each dog has its day in the sun before reality sets in.  
answer: (a) cats and
- A3 Marty Lipton and Joseph Flom's first big tender fight was the \$84 million Colt (Flom) takeover of Garlock (Lipton), where the term 'Saturday Night Special' was coined to describe Colt's lightning raid.  
answer: (d) Special
- A4 With regard to the share transfer document, if the handwriting expert opinion is accepted, it would show that Kokabi was a dummy shareholder, who was used to secure the allocation of a school plot to a company controlled by Parastaran which would otherwise not have qualified to be allocated.  
answer: (d) dummy
- A5 In a troublesome stock market, many investors seek out something that gives them confidence that a stock will pay off big over the next five or 10 years, allowing them to ignore the bumps and bruises that might come over the short run; typically, these kinds of story stocks have glowing potential, but some things that glow could be radioactive.  
answer: (c) story
- A6 Despite all the hand-wringing about the dangers of hedge funds, regulators have been reluctant to clamp down; the President's Working Group said that concerns about hedge funds' impact on average investors "can be best addressed through sound practices on the part of the fiduciaries that manage such vehicles." — in other words, caveat emptor.  
answer: (a) caveat emptor
- A7 Rather than quoting a specific price, a fast tape will give a range of prices for an investment marked by the word 'fast' to indicate that the market is moving rapidly.  
answer: (d) tape
- A8 The leading bulge bracket banks are US firms Goldman Sachs, Morgan Stanley Dean Witter and Merrill Lynch; these three are regarded as being in a super league of their own, because of the scale and quality of their work across the full range of investment banking business sectors and geographical regions.  
answer: (b) bulge
- A9 Much controversy surrounds the question of whether the victim of a breach of contract may seek, as an alternative to the claim for damages, the remedy of disgorgement of the profits secured through breach by its perpetrator.  
answer: (c) disgorgement
- A10 Wall Street heads toward Christmas sitting on healthy gains for 2006 after another solid week, and some analysts say the so-called Santa Claus rally may not be over yet: the blue-chip Dow Jones Industrial Average vaulted to a new all-time closing high Friday of 12,445.52 with a weekly gain of 1.12 percent.  
answer: (a) rally

*Business buzzwords: Platinum blonde*

- A1 By the 1930s, platinum blonde hair was in vogue, and actresses Marian Davies and Jean Harlow personified the look of the early 1930s; oddly, hemlines went down again after the Stock Market Crash of 1929, helping to create the skirt length theory of economics.  
answer: (d) skirt length
- A2 A phishing attack succeeds when a user is tricked into forming an inaccurate mental model of an online interaction and thus takes actions that have effects contrary to the user's intentions.  
answer: (b) phishing
- A3 'The Mail on Sunday' called Andy Gilchrist, the fire union leader, a 'fat cat' for his 82,000 salary, but its editor-in-chief, Paul Dacre, receives a basic yearly salary of 690,000 — so who's fat?  
answer: (b) cat
- A4 The Companies Act defines 'sweat equity shares' as equity shares issued by the company to employees or directors at a discount or for consideration other than cash for providing know-how or making available rights in the nature of intellectual property rights or value additions.  
answer: (c) sweat
- A5 A European-type payer swaption gives the owner the right to enter a swap at a predetermined fixed rate, where s/he pays the fixed leg of the contract and receives the floating leg, i.e. the Libor rate, at the expiration (maturity) of the option.  
answer: (d) swaption
- A6 Dell bucked the upward trend in hardware manufacturers by closing lower; like Apple and Gateway, the company saw coverage initiated by Needham & Co. though the Austin, Tx. based company was rated a 'Hold', which is a somewhat negative rating.  
answer: (c) coverage
- A7 Stock prices used to have a fractional component, which was generally quoted in sixteenths of a dollar (called a teenie by stock market insiders), but there are no major stock markets that trade in sixteenths nowadays — The NYSE converted to the decimal system on January 29, 2001.  
answer: (d) teenie
- A8 The report filed with the SEC added details of the 'corporate kleptocracy' Black and Radler created at Hollinger: it said they treated the company as a 'piggybank' and fashion accessory, with Black using the prestige of the newspapers to gain access to the wealthy, powerful and royal.  
answer: (c) kleptocracy
- A9 Scalping is based on an assumption that most stocks will complete the first stage of a movement; some of the stocks will cease to advance and others will continue, and the dealer intends to take as many small profits as possible, not allowing them to evaporate.  
answer: (a) Scalping
- A10 It was agreed that in response to the clamor of the outside public, Daniel Drew was to be officially ousted, and a dummy director put in his place, while he remained in actual charge of their mutual affairs; this was done at the stockholders' meeting of October 18, 1867.  
answer: (b) dummy

*Business buzzwords: Odd auction*

- A1 A Dutch auction is characterized by its decreasing price mechanism: the auction starts at a relatively high price and repeatedly decreases the price until a bid is announced by one of the auction participants; the auction is then terminated and the bidder wins the auction.  
answer: (a) A Dutch
- A2 Boomerang workers were your company's onetime peak performers who left your employ for advancement opportunities elsewhere, for more salary or other reasons; with the scarcity of qualified workers, workplace demographics are putting pressure on companies to woo these former workers back.  
answer: (a) Boomerang
- A3 Scripophily is the hobby of collecting scrip such as securities, documents and ephemera issued by firms and governments in the past; usually these securities have no value as financial claims, though they may have considerable value for their artistic merit or historical interest.  
answer: (c) Scripophily
- A4 Futures traders frequently manipulated prices: from the end of the Civil War until 1879, corners (control of enough of the available supply of a commodity to manipulate its price) allegedly occurred with varying success in wheat (1878/9), corn (1868), oats (1874), rye (1868) and pork (1868).  
answer: (b) corners
- A5 Each quarter, the NYSE publishes circuit breaker levels at 10 and 20-percent of the average value of the Dow from the prior month: if the market drops beyond these points, trading is stopped for a specified time based on the time of day when the drop occurred.  
answer: (b) breaker
- A6 A sushi bond is a bond that is not denominated in yen and is issued in any market by a Japanese financial institution; this type of bond is often bought by Japanese institutional investors.  
answer: (d) sushi
- A7 The investing method known as the Dogs of the Dow, is simply to buy equal dollar amounts of the ten Dow stocks with the highest yield and hold them for one year; for the last 25 years, this canine approach has compounded at an annual rate of 18%, beating the market (15%) soundly.  
answer: (a) Dogs
- A8 The SEC has accused the former CFO of Lantronix Inc. of engaging in a scheme to overstate financial results for personal gain through artificially boosting sales by offering distributors special terms to induce them to purchase more product than they needed, which is called channel stuffing.  
answer: (d) stuffing
- A9 GM has terminated customer leases of the EV-1 high-tech vehicle and sent the cars to the crusher, and it has waged its scorched earth policy against a technological threat before: in the 1940s, it bought out the electric street car industry and burned all the cars so it could replace them with diesel buses.  
answer: (a) scorched
- A10 The survivorship bias problem has increased in recent years as mutual fund families try to bury poor performance; in 1998 alone, 387 stock and bond funds were merged out of existence, an increase of 43% over the previous year.  
answer: (b) bias

**Business buzzwords: Taking delivery**

- A1 When used of deliveries on futures contracts, the term 'strong hands' usually means that the receiving party will probably take delivery and retain ownership of the commodity; when speaking of futures positions, the term usually means positions held by trade interests or well-financed speculators.  
answer: (d) strong
- A2 A chameleon option is an option that has the ability to change its structure, should certain pre-determined terms of the contract be met: an example would be a put option that automatically changes into an identical call option after the price of the underlying exceeds a certain price.  
answer: (b) A chameleon
- A3 Normally, a firm's earnings and dividends grow at some constant rate forever; one category of nonconstant growth stock is a supernormal growth stock, which has one or more years of growth above that of the economy as a whole, but at some point the growth rate will fall to the normal rate.  
answer: (d) a supernormal
- A4 Control securities are those held by an affiliate of the issuing company — a person, such as a director or large shareholder, who has the power to direct the management and policies of the company in question, whether through the ownership of voting securities, by contract, or otherwise.  
answer: (a) Control
- A5 In less than 40 years, the BRICs economies together could be larger than the G6; by 2025 they could account for over half the size of the G6, though their growth may slow significantly toward the end of the period, with only India seeing growth rates significantly above 3% by 2050.  
answer: (b) BRICs
- A6 When Enron cooked the books, there were rightly no end of indignant columns and talk shows condemning these high-paid fraudsters who massaged the numbers to fit their agenda and bolster their bank accounts.  
answer: (b) cooked
- A7 A prestigious seat on the New York Stock Exchange is plummeting in value, and industry experts blame the decline on slower volume on the exchange, which shrinks fees, as well as thinner spreads between bid-and-ask prices for stocks traded.  
answer: (d) seat
- A8 Securitization involves pooling and structuring predictable cash flows, derived from the transfer and sale of assets, to an entity that is 'bankruptcy remote'; among other benefits, this is an efficient source of off-balance-sheet financing.  
answer: (c) Securitization
- A9 This \$1,000 compromise undermines the principle of campaign finance reform and is awkward to implement: it leads to a situation using dollars to chase nickels, because significant staff resources are used to try to verify that corporate subsidiaries, for example, are not being used to violate the \$1,000 rule.  
answer: (b) nickels
- A10 The SEC alleged that George Motz, the President of MFA, engaged in fraudulent trade allocation or 'cherry-picking': Motz allegedly unfairly allocated trades that had appreciated in value to MFA's proprietary trading account and allocated purchases that had depreciated in value to the accounts of his advisory clients.  
answer: (b) cherry-picking

**Business buzzwords: Listed for destruction**

- A1 With the approval of the SEC, the DTCC will be taking the first steps of a multi-year initiative to eliminate non-transferable certificates and help lower expenses for holding such certificates in custody; once an issue is listed for destruction, DTC said it would chill all activity on that issue.  
answer: (b) chill
- A2 Equity stripping is a type of predatory lending brought on by the housing boom: as housing prices and property taxes skyrocket, many homeowners are forced into default; the stripper, in one way or another, satisfies the loan and usually takes the title.  
answer: (a) Equity
- A3 The Minister of Finance pays the Royal Canadian Mint to produce and distribute all coins; it costs the Mint about 12 cents to produce and distribute a dollar coin, which generates for the government approximately 88 cents in seigniorage on each \$1 coin sold to financial institutions at face value.  
answer: (d) seigniorage
- A4 Reminiscent of the 'Asian contagion' triggered by Thailand in 1997, which became a full-blown financial crisis, other Asian stock indices reacted to the Thai news with sharp falls on Tuesday: the Bombay Stock Exchange's Sensitive Index dropped 2.5% and Indonesia's Jakarta Composite Index lost 2.9%.  
answer: (a) contagion
- A5 Yoshiaki Murakami flouted convention once again by launching a hostile takeover bid against Shoei Co., a little-known electronics and real estate company; this Black Knight, who heads his own M&A consulting firm, MAC Corp., lambasted Shoei's managers for the company's sluggish stock price.  
answer: (a) Black
- A6 These organizations may award seed capital for especially promising projects that meet their guidelines: this money can be used for initial investment in a project or startup company, for proof-of-concept, market research or initial product development.  
answer: (d) seed
- A7 For a company, being 'streetable' means that it is of high enough quality to have the respect of the financial district; although individuals are the ones who come to eventually own companies, a company must first impress the investment bankers and those on Wall Street to make it to the market.  
answer: (c) streetable
- A8 A wash is a situation in which two events or actions have the effect of nullifying each other; in terms of investment, this could be when the gains in a portfolio equal the losses.  
answer: (d) wash
- A9 Com-dev companies build and sell or lease commercial real-estate, software, or applications for wide-scale commercial use; they are also referred to as business-to-business (B2B) companies.  
answer: (b) Com-dev
- A10 Joe invests in XYZ Corp. because the stock is undervalued; it doubles in price in two months, but Joe holds on to the whole investment, hoping it will double again in the next two months, instead of selling a portion to realize a gain — Joe is a piggish investor because he is greedy for huge gains and allows his greed to supersede his original investment strategy.  
answer: (b) piggish

**Business buzzwords: The best valuator**

- A1 We believe that owner/managers are the best valuers of their business, so when one is willing to trigger a shotgun clause, the best indication of value has been given — an insider has declared his price, and we're ready to respond quickly: we can close transactions in less than 5 days of first making contact.  
answer: (c) shotgun
- A2 Moral hazard is the risk that the presence of a contract will affect on the behavior of one or more parties; the classic example is in the insurance industry, where coverage against a loss might increase the risk-taking behavior of the insured.  
answer: (b) hazard
- A3 Straight Through Processing (STP), a solution that automates the end-to-end processing of transactions for all financial instruments from initiation to resolution, is set to revolutionize the financial industry; it will streamline back office activities, leading to reduced failures, lower risks, and significantly lower costs per transaction.  
answer: (d) Straight Through
- A4 To complain about abusive cold callers, write down the name of the caller, the name of the firm, the date and time of the call or calls, what the caller said to you, and what you said to the caller; you can send your complaint to either the SEC or your state's securities regulator.  
answer: (a) cold
- A5 A market dominated by program trading offers lots of sharp, short-term volatility but not much in the way of long-term direction, and the short squeeze is well-suited to this kind of volatility, resting as it does on reading the bets that short sellers are making that specific stocks will fall and then buying the very stocks that the shorts are selling.  
answer: (b) squeeze
- A6 The two greatest traders that ever lived, Bertram J. Seligman and Jesse Livermore, taught that a successful manipulation must always be in the direction that the market wants to take; any other manipulation not only fails, but will also create a coiled market that goes further in the direction of its intention than it would have gone in the first place.  
answer: (a) coiled
- A7 When a market order arrives, the NYSE specialist can offer a price one tick better than the limit orders on the book and trade for his own account; alternatively, the specialist can stop the market order, which means he guarantees execution at the current quote but provides the possibility of price improvement.  
answer: (d) stop
- A8 Commodity markets are beginning to show early signs of inflationary trends: the Producer Price Index for October showed the largest gain in 22 months, and in addition to the bulge in producer prices, the Commodity Research Bureau Index (CRB) has surged 11% since July.  
answer: (d) bulge
- A9 Prudential's new chief executive Mark Tucker is to receive a golden hello of almost 500,000; Tucker, who was poached from his position as finance director at retail bank HBOS earlier this year, will be paid a special guaranteed bonus of 475,000, which the Prudential declared is a 'one-off'.  
answer: (a) golden
- A10 The three traders were accused of the long-forbidden practice of bucketing, where a broker takes a customer's order to buy or sell soybeans or other commodities but, instead of making the transaction on the open market, the trader arranges a private rigged deal that can bring him an illegal profit.  
answer: (d) bucketing

*Science and marketing (1)*

- A1 Gitte Meyer of the Copenhagen Business School notes that during the past decades, swarms of scientists from a wide range of fields have migrated from their ivory towers and descended onto the marketplace, adapting themselves to marketing practices in the process.  
answer: (a) ivory towers
- A2 With surprising ease, science journalism seems to be adapting too; penduling comfortably between old-fashioned enlightenment, aimed at promoting science as a common good, and PR exercises, aimed at selling science on behalf of private interests.  
answer: (a) common good
- A3 This development provides food for thought in more than one sense.  
answer: (a) food
- A4 In one respect, it prompts a critical question regarding conventional science journalism, marked by a lack of distinction vis-vis science popularization: does this kind of science writing in fact differ significantly from marketing practices?  
answer: (d) vis-vis
- A5 At first glance at least, there does not appear to be a big difference — if any at all — between promoting and selling.  
answer: (a) glance
- A6 Moreover, it prompts reflection on what kind of practices journalists, who are committed to enlightenment ideals about the rule of reason — ambiguous as those ideals are — should pursue in modern societies in order to keep the ideals alive.  
answer: (c) reflection
- A7 Should they stick to conventions and simply continue to promote or to sell science?  
answer: (d) stick
- A8 Or should they acknowledge that to promote what is seen, navelly perhaps, but nevertheless as a general benefit, is a far cry from selling the same thing, in much the same way, on behalf of vested interests?  
answer: (a) cry
- A9 The fundamental convention of science journalism is the convention of science transmission; that is, the prescription that journalists should relate to science by way of transporting scientific facts from scientists to a lay public for consumption.  
answer: (d) prescription
- A10 The convention also contains the proscription that journalists should not interfere in any way with the scientific facts.  
answer: (d) proscription

*Science and marketing (2)*

- A1 Gitte Meyer of the Danish Centre for Bioethics explains that the fundamental convention of science journalism is that of science transmission; science journalists should not concern themselves with questions of knowledge; reflection on such questions should be strictly confined within the scientific community.  
answer: (a) community
- A2 From this description, it is fairly easy to spot what is similar between the convention and marketing: neither allows for sceptical and critical questions to be posed.  
answer: (a) posed
- A3 The convention may be seen as an annex to an old, unwritten contract between science and society.  
answer: (c) annex
- A4 That is, the at the same time paradoxical and pragmatic agreement that science was a valuable part of society by not being part of society: science was agreed to be, somehow, situated outside society.  
answer: (d) paradoxical
- A5 Residing in a remote spot, supposed to be above moral disagreement and conflicts of interest, science was expected to produce 'pure' knowledge, and this knowledge everybody could rely upon — exactly because it was understood to be disconnected from society.  
answer: (a) interest
- A6 Lines of information had, however, to be established in order for the rest of society to share in the pure light of science; scientific results, thus, had to be transmitted, by scientists themselves, or by journalists.  
answer: (a) Lines
- A7 In the early 18th century, science was energetically promoted amongst the public: in London's coffee houses, lecturers offered demonstrations with globes, orreries and other instruments displaying the marvels of the clockwork universe, while performing chemical, magnetic, and electrical experiments.  
answer: (a) coffee
- A8 In the spring of 1713, Newton's protg William Whiston was holding forth on mathematics and science at both Douglas's in St. Martin's Lane and at the Marine near the Royal Exchange.  
answer: (d) forth
- A9 In the journal 'The Spectator', Joseph Addison and Richard Steele in 1711 foresaw with delight those times "when Knowledge, instead of being bound up in Books, and kept in Libraries and retirement, is thus obtruded upon the Publick; when it is canvassed in every Assembly, and exposed upon every Table."  
answer: (a) bound
- A10 So the convention and the practice of science transmission has quite a long history; it has been motivated by aims of 'pure' enlightenment and of spreading the gospel of the scientific worldview, but probably it has always been a mixed-purpose enterprise.  
answer: (a) gospel

*Science and marketing (3)*

- A1 To a varying degree the convention and the practice of science transmission has been motivated by aims of promoting and providing support for individual scientists, or by straightforward marketing aims — mirroring the fact that the attitude of science towards the marketplace always was one of ambivalence.  
answer: (d) ambivalence
- A2 In the 1940s, Robert K. Merton, the American sociologist, described the values of science in this way: "Four sets of institutional imperatives — universalism, communism, disinterestedness, organized scepticism — comprise the ethos of modern science."  
answer: (d) ethos
- A3 By 'communism' he meant that scientific knowledge was regarded as common property.  
answer: (c) property
- A4 He remarked that "the institutional conception of science as part of the public domain is linked with the imperative for communication of findings; secrecy is the antithesis of this norm; full and open communication its enactment."  
answer: (d) antithesis
- A5 Thus, clashes between ideals about knowledge as a common good on the one hand and knowledge as an instrument and as the private property of vested interests on the other hand is not a new phenomenon.  
answer: (d) vested
- A6 The case can, indeed, be made that modern science was born with a schism of being connected to and alienated from the market-place at the same time.  
answer: (c) schism
- A7 H. Butterfield refers to the end of the 17th century when stating: "The passion to extend the scientific method to every branch of thought was at least equalled by the passion to make science serve the cause of industry and agriculture, and it was accompanied by a sort of technological fervour".  
answer: (b) cause
- A8 Francis Bacon always laid stress on the immense utilitarian possibilities of science, and it is difficult to separate the interest shown in pure scientific truth from the curiosity in respect of useful inventions on the one part, or the inclination to dabble in fables and freakishness on the other.  
answer: (a) dabble
- A9 A tentative conclusion from this brief discussion would be that ambiguity towards marketing is inherent to the convention of science transmission in the same way as ambiguity towards the marketplace is inherent to science.  
answer: (a) tentative
- A10 The convention is a product of ideals about knowledge as a common good, but it encompasses, at the same time, the complicated relationship between science and private interests in the marketplace; it was, so to speak, born and bred with frustrations regarding the issue of public and private interests in relation to knowledge.  
answer: (b) born and bred

*Group influences on the consumer*

- A1 Dr. Lars Perner of the Marshall School of Business reminds us that humans are inherently social animals, and individuals greatly influence each other.  
answer: (d) inherently
- A2 A useful framework of analysis of group influence on the individual is the so-called 'reference group' — the term comes about because an individual uses a relevant group as a standard against which oneself is compared.  
answer: (a) about
- A3 Reference groups come in several different forms: the aspirational reference group refers to those others against whom one would like to compare oneself; for example, many firms use athletes as spokespeople, and these represent what many people would ideally like to be.  
answer: (a) aspirational
- A4 Associative reference groups include people who more realistically represent the individuals' current equals or near-equals — e.g., coworkers, neighbors, or members of churches, clubs, and organizations.  
answer: (b) Associative
- A5 Finally, the dissociative reference group includes people that the individual would not like to be like.  
answer: (b) dissociative
- A6 For example, the store named 'The Gap' was created because many younger people wanted to actively be distinguished from parents and other older and 'uncool' people.  
answer: (c) uncool
- A7 The Quality Paperback Book specifically suggests in its advertising that its members are 'a breed apart' from conventional readers of popular books.  
answer: (a) a breed apart
- A8 Another typology divides reference groups into the informational kind (influence is based almost entirely on members' knowledge), normative kind (members influence what is perceived to be 'right', 'proper', or 'responsible'), or identification kind.  
answer: (d) typology
- A9 In case of the normative reference group, the individual tends to comply largely for utilitarian reasons—dressing according to company standards is likely to help your career, but there is no real motivation to dress that way outside the job.  
answer: (d) utilitarian
- A10 In contrast, people comply with identification groups' standards for the sake of belonging—for example, a member of a religious group may wear a symbol even outside the house of worship because the religion is a part of the person's identity.  
answer: (c) sake

**Fixed annuities**

- A1 In a fixed annuity, the insurance company guarantees the principal and a minimum rate of interest; in other words, as long as the insurance company is financially sound, the money you have in a fixed annuity will grow and will not drop in value.  
answer: (b) sound
- A2 The growth of the annuity's value and/or the benefits paid may be fixed at a dollar amount or by an interest rate, or they may grow by a specified formula.  
answer: (c) rate
- A3 And the growth of the annuity's value and/or the benefits paid does not depend directly or entirely on the performance of the investments the insurance company makes to support the annuity.  
answer: (b) performance
- A4 Some fixed annuities credit a higher interest rate than the minimum, via a policy dividend that may be declared by the company's board of directors, if the company's actual investment, expense and mortality experience is more favorable than was expected.  
answer: (b) declared
- A5 Money in a variable annuity is invested in a fund-like a mutual fund but one open only to investors in the insurance company's variable life insurance and variable annuities.  
answer: (c) open
- A6 The fund has a particular investment objective, and the value of your money in a variable annuity and the amount of money to be paid out to you is determined by the investment performance (net of expenses) of that fund.  
answer: (c) net
- A7 An equity-indexed annuity is a type of fixed annuity, but looks like a hybrid: it credits a minimum rate of interest, just as a fixed annuity does, but its value is also based on the performance of a specified stock index — usually computed as a fraction of that index's total return.  
answer: (b) hybrid
- A8 A market-value-adjusted annuity is one that combines two desirable features—the ability to select and fix the time period over which your annuity will grow, and the flexibility to withdraw money from the annuity before the end of the time period selected.  
answer: (b) over
- A9 A fixed period annuity pays an income for a specified period of time; the payments depend on the amount paid into the annuity, the length of the payout period, and (if it's a fixed annuity) an interest rate that the insurance company believes it can support for the length of the pay-out period.  
answer: (b) support
- A10 A lifetime annuity provides income for the remaining life of a person (called the annuitant); no other type of financial product can promise to do this.  
answer: (a) annuitant

*Business buzzwords: The street goes nuts*

A1 Coburn operates what they call a 'reverse desk' — his firm purchases a small amount of the stock, then starts selling it off through various Wall Street brokers, and when word gets out that SAC is selling, the Street goes nuts and also starts unloading big blocks; then Coburn swoops to buy.

answer: (a) desk

A2 The retired chairman of furniture maker Herman Miller, Max has long been noted for innovative management practices; for example, he instituted a silver parachute for employees at his company so that they would be protected if they lost their jobs as a result of a hostile takeover.

answer: (c) parachute

A3 RevPAR may be more correctly defined as the total guestroom revenue per available room per day; it is typically calculated simply by multiplying a given hotel's average daily room rate (ADR) by its occupancy rate.

answer: (d) RevPAR

A4 I think you only need two kinds of people to create a Silicon Valley, rich people and nerds: they're the limiting reagents in the reaction that produces startups, because they're the only ones present when startups get started.

answer: (b) Silicon Valley

A5 In the world of penny stocks, 'bashers' are infamous for causing chaos in internet forums as they attempt to disseminate false or misleading information about companies to lower a stock's price.

answer: (a) bashers

A6 Search engines argue that nobody clicks on an ad unless they're interested; however, a lead that takes no action and leaves no contact information can't be considered more than just an advertising impression, and that's the basis for a meaningful comparison to publisher CPM rates.

answer: (d) impression

A7 War babies is a slang term for the stocks and bonds of corporations in the defense industry.

answer: (a) babies

A8 There are losses because of the lost opportunities when a sticky deal just doesn't make it through; some of the common causes stem from the areas of under-funded pension plans or tax liabilities that may have originated from a prior restructuring of the target company or prior acquisition.

answer: (d) sticky

A9 One Night Stand investment is buying a security with the intention of holding it for the long term, but subsequently panicking and selling it the following day.

answer: (d) Stand

A10 The private mezzanine debt securities used to fund middle-market companies include debt with an equity kicker, which is usually a contingent common equity interest, either by a way of warrants or a conversion option to which registration rights are typically attached.

answer: (a) kicker

**Business buzzwords: Unethical investment**

- A1 Unlike socially responsible investors who hold strong convictions against sinful stocks, socially irresponsible investors, in their focus on making significant returns, are indifferent to the unethical actions of corporations.  
answer: (c) sinful
- A2 On February 25, 1862, Congress passed the first Legal Tender Act, which authorized the printing of \$150 million in Treasury notes; these bills were printed on only one side and soon became known as 'greenbacks', and they proved to be universally popular and remarkably sound.  
answer: (a) greenbacks
- A3 The best way to profit from the trend is to swap back and forth from silver to gold with the rise and fall in the gold/silver ratio; that strategy will convert a sterile investment into one that pays dividends, and possibly double the ounces you own over the life of the bull market.  
answer: (c) sterile
- A4 Smurfit Kappa, Europe's largest cardboard box manufacturer, defied stock market jitters to open at a 6 percent premium to its initial public offering price; the shares yesterday traded at 17.50 in the grey market ahead of its official listing next Tuesday.  
answer: (a) grey
- A5 Bache & Co. offers only a 25% reduction to in-and-out traders who are willing to make at least two transactions-one buy and one sell-in any 35-day period, and the cut applies only to the second trade, while most brokerage houses still charge about the same fees as before on small trades on a take-it-or-leave-it basis.  
answer: (b) in-and-out
- A6 Like so many others who tried to stem the tide of the oncoming Depression, Overton made some injudicious and even some unsavory investments; he lost a chunk of his business empire as he fought off bankruptcy, but managed to weather the storm and lived out his final years in financial comfort.  
answer: (c) stem
- A7 In an open end lease, you run the risk of owing extra money depending on the value of the property when you return it; this payment is often called a 'balloon payment'.  
answer: (c) end
- A8 Using netback pricing, the producer-processor starts with the sales price of the processed gas or products, and then subtracts certain costs (such as capital, operating, processing, taxes and transportation) to determine value of the gas when production is complete.  
answer: (b) netback
- A9 Banks surged 3.21 percent, Leasing soared 8.0 percent, Industrials were 0.84 percent up, Construction ended 2.83 percent higher, Miscellaneous rose 1.05 percent, Holding jumped 3.66 percent, but Insurance and Investment bucked the trend to end 0.56 and 0.85 percent down respectively.  
answer: (b) bucked
- A10 The rumor of the weekend, of course, was that Cisco was hanging out in Finland kicking the tires on a huge potential merger with Nokia, but it seems unlikely that Nokia would ever agree to such a deal unless the asking price is too good to be true.  
answer: (d) tires

**Business buzzwords: Phone rules**

- A1 The NYSE will approve the maintenance of such telephone lines only at the booth location of a member or member organization; the Exchange will not approve the use of a portable telephone on the Floor.  
answer: (a) booth
- A2 In financial markets, they call it 'the Greenspan put — a belief that if stock or bond prices fall too much, the FRB will help prop them up with quick interest rate cuts to pump more cash into the system; but this confidence is a worrisome legacy after his nearly 18 years helping to steer the economy.  
answer: (d) put
- A3 Mark Mobius, who manages one of the biggest emerging markets stock mutual funds for FT Investments, said he has bought shares across the board because of opportunities created by a recent slump in global markets; Mobius said he bought shares in Taiwan, Turkey, Brazil, Mexico, Russia and India.  
answer: (a) board
- A4 The Peter Lynch strategy, based on John Reese's analysis of Lynch's writings, considers SC a true 'stalwart' company, as its earnings growth of 14.71 percent lies within the moderate 10 percent to 19 percent range and its annual sales of \$129.3 billion are in the multi-billion dollar level.  
answer: (c) stalwart
- A5 The yen and the Swiss franc were the big winners, with both currencies surging as global equities took a pounding; David Woo at Barclays Capital said the 'flight to quality' had had a limited impact on risky assets, but that a sell-off in Asian equities suggested that risk reduction was becoming more widespread.  
answer: (a) flight
- A6 The doomsday call price is calculated by assigning pre-determined Government of Canada yield plus a specified number of basis points to the bond; these issues are at a higher risk of being retired during a falling interest rate and when improvements in the issuing company's fiscal situation lead to a re-evaluation of liabilities.  
answer: (d) doomsday
- A7 Frederick Mates, whose \$32 million Mates Investment Fund has risen 153% in per-share asset value since the beginning of 1968, the highest growth rate of any fund, is the personification of self-confidence: on one wall of his office, he keeps a framed parody of an old Wall Street slogan: 'Invest, Then Investigate'.  
answer: (b) Investigate
- A8 The term 'mortgage dollar roll' covers a variety of transactions that involve an agreement to transfer a mortgage pass-through security in exchange for cash, generally at some future date.  
answer: (a) dollar
- A9 I do not think it premature to conclude that the entire financial industry of this country is riddled with fraud; as Newsweek observed, this is not a case of a few bad apples, it's the Cockroach Theory — you see one, you know there's a whole nest of the disgusting Dictyoptera.  
answer: (b) Cockroach
- A10 Permanent Insiders are prohibited from purchasing or selling Company securities except as specifically permitted by this Policy; permanent insiders consist of the Company's (a) directors, (b) executive officers and (c) those employees who will be deemed to have ongoing exposure to material insider information because of the nature of their jobs.  
answer: (b) material

**Business buzzwords: Compensation**

- A1 A golden life jacket is an exceptional compensation package offered by an acquiring company to the top executives of the company being bought, meant to keep them interested in retaining their positions; but it may not be in the best interests of shareholders.  
answer: (b) life jacket
- A2 The Chinese Wall policy combines commercial discretion with legally enforceable mandatory controls; it is required in the operation of many financial services organizations and is, therefore, perhaps as significant to the financial world as Bell-LaPadula's policies are to the military.  
answer: (a) Chinese Wall
- A3 In the first quarter of fiscal 2007, Adobe achieved revenue of \$649.4 million and earnings per share were \$0.30; the consensus estimates were for \$655 million in revenue and \$0.29 in eps, which means that for the quarter Adobe missed on the top line but more than made it up by controlling expenses.  
answer: (d) top
- A4 Securities held by a brokerage firm that meet specific qualifications are used as collateral for securing brokers' loans or customers' margin positions; they are held in safekeeping for clients of a broker/dealer or for the broker/dealer itself in a physical location known as the 'active box'.  
answer: (a) box
- A5 The Commission's Order finds that various NYSE specialists repeatedly engaged in unlawful proprietary trading, which took various forms, including interpositioning the firms' dealer accounts between customer orders and trading ahead for their dealer accounts in front of executable agency orders on the same side of the market.  
answer: (d) interpositioning
- A6 A sluggish economy has left many private golf clubs desperate for new members; stagnant growth of golf participation during the past five years, a surplus of private courses and the recession are prime reasons this is one of the best buyer's markets for private golf in recent memory.  
answer: (c) sluggish
- A7 The inter-relation of economic empire building, both in terms of control over overseas markets and enterprises, is closely linked to domestic policies: tax cuts for the corporation and rich increase capital for export, and privatized social security adds billions in profits for Wall Street investment banks.  
answer: (a) building
- A8 Given that we approach the holiday season and that ANZ has potential further upside, a trading strategy referred to as a Christmas Tree may be an appropriate strategy for this stock; this option strategy involves buying a call option and selling two call options all with different strike prices.  
answer: (a) a Christmas Tree
- A9 This book highlights advanced technologies that might help you make decisions on when to buy or sell stocks, track their ups and downs, and analyze your portfolio, while you're at it; but don't forget, though they might give a bit of techie buzz to investing, there are limits to what rocket science can do to help investors.  
answer: (c) rocket
- A10 Winding up is a process where the company's assets will be gathered and will be used to pay all debts, and the balance for the cost of this process will be distributed among the shareholders according to their interests in the company.  
answer: (c) Winding

**Business buzzwords: Last increment bidding**

- A1 The data clearly illustrate that some of the participants in the PJM market are bidding their capacity at well above production costs; the bids include prices approaching 1,000 \$/MW, and they also show the so-called 'hockey' stick' bidding of the last increment of capacity at a very high price.  
answer: (b) hockey
- A2 I tell my broker, "Buy Soybeans at 662.50," but then I find out I was filled at 663.00, two ticks off my price: the two ticks is called slippage.  
answer: (d) slippage
- A3 When the pot is clean, the underwriter has no more of the issue to sell to interested investors; if there is still interest in the issue and nothing left for an underwriter to offer, it is probable that the issue was underpriced and oversubscribed.  
answer: (b) clean
- A4 A leader in sales & contact management since 1995 with over 1 million users worldwide, Maximizer Sales Contact Manager makes it easy to succeed by effectively managing your time, customers, and sales.  
answer: (a) Maximizer
- A5 The All Industry index may spark some interest, but the most meaningful event will not come from the calendar but rather from the completion of the G-20 meeting: if the FinMins make any aggressive comments about yen weakness, USD/JPY may be in for more selling as the week progresses.  
answer: (a) FinMins
- A6 Here, we emphasize the reaction of holders of preferred stock to the call announcement, and examine their decision to sell the convertible rather than convert it; this cliente effect explains the increase in trading volume and also has important spillover effects into the market-making activity in the underlying common stock.  
answer: (a) clientele
- A7 Firms are throwing millions of dollars at university IP portfolios without regard to what is actually in the portfolio — are we seeing another lemming investment strategy that will take us to another nanotech bubble bursting because they are ill-informed and believe nanotech is still so far off for ROI that only IP is available?  
answer: (d) lemming
- A8 A Pork Chop is an arrangement on the floor of the NYSE whereby clerks cover the booth of a floor broker and accept orders, phone calls, and associated tasks; this arrangement is beneficial to the floor brokers as it allows them to handle business outside the floor while still taking orders and maintaining trading requirements.  
answer: (b) Chop
- A9 Section 13(d) of the Securities Exchange Act of 1934 stipulates that once someone obtains five percent of a firm's stock, that person has 10 days to file a disclosure form; but during this period, the potential bidder can continue to make open market purchases, so toehold purchases may be larger than 5% of a target firm.  
answer: (c) toehold
- A10 RBC Dominion Securities is accused of wash trading in shares of the firm's parent, Royal Bank of Canada; four of its traders are accused of buying and selling \$33 million worth of shares at the same time — improperly taking both sides of the trades — to cut risks they faced because of a series of trading errors and misunderstandings.  
answer: (d) wash

*Statistical modeling for decision-making*

- A1 Dr. Hossein Arsham of the University of Baltimore explains that in this diverse world of ours, no two things are exactly the same, and a statistician is interested in both the differences and the similarities; i.e., both departures and patterns.  
answer: (a) departures
- A2 The actuarial tables published by insurance companies reflect their statistical analysis of the average life expectancy of men and women at any given age.  
answer: (a) actuarial
- A3 From these numbers, the insurance companies then calculate the appropriate premiums for a particular individual to purchase a given amount of insurance.  
answer: (d) premiums
- A4 The more widely used descriptive statistical techniques are: Frequency Distribution, Histograms, Boxplot, Scattergrams and Error Bar plots, and diagnostic plots.  
answer: (a) Histograms
- A5 In examining distribution of data, you should be able to detect important characteristics, such as shape, location, variability, and unusual values, and from careful observations of patterns in data, you can generate conjectures about relationships among variables.  
answer: (a) conjectures
- A6 The notion of how one variable may be associated with another permeates almost all of statistics, from simple comparisons of proportions through linear regression.  
answer: (c) permeates
- A7 From the data collection plan, a statistical model can be formulated from which inferences can be drawn.  
answer: (a) drawn
- A8 As an example of statistical modeling with managerial implications, such as 'what-if' analysis, consider regression analysis.  
answer: (b) consider
- A9 Frequently, for example, the marketing managers are faced with the question, 'What sample size do I need?' — this is an important and common statistical decision, which should be given due attention, since an inadequate sample size invariably leads to wasted resources.  
answer: (c) due
- A10 Your organization database contains a wealth of information, yet the decision technology group members can usually tap only a fraction of it.  
answer: (a) tap

*A very brief history of management theories*

- A1 Carter McNamara explains that views on management have changed substantially over the past century — particularly in the past few decades.  
answer: (d) substantially
- A2 The Scientific Management Theory (1890-1940): At the turn of the century, the most notable organizations were large and industrialized, and often they included ongoing, routine tasks that manufactured a variety of products.  
answer: (d) turn
- A3 The United States highly prized scientific and technical matters, including careful measurement and specification of activities and results, so management tended to be the same.  
answer: (c) prized
- A4 Frederick Taylor developed the 'scientific management theory', which espoused this careful specification and measurement of all organizational tasks.  
answer: (c) espoused
- A5 Tasks were standardized as much as possible, and workers were rewarded and punished; this approach appeared to work well for organizations with assembly lines and other mechanistic, routinized activities.  
answer: (a) assembly
- A6 The Bureaucratic Management Theory (1930-1950): Max Weber embellished the scientific management theory, focussing on dividing organizations into hierarchies to establish strong lines of authority and control; he suggested organizations develop comprehensive and detailed standard operating procedures for all routinized tasks.  
answer: (b) embellished
- A7 The Human Relations Movement (1930-today): Eventually, unions and government regulations reacted to the rather dehumanizing effects of these theories, and more attention was given to individuals and their unique capabilities in the organization.  
answer: (c) dehumanizing
- A8 A major belief included that the organization would prosper if its workers prospered as well, and Human Resource departments were added to organizations. well much before possible  
answer: (d) well
- A9 The behavioral sciences played a strong role in helping to understand the needs of workers and how the needs of the organization and its workers could be better aligned.  
answer: (a) aligned
- A10 Various new theories were spawned, many based on the behavioral sciences (some had names like theory 'X', 'Y' and 'Z').  
answer: (d) spawned

*Contemporary theories in management*

- A1 Carter McNamara explains that contemporary theories of management tend to account for and help interpret the rapidly changing nature of today's organizational environments; as before in management history, these theories are prevalent in other sciences as well.  
answer: (d) prevalent
- A2 Contingency theory asserts that when managers make a decision, they must take into account all aspects of the current situation and act on those aspects that are key to the situation at hand: basically, it's the approach of 'it depends'.  
answer: (a) account
- A3 For example, if one is leading troops in the Persian Gulf, an autocratic style is probably best, but if one is leading a hospital or university, a more participative and facilitative leadership style is probably preferred.  
answer: (b) autocratic
- A4 In systems theory, a system is a collection of parts unified to accomplish an overall goal; if one part of the system is removed, the nature of the system is changed as well.  
answer: (a) unified
- A5 For example, a pile of sand is not a system, because if one removes a sand particle, you've still got a pile of sand; on the other hand, a functioning car is a system because if you remove the carburetor, you've no longer got a working car.  
answer: (a) carburetor
- A6 Systems theory has brought about a significant change, or paradigm shift, in the way management studies and approaches organizations.  
answer: (a) paradigm
- A7 Chaos theory recognizes that events indeed are rarely controlled; theorists suggest that systems naturally go to more complexity, and as they do so, these systems become more volatile (or susceptible to cataclysmic events) and must expend more energy to maintain that complexity.  
answer: (c) volatile
- A8 As they expend more energy, they seek more structure to maintain stability, and this trend continues until the system splits, combines with another complex system or falls apart entirely.  
answer: (a) apart
- A9 The main precept behind this theory is the underlying notion of small occurrences significantly affecting the outcomes of seemingly unrelated events.  
answer: (a) precept
- A10 Related to financial markets, proponents of chaos theory believe that price is the very last thing to change for a stock, bond, or some other security, and that price changes can be determined through stringent mathematical equations.  
answer: (c) stringent

*The entrepreneurial life cycle (1)*

- A1 Robert W. Price writes that the entrepreneurial life cycle repeats itself in businesses of all sizes, from start-ups in a garage to corporate entrepreneurship activities in global Fortune 500 companies.  
answer: (a) garage
- A2 It starts with an entrepreneur who perceives an opportunity, creates an organization to pursue it, assembles the required resources, implements a practical plan, and assumes the risks and the rewards, all in a timely manner for all involved.  
answer: (a) assumes
- A3 This is the significant difference that sets entrepreneurial management apart from other business management practices: in almost all cases, the person making the decisions has personal risk at stake.  
answer: (d) sets
- A4 The worst-case scenario for folks 'at work' is getting fired; the worst case for entrepreneurs is losing their home, personal credit, and lifestyle, as well as the destruction of family relationships.  
answer: (d) scenario
- A5 We define entrepreneurial management as the practice of taking entrepreneurial knowledge and utilizing it for increasing the effectiveness of new business venturing as well as operating small- and medium-sized businesses.  
answer: (c) venturing
- A6 The heart of entrepreneurial management is continually juggling these vital management issues: the mission and values statement, the goals and objectives, growth strategy, people and resources, organizational capabilities, financing strategy, and its vision of success.  
answer: (d) juggling
- A7 These vital management issues and activities play out in what we call the entrepreneurial life cycle.  
answer: (c) out
- A8 It was once said that entrepreneurship is a lot like driving fast on an icy road, but we prefer to think of entrepreneurship as less reckless and more methodical.  
answer: (d) reckless
- A9 Entrepreneurship is a continual problem-solving process; it is like putting together a huge jigsaw puzzle; at first pieces will seem to be missing, obscure, or not clearly recognizable.  
answer: (c) jigsaw
- A10 Size, profitability, commitment, complexity, scale of organizational structure, decrease in risk, increase in value, and decrease in founders' involvement characterize each stage of the entrepreneurial life cycle.  
answer: (c) founders'

*The entrepreneurial life cycle (2): The seven stages*

- A1 Opportunity Recognition: This gestation period is quite literally the 'pre-start' analysis; it often occurs over a considerable period of time ranging from one month to ten years.  
answer: (d) gestation
- A2 Opportunity Focusing: This is a 'sanity check', a go/no-go stage gate for part-time entrepreneurs because it fleshes out shaky ideas and exposes gaping holes.  
answer: (c) fleshes
- A3 It is important to include objective, outside viewpoints because different people can investigate the same opportunity and come to opposite conclusions.  
answer: (d) outside
- A4 Commitment of Resources: Most entrepreneurs see commitment as incorporating their business or quitting their day job.  
answer: (a) day
- A5 But this stage actually starts with developing the business plan; the process will take between 200 to 300 hours, so squeezing that amount of time into evenings and weekends can make this stage stretch over three to twelve months.  
answer: (a) into
- A6 Market Entry: The entrepreneur is committed with a very simple organization, the resources were correctly allocated according to the business plan, and the first sales were made.  
answer: (a) allocated
- A7 If the business model was profitable, reasonable objectives were met, and the venture is on track for attaining true economic health, then the entrepreneur can chose between a capital infusion for growth or remaining small with self-financing.  
answer: (a) infusion
- A8 Full Launch and Growth: Or the venture could remain small, for the simple fact that not all small ventures can or will become big companies; they are not fast growth potential because there is not enough room in the market for growth or their production and management systems are not scalable.  
answer: (d) scalable
- A9 Maturity and Expansion: Now the venture is a market leader at cruising altitude; this professional management team is implementing the venture's growth strategy through global expansion, acquisitions, and mergers as cash is plentiful and inefficiencies are completely flushed out.  
answer: (a) flushed
- A10 Liquidity Event: This harvesting stage is focused on capturing the value created in the previous stages through a business exit; typical exits are an initial public offering or being acquired by a larger publicly traded corporation.  
answer: (b) harvesting

**Business Buzzwords: The 'Book'**

- A1 On the NYSE and ASE, the specialist determines the opening price by looking at his 'book'; he is supposed to select the one price that clears out the maximum number of orders; i.e. by looking at the buy and sell offers and choosing a single price that will execute the most orders (shares).  
answer: (c) opening
- A2 UBS Warburg strategist George Vasic said conversations with soccer moms are good places to gather anecdotal research: "typically, it's a lagging indicator," he says, "if they're asking me about resource or tech stocks, you know the phenomenon has run its course and has already peaked."  
answer: (b) indicator
- A3 Traditionally, there is a premium in which the leading television station gains a bigger share of the advertising market than its audience share — hence the name of this effect among media buyers, 'the power ratio'.  
answer: (c) ratio
- A4 The stock market has done a remarkable swoon, reducing some sectors to 'drill bit' stocks (you know... 3/8, 1/2, 3/4) and it would appear (if you read, watch or listen to much of the media reports) that we are in for even more troubling times.  
answer: (a) drill
- A5 Michael Lee Davis of Plano was convicted Wednesday of felony charges that identified him as the ringleader of a 'clean sheeting' scam that led insurance companies to issue more than \$5 million worth of life insurance policies to people with life-threatening illnesses.  
answer: (b) sheeting
- A6 Nuclear investigators from the US and other nations now believe that the black market network run by the Pakistani scientist A. Q. Khan was selling not only technology for enriching nuclear fuel, but also some of the darkest of the bomb makers' arts: the engineering secrets needed to fabricate nuclear warheads.  
answer: (a) black
- A7 I do have a big problem with the fact that Yahoo! has failed to articulate a clear strategy about how the company will be dominant for years to come independently; doing lots of ankle-biter acquisitions is not a strategy (although I like and use MyBlogLog, Flickr, del.icio.us).  
answer: (a) ankle-biter
- A8 To announce that a forex trader wants to buy he/she may say or type 'Mine'; this would also be known as taking the offer.  
answer: (d) Mine
- A9 I've been trying to understand why General Motors is so oppressed by legacy costs, and I think I finally have got it: GM, a company with 300,000 employees, is supporting the number of retirees appropriate for a company with a workforce of 800,000, almost triple the size.  
answer: (a) legacy
- A10 The tombstone for the Google IPO appeared in 'The Wall Street Journal' on September 15, 2004; it showed an IPO date of August 18, 2004, the day the issue was priced, and a total sale of 22,534,678 Class A shares, somewhat less than the full over allotment would have produced.  
answer: (d) tombstone

**Business Buzzwords: A Rounding Bottom**

- A1 Traders like the rounding bottom in a J. Lo stock pattern because it can be an indication of a positive market reversal, meaning expectations are gradually shifting from bearish to bullish.  
answer: (a) a J. Lo
- A2 Given the very limited number of buyers for such a large block, Gates would be in a weak bargaining position; he might have to sell the stock diffusely in the market or accept a fire-sale price for the block, but in either scenario, he would not achieve full value for his block of shares.  
answer: (b) fire-sale
- A3 Less than a year ago, Gary B. Pruitt, the head of the McClatchy Company, was hailed as the white knight of newspapers; while others saw the industry headed for the dinosaur graveyard, Mr. Pruitt rode in to buy the Knight Ridder papers, or some of them anyway.  
answer: (d) white
- A4 The American democracy has been stolen by a new class of robber barons, the CEOs of our big corporations: a political system dependent on charity from rich men in hand-tailored suits with \$100 million retirement packages is no democracy; it is a kleptocracy and is not what our founding fathers envisioned.  
answer: (d) robber
- A5 When starting for the first time, should you invest all your money at once, or filter feed it into your portfolio? — one study shows that anyone investing a lump sum in one go would have done better up till now than someone making regular staged payments because the capital would have had longer to grow.  
answer: (c) filter
- A6 As suggested by Michael and Womack (1999), analysts may commit to provide a booster shot by increasing the strength of their recommendation in the face of an unfavorable market response to the IPO.  
answer: (a) booster
- A7 Government regulations prevent tips from dips, like corporate executives and board members, for the purpose of profiting off virtually guaranteed changes in a stock's price once the news hits the street; anyone with decent insider information is prevented from profiting from it on the open market.  
answer: (a) dips
- A8 In the early 1990s, Anglmark was the first organic alternative in all food categories, covering 80% of products, and this gave Coop a first-mover advantage, but not for very long — because some competitors complied with the minimum environmental requirements only, they were soon able to offer products at lower prices.  
answer: (d) first-mover
- A9 An alligator spread is a position consisting of a combination of put options and call options that collectively create commissions so high that it is almost impossible to turn a profit regardless of which direction the underlier moves; the term originates from the idea of the spread 'eating the investor alive'.  
answer: (b) An alligator
- A10 Nick Kochan, investigative reporter, describes techniques used by the launderers, such as 'smurfing', where large sums of money are broken up into small amounts that can be deposited into banking systems without arousing suspicion.  
answer: (b) smurfing

**Business Buzzwords: Largest Vendor**

- A1 SAP tech honcho Agassi resigns: The world's largest enterprise software application vendor announced on Wednesday that Shai Agassi is departing at the end of the week as president of SAP's product and technology group.  
answer: (a) honcho
- A2 True investors will look beneath the surface before they risk their hard earned capital — I mean, really do you expect that I'd dump years' worth of research & DD so I could get into the latest momo play?  
answer: (c) momo
- A3 D-day finally arrived last week for the Washington Public Power Supply System: with its coffers almost empty, Whoops, as everyone now calls the agency, formally declared that it could not repay \$2.25 billion in bonds used to finance partial construction of two now abandoned nuclear power plants in Washington State.  
answer: (c) Whoops
- A4 Robert Rubin, the US treasury secretary, is making contingency plans for a possible government funding crisis later this month; the word is that he's planning to issue a new tranche of paper — the Gingrich bond, which has no maturity, the Dole bond, with no interest, and the Clinton bond, with no principal.  
answer: (c) Clinton
- A5 Although the transition from a regulated, inflation-ridden environment to a low-inflation free market provided a boon to investors that may be difficult to extend into the future, it does show us the economic conditions that are conducive to high investor returns.  
answer: (d) boon
- A6 There is still a compelling case for mid-caps, as they offer more room for growth than larger companies and greater safety and stability than smaller companies.  
answer: (b) mid-caps
- A7 Because this is not an exact science, most investment managers work with several risk categories; these categories are summaries of how the investor feels about investment risk, how much downside market fluctuations can be tolerated, and how much they expect to profit when the markets are going up.  
answer: (a) downside
- A8 EXFO Electro-Optical Engineering Inc. announced today it has filed a registration statement with the United States Securities and Exchange Commission and a preliminary prospectus with the securities commissions in each Canadian province relating to a proposed initial public offering of 6,000,000 shares of its subordinate voting shares.  
answer: (c) prospectus
- A9 A financial blog is an online journal that provides news and information on the finance industry, commenting on news and information, also providing stock analysis based on both fundamental and technical principles; the style is more casual than an article and often reflects the personal opinion of the its writer.  
answer: (a) blog
- A10 Energy is Regent's largest industry bet, at 27 percent of assets, including hydroelectric power companies in Kyrgyzstan.  
answer: (b) bet

**Business Buzzwords: Currency Trading**

- A1 Banks and trading platforms are competing to get a bigger slice of the rapidly expanding business of anonymous currency trading, where investors buy and sell without revealing their identity to the market.  
answer: (a) anonymous
- A2 The dot-com bubble ended when the NASDAQ Composite index peaked at 5,048, more than double its value a year earlier, and what followed was a bloodbath of layoffs and consolidation caused by 'dot bombs' — companies launched with great exuberance to grab as much Internet real estate as they could without mounting a successful revenue model.  
answer: (a) bubble
- A3 The 1929 stock market crash itself, though large in its own right, was nothing compared to the ensuing graveyard market and devastating depression.  
answer: (d) graveyard
- A4 General Motors Corp. Chief Executive G. Richard Wagoner would love to snare stylish Italian sports car maker Alfa Romeo from its floundering parent, Fiat Auto, in which GM has a 20% stake: "The Alfa brand is like a sleeping beauty," says one Fiat senior executive, "We can reactivate it with new models."  
answer: (b) beauty
- A5 A Euroland corporate raised financing for a power station project, but the gas-fired plant was exposed to the risk of a rise in gas prices, and the power tariff was linked to the European inflation index; so ABN AMRO structured and traded a roller-coaster swap with the corporate, matching the profile of the corporate's loan.  
answer: (d) roller-coaster
- A6 Georgia Pacific was especially frustrating to bondholders, as the \$2.6 billion of post-junk rated issues were tendered, while the legacy investment-grade fallen angel bonds dropped by 12 points after double-A plus rated (buyer) Koch Industries said it would not guarantee the Georgia Pacific bonds.  
answer: (a) angel
- A7 More than a hundred companies in America are seeking to redefine the bottom line — moving away from conventional corporate accounting, where the only consideration is profit, to one that also includes the social and environmental impact the company is having.  
answer: (a) bottom
- A8 Financial News USA news distribution services will get your Virtual Road Show in front of potential investors, both retail and institutional: our press release enhancement services give you expanded coverage on the wires as well as the ability to target specific groups via our EmailWire and FaxWire services.  
answer: (c) Road
- A9 No image better represents the United States stock markets than the ticker tape: the little one-inch-wide strip of paper is as synonymous with following the performance of stocks and their markets as it is with heroes' welcomes and parades.  
answer: (d) ticker tape
- A10 If you're about to launch into the world of ecommerce, or want to boost an existing site's revenue in the coming months, this article is for you.  
answer: (b) ecommerce

**Business Buzzwords: Price Fixing**

- A1 The US Congress passed the Sherman Antitrust Act in 1890, and most if not all states have comparable statutes prohibiting monopolistic conduct, price fixing agreements, and other acts in restraint of trade having strictly local impact.  
answer: (a) Antitrust
- A2 Both parents in a dewk household want to work fewer hours, but that kind of cutback can mean jeopardizing advancement, so usually one partner works to maintain a career (usually the man) while the other parent scales back the career to provide child care (usually the woman).  
answer: (b) dewk
- A3 The broker has to know when to accept a counterparty's price quotation and get the trade done: there are times when a broker just has to lift the offer or hit the bid, particularly if the futures market is rocking and rolling — if a glance at the board shows the numbers continually changing, it's not the time to try to finesse the prices.  
answer: (a) hit
- A4 Known as 'the Oracle of Omaha', Warren Buffett is Chairman of Berkshire Hathaway and arguably the greatest investor of all time; his wealth fluctuates with the performance of the market, but for the last few years he has been reported to be worth over \$30 billion, making him the second richest man in the world.  
answer: (d) Warren Buffett
- A5 We can feast away on stocks that the big boys might like but don't bother with since a few grams of profit won't help them at all; our goal is to find the most promising small companies that one day will grow large enough to attract the elephant investors.  
answer: (b) elephant
- A6 Most 'sell-side' active management investment firms produce long term excess returns of zero, blurred by a short term noise band which is sometimes positive, and sometimes negative; in George A. Akerlof's terms, these firms are lemons.  
answer: (c) lemons
- A7 Under normal operation environment, the closing price of a stock on the HKE is determined by taking the median of 5 nominal prices in the last minute of the trading hours: the system will take up 5 snapshots on the nominal prices at 15-second interval starting from 3:59:00 p.m.  
answer: (b) closing
- A8 The Monday effect is related to the weekend market analysis performed by millions of investors and traders: many people think 'linearly', and they believe in trends.  
answer: (d) Monday
- A9 The more drastic poison pill methods involve taking on large debts that the acquiring company would have to pay off; in rare cases, a company decides that it would rather go out of business than be acquired, so they intentionally rack up enough debt to force bankruptcy — this is known as the Jonestown Defense.  
answer: (b) Jonestown
- A10 Kellogg Company has a rich history of corporate social responsibility, a history that has grown and evolved to meet the complexities of today's business world and the challenges of a global society; our founder, W.K. Kellogg, sought to "invest my money in people", and that legacy continues to guide our company and our people.  
answer: (c) social

*Elements of Organizational Behavior (1)*

- A1 Donald R. Clark explains that the organization's base rests on management's philosophy, values, vision and goals.  
answer: (b) rests
- A2 This in turn drives the organizational culture, which is composed of the formal organization, informal organization, and the social environment.  
answer: (a) drives
- A3 The culture determines the type of leadership, communication, and group dynamics within the organization.  
answer: (a) dynamics
- A4 The workers perceive this as the quality of work life which directs their degree of motivation, and the final outcomes are performance, individual satisfaction, and personal growth and development.  
answer: (c) satisfaction
- A5 In the autocratic organizational model, the basis is power with a managerial orientation of authority, while the employees are oriented towards obedience and dependence on the boss.  
answer: (b) obedience
- A6 The employee need that is met is subsistence, and the performance result is minimal.  
answer: (c) minimal
- A7 In the custodial organizational model, the basis is economic resources with a managerial orientation of money, while the employees are oriented towards security and benefits and dependence on the organization.  
answer: (c) money
- A8 The employee need that is met is security, and the performance result is passive cooperation.  
answer: (a) passive
- A9 In the supportive organizational model, the basis is leadership with a managerial orientation of support, while the employees are oriented towards job performance and participation.  
answer: (c) support
- A10 In the collegial organizational model, the basis is partnership with a managerial orientation of teamwork, while the employees are oriented towards responsible behavior and self-discipline.  
answer: (d) self-discipline

*Elements of Organizational Behavior (2)*

- A1 Clark's 'Big Dog's Leadership Page' remarks that although there are four separate organizational models, almost no organization operates exclusively in one; there will usually be a predominant one, with one or more areas overlapping in the other models.  
answer: (c) predominant
- A2 The first model, autocratic, had its roots in the industrial revolution, and the managers of this type of organization operate out of McGregor's Theory X.  
answer: (c) operate
- A3 The next three models begin to build on McGregor's Theory Y; they have each evolved over a period of time and there is no one 'best' model.  
answer: (a) one
- A4 A social system is a complex set of human relationships interacting in many ways; within an organization, the social system includes all the people in it and their relationships to each other and to the outside world.  
answer: (b) outside
- A5 Also, the social system does not have boundaries; it exchanges goods, ideas, culture, etc. with the environment around it.  
answer: (a) boundaries
- A6 Culture is the conventional behavior of a society that encompasses beliefs, customs, knowledge, and practices.  
answer: (d) encompasses
- A7 It influences human behavior, even though it seldom enters into their conscious thought.  
answer: (c) into
- A8 People depend on culture, as it gives them stability, security, understanding, and the ability to respond to a given situation.  
answer: (d) respond
- A9 Individualization is when employees successfully exert influence on the social system by challenging the culture.  
answer: (c) exert
- A10 The match that organizations want to create is high socialization and high individualization for a creative environment, but this can become quite a balancing act.  
answer: (a) act

**Asset Allocation**

- A1 Ope Agbaje, an ABS analyst at CSAM, comments that traditional approaches to asset allocation have tended to focus on packaging together risk and return into one portfolio in the pursuit of outperformance.  
answer: (c) outperformance
- A2 However, there has more recently been a gradual shift towards separating out these two key components into distinct strategies, whereby the portfolio is composed of highly risk-controlled 'core' products, combined with more flexible satellite' products that are focused on alpha generation.  
answer: (a) distinct
- A3 This asset allocation strategy is typically composed of a core portfolio that incorporates strategies invested against liquid benchmarks and managed within very tight risk parameters.  
answer: (d) tight
- A4 Such core strategies include traditional equity and fixed income products that are either passively or actively managed against benchmarks such as the S&P 500 and the JP Morgan Government Bond Index, respectively.  
answer: (d) respectively
- A5 The satellite portion allows the investor to select more aggressive and often less liquid strategies that have lower correlations with the core component and provide the portfolio manager with the flexibility to generate attractive returns.  
answer: (d) lower
- A6 Within this space, investors have the opportunity to add more specialist asset classes, including absolute return products, hedge funds, commodities and property depending on individual risk budgets.  
answer: (b) budgets
- A7 Within the fixed income world, a broad range of innovative alpha generating strategies can be employed as the satellite component of a diversified portfolio.  
answer: (d) diversified
- A8 However, while investors are becoming more familiar with asset classes such as convertibles, high yield and emerging market debt, a number of new credit products also make attractive satellite components.  
answer: (c) market
- A9 One asset class that is beginning to receive more attention is asset backed securities (ABS).  
answer: (a) attention
- A10 These products have been developed from a financing technique called securitization, whereby a company will pool its assets together to guarantee the issuance of bonds, which are then sold to investors.  
answer: (b) securitization

**Asset Backed Securities**

- A1 Ope Agbaje, the ABS analyst at CSAM, goes on to explain that there are a number of important advantages for investors holding asset backed securities.  
answer: (b) holding
- A2 Firstly, they gain exposure to a liquid, fixed income investment in a diversified pool of assets, such as auto loans, which make an attractive alternative to a corporate bond or other fixed income investment.  
answer: (b) an attractive
- A3 In some cases illiquid assets, or assets which investors would not ordinarily have access to, such as loans to small and medium enterprises, make up the pool of assets.  
answer: (c) illiquid
- A4 However, unlike unsecured bonds, which are fully dependent on the operating, payment ability and ultimately bankruptcy risk of a company, asset backed securities to various degrees tend to be removed (fully or partly) from those risks.  
answer: (d) removed
- A5 Typically, they are legally separated from the originator and rely entirely on the performance of the ring-fenced assets, transferred and pledged as bond collateral.  
answer: (b) pledged
- A6 Simply put, the investor buying the securities is not exposed to the credit risk associated with originator of the assets and, thus, ABS bonds represent one of the more secure forms of fixed income securities from a credit quality standpoint.  
answer: (c) exposed
- A7 A number of ABS issues also benefit from external protection in the form of insurance, such as a credit enhancement provider that ensures the quality of the issue, as well as a liquidity provider that covers certain cashflow shortfalls.  
answer: (c) shortfalls
- A8 A further benefit for the investor is that the risk associated with consumer credits, such as credit cards and home loans, can be more easily calculated using advanced quantitative techniques, without the same level of subjectivity often associated with other fixed income debt such as corporate bonds.  
answer: (c) subjectivity
- A9 This is because a statistical approach can be more relevant for some asset back bonds that have a homogenous underlying collateral consisting of thousands of loans.  
answer: (b) homogenous
- A10 While ABS bonds have long been a key component of many fixed income strategies, the search for new sources of yield have led many investors to the ABS market.  
answer: (d) yield

*Swedish Trade Unions*

- A1 Swedish unions do not rely much on formal organizing campaigns; employees join either of their own volition or as a result of group pressure.  
answer: (c) volition
- A2 Being outside a union is a risky business, as unions control much of labour regulation; though any form of discrimination against non-unionized employees is against the law, it can be hidden by employers acting together with unions.  
answer: (b) discrimination
- A3 Unionization rates in the service sector are significantly lower than in industry, at least among blue-collar workers; still, they hover around 70 per cent, a figure that is high enough not to cause serious union worry.  
answer: (a) hover
- A4 Atypical work has mushroomed and now accounts for some 30 to 35 per cent of total employment; however, atypical employees are unionized to the same extent as others, perhaps slightly more so.  
answer: (d) mushroomed
- A5 The reason seems to be that they are more vulnerable to exploitation and so have more to gain from union membership.  
answer: (d) vulnerable
- A6 Effective collective bargaining arrangements exist in all sectors of the economy.  
answer: (a) bargaining
- A7 Even the temporary work business is unionized and covered by a comprehensive collective agreement.  
answer: (b) comprehensive
- A8 The greatest difficulty is to make salaries respond to changes in market demand: the pay structure is highly rigid in the sense that it is extremely difficult to change the relative level of different categories of employees.  
answer: (b) rigid
- A9 If one union manages to negotiate extra high pay increases for its members, perhaps due to market forces, all other unions will immediately demand — and fight hard for — the same increase, threatening to undo the initial effect.  
answer: (c) undo
- A10 Unions have a de facto monopoly on collective pay regulation since there is no free labour market in the sense of a market not governed by collective agreements.  
answer: (a) de facto

**Business Buzzwords: At the Bombay Stock Exchange**

- A1 The Bombay Stock Exchange has shifted certain stocks to the trade-for-trade segment, where you pay Rs 25,000 to take delivery of the shares you bought and the quantity you have sold will be presented for delivery: the reason for the shift is that the exchange wants to curb circular trading.  
answer: (a) circular
- A2 The Tequila Effect hypothesis states that the economic crisis that affected several South American countries in 1995 was caused by an exogenous capital flight triggered by the loss of confidence of foreign investors after the collapse of the Mexican peso in December 1994.  
answer: (b) Tequila
- A3 The Presidential Election Cycle Theory (PECT) of stock prices suggests that stocks decline soon after a president is elected when harsh and unpopular measures are necessary to bring inflation, government spending and deficits under control for the long-term health of the economy.  
answer: (d) Cycle
- A4 Make certain you have, or if you are an entrepreneur, make certain your existing syndicate has, dry powder to see you through hard times; this means putting no more than 25-30% of your total allocation up front, and make certain you have reserves to meet pro rata needs.  
answer: (b) powder
- A5 Deep-Format, who by smell could only be a Microsoft insider, is leaking about Microsoft's botch job on the Ecma spec; this kind of poop could only be from a disgruntled employee on the Office or XML dev team.  
answer: (d) poop
- A6 The multitude of mergers and acquisitions has raised issues that need to be considered before the prospect of an acquisition arises; one is the application of the golden parachute rules of Sec. 280G, regarding severance payments to be made to a corporation's top employees and directors on a change in control.  
answer: (d) parachute
- A7 William McCormick, chairman and chief executive of CMS Energy Corp, said the company's use of 'round-tripping' — trades where the same amount of electricity is exchanged at the same price between two players — was apparently aimed at making CMS look more powerful in wholesale power markets than it actually was.  
answer: (c) round-tripping
- A8 Asset size explains in part why funds become index huggers: DeGroot thinks most funds need no more than 50 stocks to be well diversified, after which they begin behaving increasingly like an index fund.  
answer: (a) huggers
- A9 Examples of leprechaun leaders are the executives of Enron, who stowed away millions of dollars until they were finally caught.  
answer: (b) leprechaun
- A10 Ten or more years ago Boomernomics was all the rage, spurred by the theories of David Foote; among the many things we were told by its various advocates was that aging baby boomers would invest lots of disposable income in the markets, driving them to dizzy heights.  
answer: (d) Boomernomics

**Business Buzzwords: Casino Operations**

- A1 Shares of Las Vegas Sands Corp. fell after the bell on Wednesday, after the casino operator said its first-quarter profit fell: LVS.N shares were down 4 percent at \$85 in extended-hours trading.  
answer: (b) bell
- A2 With the Dow Jones Industrials teetering on the brink of the 12,000 level, Plunge Team commander, Henry Paulson, issued a buy signal; "The president's economic advisers are keeping an eye on the markets," said a White House spokesman, revealing that Bush got a phone briefing from Paulson that day.  
answer: (a) Plunge
- A3 When volume on an exchange is so heavy that the tape runs more than five minutes behind, the flash price interrupts the delayed prices every 5-10 minutes to show the current price of a heavily traded stock.  
answer: (a) flash
- A4 The dumbbell strategy places bonds only in very short and very long maturities, making it easy to shift the average maturity of the portfolio.  
answer: (b) dumbbell
- A5 Kangaroos refers mostly to the stocks on the All Ordinaries index, which is composed of 280 of the most active Australian companies.  
answer: (a) Kangaroos
- A6 Opinion shopping can adversely affect the independence of auditors; it is a different activity than obtaining a second opinion, which has the objective of obtaining the right answer, and is in fact illegal.  
answer: (c) shopping
- A7 The economy is coming in for a landing; optimists say it will be the much sought after 'soft landing' when the economy slows but doesn't skid into recession, but some economists now are forecasting a bumpy landing, or even worse.  
answer: (c) soft
- A8 The pro forma combination of buy-recommended ConocoPhillips (COP) and buy-recommended Burlington Resources (BR) would create a new company with a stock market capitalization of \$100 billion thereby qualifying as the sixth mega cap energy company in our coverage.  
answer: (c) cap
- A9 Having a war chest of \$11.2 billion gives Google freedom to make strategic acquisitions, even overpaying if necessary, and to take a longer-term view with its products and acquisitions, enabling it to push new services out the door now and figure out how to make money off them later.  
answer: (d) war
- A10 Greensheets are not intended for public distribution: they are meant to be a rough introduction to the company about to issue the new security, thus they are incomplete and not necessarily accurate.  
answer: (c) Greensheets

**Business Buzzwords: South African Labour Laws**

- A1 The new law will do away with employers who have abused the independent contractor provision in South Africa's existing labour laws, but NMG-Levy labour consultant Brian Allen says 'legislative overkill' could affect genuine supplier relationships while wiping out this form of evasion.  
answer: (b) overkill
- A2 The NYSE applies program trading curbs whenever the NYSE Composite Index moves 150 points higher or lower than the previous day's closing price; this restriction stays in place until the NYA returns to within 70 points of the previous day's closing price or until the end of the trading day.  
answer: (d) curbs
- A3 The Joseph Effect, which harkens to the Hebrew slave who prophesied seven years of feast and famine, relates to the market's tendency to have a long-term memory—for example, a rise in stocks tends to be followed by additional increases.  
answer: (b) Joseph
- A4 I am therefore pleased to report that the second half did indeed show a solid improvement; we managed to more than reverse the first half loss and remain on stream for the trading performance to continue along this trend.  
answer: (d) stream
- A5 August was the cruelest month for Dell Inc, when it recalled 4.1 million laptop batteries because of fears they might ignite, announced a shockingly bad quarter and disclosed that the SEC has launched an investigation of its accounting; 'Dell is in the penalty box' admits founder Michael Dell.  
answer: (c) penalty
- A6 A Bo Derek stock is a perfect stock for investment — named after the gorgeous star of the movie '10'.  
answer: (a) Bo Derek
- A7 Most economists think it's unlikely the CNN effect will be enough to tip the U.S. economy back into recession; after all, the average American already watches four hours of TV a day.  
answer: (c) CNN
- A8 There's a saying in the stock world, that goes, "Don't fight the tape" — what this means is that when there's powerful selling going on against a stock, only the foolish step in and start buying, because the price is likely to continue to decline.  
answer: (c) tape
- A9 Hedge fund managers will often call analysts and present a very persuasive argument as to why a stock deserves an upgraded rating; this hounding does not always lead an analyst to change his or her rating, but it works enough of the time for the practice to persist.  
answer: (d) hounding
- A10 Risk Management is the process of identification, analysis and either acceptance or mitigation of uncertainty in investment decision-making.  
answer: (d) Risk

**Business Buzzwords: Young Companies**

- A1 Venture capitalists mitigate the risk of investing by developing a portfolio of young companies in a single fund.  
answer: (c) Venture
- A2 Sanyo Electric is cooperating with the investigation into its suspected window-dressing of earnings; Sanyo may have falsified its fiscal 2003 earnings report, writing off far fewer losses than its subsidiaries had and falsely reporting a profit when it was in the red.  
answer: (b) dressing
- A3 Price discrepancies, although at odds with mainstream finance, are persistent phenomena in financial markets; these apparent mispricings lead to the presence of arbitrageurs, who aim to exploit the resulting profit opportunities, but whose role remains controversial.  
answer: (a) arbitrageurs
- A4 While we anticipate that a supplemental for FY07 will ultimately be signed into law, we expect uncertainty surrounding the level of DoD funding will continue, and as a result, we have less visibility into our next fiscal year than we normally would have at this point in the year.  
answer: (d) visibility
- A5 "One of the reasons we have a healthcare crisis is because, as a consumer, I don't have that much skin in the game," said Arkansas GOP Gov. Mike Huckabee, "there needs to be a transformation from a third-party insurance system to more financial participation by the patient."  
answer: (d) skin
- A6 A lot of investors and fund managers sold the stock only to buy it a few days later at lower prices; but there is brokerage to be paid on both the transactions (while buying and selling), so unless the fund manager will make a lot of money on that stock, churning may not be all that prudent after all.  
answer: (a) churning
- A7 The five largest music companies and music retailers agreed to pay \$67.4 million to settle a lawsuit over alleged price-fixing in the late 1990s; prosecutors said that the industry kept consumer CD prices artificially high between 1995 and 2000 with a practice known as 'minimum-advertised pricing'.  
answer: (a) fixing
- A8 Insiders are an obvious target for policies designed to provide information security, because they have legitimate uses for communication channels that can also be used to breach security; by restricting the use of these channels, the organisation can create barriers to information leakage.  
answer: (c) leakage
- A9 An elevator pitch is a quick and concise way to communicate who you are, what you do, and why you do it better; it's more than a mission statement — it's understanding your business in a way that gets people excited, involved, and thinking.  
answer: (c) An elevator
- A10 If a trader is in a long position on a currency pair and the exchange rate moves upward in her favor a bit but fails to move past a key resistance level she was expecting as a catalyst for further movement, the trader would probably deem the trade flat on a failure and close it out for whatever profit had been earned.  
answer: (c) flat

*Business Buzzwords: Japanese Automobiles*

- A1 The 'keiretsu' structuring of assembler-supplier relations historically enabled Japanese auto assemblers to remain lean and flexible while enjoying a level of control over supply akin to that of vertical integration.  
answer: (b) keiretsu
- A2 Riding the yield curve, the fixed-income strategy of purchasing a longer-dated security and selling before maturity, is a popular means to achieve excess returns compared to buying-and-holding, despite its implicit violations of market efficiency and the pure expectations hypothesis of the term structure.  
answer: (c) Riding
- A3 Resident Market Makers would be able to vote to reduce the commission charge for the Order Book Official (OBO) who keeps the public limit orders in the relevant class of options.  
answer: (d) Order Book Official
- A4 'Bucket shops' are firms that entice people through various tactics to open trading accounts with them (including misleading job advertisements that promise quick, unrealistic returns), but on contractual terms that are favourable towards these firms.  
answer: (a) Bucket
- A5 Infant-industry theory posits that small or less productive firms in developing countries require protection to catch up to foreign competitors, and this theory is often cited as a validation for government-sponsored protection from trade and foreign direct investment.  
answer: (a) Infant
- A6 Small capitalization public companies need access to savvy investors in micro and small cap stocks who are actively seeking the next tenbagger, but the typical investor thinks that he should avoid the small cap market, that he would never have the insight, inside knowledge, skill or luck to find a blockbuster performer.  
answer: (d) tenbagger
- A7 Bankruptcy courts are receptive to granting certain protections for the stalking horse bid because of the risk and expense incurred in making the first bid and the interest it generates for the assets.  
answer: (d) stalking
- A8 A persistent growl from the bear camp two years ago was that the U.S. economy was headed for a 'double-dip recession', meaning the economy was in danger of sliding back into a period of negative growth after having climbed out of it.  
answer: (b) dip
- A9 Ultimately, Louis Rukeyser's TV show, 'Wall Street Week', made investing look too easy: you can't rely on e/ves to tell you when to be in or out of the market.  
answer: (a) elves
- A10 Nicknamed "The Junk Bond King", Michael Milken is credited with founding the high-yield debt market but was banned for life from the securities industry.  
answer: (c) Milken

*Global Production Systems*

- A1 The global and national economies, as well as individual industries and firms, have undergone a tremendous amount of restructuring in the past several decades.  
answer: (c) undergone
- A2 Until the 1970s, the global economy was primarily composed of national companies operating mainly within their borders, and the system was characterized by shallow integration versus the deeper integration of today, in which global production systems distribute production across the globe.  
answer: (a) borders
- A3 Linkages across firms and countries have strengthened as trade has greatly expanded and production has moved southward.  
answer: (d) Linkages
- A4 No longer does a single firm control all of a company's activities, but rather the system operates from a network-centric perspective and a firm is disconnected from the customers it serves for instance, Nike now has 900 suppliers and 650,000 workers spread over 50 countries.  
answer: (c) perspective
- A5 But while there has been a diffusion of production, the control has solidified on the retail side as a result of consolidation among top-tier firms and a proliferation among potential suppliers.  
answer: (d) tier
- A6 The increase in world agricultural trade is partly a result of the greater market access that produce receives as compared to other agricultural products, especially under preferential trade agreements such as NAFTA and the Lome Convention.  
answer: (c) preferential
- A7 Accompanying this increased trade has been a restructuring of the market from a fragmented industry with low barriers of entry to a market dominated by retail oligopolies that control over half of the fresh produce sold.  
answer: (a) barriers
- A8 This has caused a change towards greater quality, supply chain efficiencies, and product differentiation.  
answer: (a) chain
- A9 The result of this concentration and higher standards has been a decline in smallholders who are unable to meet all the new requirements and a downward pressure on prices and wages, a widening gender gap in terms of wages, and increased insecurity among workers in the industry.  
answer: (d) smallholders
- A10 Technological advancements happen at such a rapid rate that it is hard for a country to keep up and remain competitive.  
answer: (b) keep

*Global Production and the Labour Market*

- A1 The share of trade in world GDP has been increasing with a shift from commodities to manufactured goods and a growing importance of intermediary goods as a result of outsourcing.  
answer: (b) commodities
- A2 This increase in outsourcing has been accompanied by rising income inequality (25% of which is attributable to outsourcing) and historic high rates of profits and profit share.  
answer: (c) attributable
- A3 To capture greater gains from trade, countries are seeking to increase their value-added position as they expand their industrialization, but have often found difficulty in upgrading.  
answer: (a) capture
- A4 The newly industrializing Asian countries have had success in upgrading, whereas Latin America and Sub-Saharan Africa have had difficulty (e.g., Mexico has been able to expand exports but only with a small amount of value-added).  
answer: (c) Sub
- A5 China's rapid rise poses an additional threat for most developing countries outside of Asia that have had trouble upgrading.  
answer: (b) poses
- A6 The 1990s saw only a meager growth in per capita income outside of Asia and a rise in income inequality within countries as a result of the Washington Consensus of export-led manufacturing growth, deregulation, and liberalization.  
answer: (b) meager
- A7 And as China participates even more fully in the global economy, developing countries will not be able to compete with China's abundant supply of cheap labor and developed infrastructure and will therefore be adversely affected.  
answer: (a) adversely
- A8 The increased market linkages that now characterize the global economy have caused considerable product and labor market asymmetries: many industries are now characterized by oligopolies on top and increased supplier competition at the bottom.  
answer: (d) asymmetries
- A9 It is an endogenous process that is sustainable because of barriers to entry on the top, an abundant supply of labor on the bottom, and the entry of more firms on the ground level even though many industries already have excess global capacity.  
answer: (d) ground
- A10 This has led to a value-added squeeze for developing countries that face obstacles to industrial upgrading, pressure downstream to keep prices low because of low margins, and pressures on labor markets to keep wages low.  
answer: (a) squeeze

*Corporate Social Responsibility*

- A1 As tales of labor abuse in developing countries by multinational companies have made the headlines in developed countries, some of these companies have adopted voluntary corporate social responsibility codes.  
answer: (c) made
- A2 These codes are initiatives taken by companies over and above their legal obligations to treat the stakeholders of the firm ethically and in a responsible manner.  
answer: (d) initiatives
- A3 This is a move beyond the narrow view of pursuing only short-term profit-maximizing objectives to a broader view of greater social responsibility, but while these codes promote decent work standards, they do not necessarily mean more jobs.  
answer: (a) decent
- A4 Companies are not implementing these new corporate social responsibility standards solely for altruistic reasons, but rather there is a burgeoning market for standards in which companies will provide standards if consumer will pay more for this benefit.  
answer: (b) altruistic
- A5 But the demand curve for standards is kinked, with consumers not willing to pay that much more for standards but would cause a huge adverse impact if a company allowed for major labor violations.  
answer: (b) that
- A6 The persistence of violations and consumers' desire for adequate labor conditions has led to the proliferation of vigilantes and verifiers (organizations that check that companies are actually following their reforms, such as the Fair Labor Association and Social Accountability International).  
answer: (d) proliferation
- A7 For any effort by either the vigilantes or the verifiers to be successful, it needs to involve the workers in question since they are the ones who confront the conditions on a daily basis.  
answer: (c) question
- A8 The standards market has an inherent limitation, since it relies on consumers in developed countries to take action; it therefore limits the number of affected products, and since the worst abuses occur in the informal sector, there is much that corporate codes of conduct will be unable to change.  
answer: (a) abuses
- A9 While voluntary corporate codes of conduct are a start, they are not enough to fully address the problem.  
answer: (a) address
- A10 National action (and perhaps legislation) can improve the outcomes of corporate codes and monitoring, in areas such as transparency, consultations by auditors and monitors with local authority, and consistent enforcement of labor standards.  
answer: (b) outcomes

*The LS9203 Omni-Directional Presentation Scanner*

- A1 With stiff competition and commodity price constraints, service is your greatest differentiator: that means fast checkout and stocking what your customers want.  
answer: (c) differentiator
- A2 Your instincts are good, but it's still a guessing game to match your inventory with customers' preferences, because you have no way to precisely track what they're buying.  
answer: (a) game
- A3 Retailers with stores of all sizes are overcoming these challenges by transforming their business processes, abandoning paper-based sales and inventory tracking for electronic data capture systems.  
answer: (b) capture
- A4 While mobile technologies offer new ways to effectively manage inventory and streamline retail operations, complex and expensive systems may not fit the needs of your organization.  
answer: (d) streamline
- A5 Instead, you need a tool that's affordable, reliable, integrates into your point-of-sale (POS) environment easily and can be used without extensive training.  
answer: (b) point
- A6 Symbol's easy-to-use LS9203 omni-directional scanner speeds checkout and improves sales and inventory management in retail operations where counter space is limited.  
answer: (c) counter
- A7 Designed to work as both a presentation and handheld scanner, the LS9203 enables your employees to scan bar codes hands-free, as well as bring the scanner to the merchandise to quickly scan several items at once and avoid lifting heavy products.  
answer: (a) free
- A8 With automated scanning, you eliminate pricing errors caused by manual input mistakes, reduce profit-eroding shrinkage and discourage 'sweethearting' by requiring a manager's approval before offering special deals for friends and relatives.  
answer: (d) sweethearting
- A9 With increased visibility into what your customers are buying, you encourage repeat business by providing the products your customers want, when they want them.  
answer: (d) visibility
- A10 And the LS9203's small footprint leaves you enough space to set up product displays at the checkout counter, so your customers are able to easily pick up last-minute items.  
answer: (c) footprint

*Nanotube Technology*

- A1 CNTs (carbon nanotubes) have probably been around for a lot longer than was first realized, but electron microscopy at that time was not advanced enough to distinguish them from other types of tubes.  
answer: (c) electron
- A2 The first method for producing CNTs and fullerenes in reasonable quantities was by applying an electric current across two carbonaceous electrodes in an inert gas atmosphere.  
answer: (a) reasonable
- A3 This method is called plasma arcing: it involves the evaporation of one electrode as cations followed by deposition at the other electrode.  
answer: (b) deposition
- A4 The carbon arc discharge method is the most common and easiest way to produce CNTs, but it produces a complex mixture of components and requires further purification to separate the CNTs from the soot and the residual catalytic metals present in the crude product.  
answer: (d) residual
- A5 This method creates CNTs through arc-vaporization of two carbon rods placed end to end, separated by approximately 1mm, in an enclosure that is usually filled with inert gas at low pressure.  
answer: (b) inert
- A6 Another method of nanotube synthesis involves plasma arcing in the presence of cobalt with a 3% or greater concentration.  
answer: (c) presence
- A7 The nanotube product is a compact cathode deposit of rod-like morphology.  
answer: (c) morphology
- A8 However, when cobalt is added, the nature of the product changes to a web, with strands of 1mm or so thickness that stretch from the cathode to the walls of the reaction vessel.  
answer: (b) vessel
- A9 The mechanism by which cobalt changes this process is unclear, however one possibility is that such metals affect the local electric fields and hence the formation of the five-membered rings.  
answer: (d) mechanism
- A10 Arc-discharge and laser vaporization are currently the principal methods for obtaining small quantities of high quality CNTs, but both methods suffer from drawbacks: the CNTs are difficult to purify, manipulate, and assemble for building nanotube-device architectures for practical applications.  
answer: (d) drawbacks

*Company Mergers*

- A1 The question is often asked why one huge company should want to take over another massive organisation just for the sake of toppling or overthrowing a business rival.  
answer: (d) toppling
- A2 The winner may well have plenty of resources and platforms at its disposal to carry out the take over but there has to be another reason.  
answer: (b) platforms
- A3 It may well have the leading market share in that area with no opposition from any other competitor.  
answer: (a) leading
- A4 In that case why should it want to carry out its plan and do the deal thereby inheriting all the problems that the other company has experienced?  
answer: (c) deal
- A5 It is possible that it has had a good year and at the end of the financial year it has produced an excellent set of results that has pleased its shareholders.  
answer: (d) set
- A6 Another reason of course is that it just wanted to do what the shareholders wanted by pandering to their wishes.  
answer: (a) pandering
- A7 In that case it won't necessarily increase its profits or bolster its reputation in the business world.  
answer: (b) bolster
- A8 It may indeed suffer an initial downturn in business and profits may be substantially reduced.  
answer: (d) downturn
- A9 Any company on reflection should think seriously before splashing out and spending huge sums of money.  
answer: (a) out
- A10 The reality is that any company bent on a takeover should be wary of losing business and clients because there may well be a mass exodus of customers.  
answer: (c) exodus

**Business Buzzwords: Con Men**

- A1 Connie tried selling her family's camper on an Internet auction site, only to have a con man make off with it while sticking her with a rubber check — the buyer sent a check for \$10,500 and sent a driver to pick up the camper, so Lang turned it over, but two weeks later found out the check had bounced.  
answer: (c) rubber
- A2 In the charges brought against RT Capital, members of that firm admitted their actions were against the public interest: those actions apparently consisted of 53 cases of causing the price of a security to end the day on an up tick — a high close.  
answer: (b) close
- A3 Parties to an Exchange for Physical trade, which is another form of an upstairs trade permitted by most exchanges, have considerable leeway in reporting; EFP transactions can occur at any time, during and after market hours, and there is no time restriction to report an EFP to the exchange.  
answer: (d) an upstairs
- A4 The methods used by Katz created a false and misleading appearance of trading activity or an artificial price for the securities of Caprice, and included the execution and clearing of orders through other member firms (a 'Jitney Trade') to disguise the players in the market place.  
answer: (b) Jitney
- A5 Bridge Mobile Alliance provides a regional one-stop shop that supports enterprises with regional mobile needs; this means that instead of having to liaise with multiple parties, you can approach any alliance member to consolidate all your needs and requirements.  
answer: (c) one-stop
- A6 Trend followers know the trick of letting their profits run is key to trading: once you learn that to maximize your profits you must be willing to give up some part of your accumulated profits, you are on your way to sustained success, and refusing to give up a part of that accumulated income due to fear is a big mistake.  
answer: (b) run
- A7 A political split suggests legislative gridlock in Washington, which is not a bad situation for the financial markets; equity investors tend to favor a divided government since it usually suggests less government intervention in the economy and stock market.  
answer: (c) gridlock
- A8 For purposes of this rule, "agency cross transaction for an advisory client" means a transaction in which a person acts as an investment adviser in relation to a transaction in which the investment adviser acts as a broker-dealer for both the advisory client and another person on the other side of the transaction.  
answer: (b) cross
- A9 Coattail investing, where small investors mimic the top pros, may be growing more popular than ever; as markets have gone nowhere over the past five years they went down and then recovered the solution is to find people who you think are making money and attach yourself to them.  
answer: (b) Coattail
- A10 One of U.S. management's big complaints is against union featherbedding; last week the American Institute of Management warned that unions are not alone in insisting on unnecessary jobs — management itself is widely guilty of the practice.  
answer: (a) featherbedding

**Business Buzzwords: Hostile Deal**

- A1 That scenario would include the make-your-best-offer propositions like Verizon and MCI, the 'gray knight' attempts to upset existing agreements like Blockbuster's, and straightforward hostile deals, which have been rather rare recently.  
answer: (b) gray
- A2 Leaders on both sides of the Pacific agree on the need to encourage long-term investments in factories and businesses and to minimize the boom and bust effects of so-called 'hot money', the term for funds from investment companies, banks, and currency traders seeking a high rate of return on a short-term commitment.  
answer: (c) hot
- A3 Zinc just recently achieved a nominal all-time high and along with its fellow base metals counterparts has bucked the commodities trend in recent months, having an amazing run in its own bull market.  
answer: (c) bull
- A4 Does Your Boss Play Jekyll and Hyde? — An account manager thought he was starting off well during his first week at a large advertising agency in Los Angeles, but just a few weeks later, his boss abruptly called him into his office and addressed him using a demeanor and tone he'd never experienced in his 17-year business career.  
answer: (c) Jekyll and Hyde
- A5 The eagerness for quick riches is hard to squelch; indeed, after an investing bubble, an echo bubble where investors rush in to buy all over again isn't uncommon.  
answer: (c) an echo
- A6 The IMF estimates money laundering, the process drug traffickers use to introduce proceeds of the sale or distribution of controlled substances into the legitimate financial market, to amount to between 2 and 5 percent of the world's GDP, about \$600 billion annually.  
answer: (b) laundering
- A7 "For now, let me just say that a strategic inflection point is a time in the life of a business when its fundamentals are about to change; that change can mean an opportunity to rise to new heights, but it may just as likely signal the beginning of the end." (Andrew S. Grove)  
answer: (b) inflection
- A8 The Ponzi scheme continues to work on the 'rob-Peter-to-pay-Paul' principle, as money from new investors is used to pay off earlier investors until the whole scheme collapses.  
answer: (d) Ponzi
- A9 Doves prefer low interest rates as a means of encouraging growth within the economy because this tends to lead to increased demand for consumer borrowing and spurs an increase in consumer spending; they believe the negative effects of low interest rates are negligible in the larger scheme of things.  
answer: (c) Doves
- A10 The topple rate in 1974 was about 7-8 percent, but today that rate is about 33 percent; even well established leadership companies can be swept away very, very fast now.  
answer: (c) topple

**Business Buzzwords: Competitive Advantage**

- A1 An important theme of research related to the industry lifecycle is that strategies for achieving competitive advantage differ depending on the stage: firms compete primarily on alternative product designs and positioning early in the history of an industry, whereas cost becomes a more important basis of competition in later stages.  
answer: (d) lifecycle
- A2 Yahoo! and MSN are both good examples of glocalization because both have sites in different languages specifically targeted at the people of several countries.  
answer: (b) glocalization
- A3 It appeared that Old Mutual had fallen prey to a bear raid, where short sellers had entered the market for Old Mutual shares and had closed out their positions early this week; Poole said, "The market reacted very badly to our announcement, and we take losing 10 % of our price seriously."  
answer: (c) raid
- A4 "An obsession with wealth has led to an Affluenza epidemic", says Oliver James, "the virus is a set of values which increase our vulnerability to psychological distress, placing a high value on acquiring money and possessions, looking good in the eyes of others and wanting to be famous."  
answer: (c) an Affluenza
- A5 In 1982, Barry Minkow started his own rug-cleaning business called ZZZZ Best and eventually turned it into a public company with a paper value of more than \$200 million; he was given a hero's welcome on Wall Street, but in December 1988, he was convicted on 57 counts of fraud and sentenced to 25 years in jail.  
answer: (d) ZZZZ
- A6 The seller of T Bond futures does not have to notify the clearing house until 8 pm about his intention to deliver, so if bond prices decline after 2 pm, the seller can notify the clearing house of his intention to deliver the cheapest bond that day or he can wait for the next day: this option is called the wild card play.  
answer: (d) wild
- A7 The voodoo accounting employed by iMergent could be the reason why the company has lost all coverage from major brokerage houses and now reports numbers to the public without independent scrutiny; in 2005, it confessed a huge restatement of prior earnings and rolled up a mass of prior years' unreported losses.  
answer: (d) voodoo
- A8 A sinker bond is one whose interest and principal payments are made from a fund into which a company sets aside money over time, in order to retire its preferred stock, bonds or debentures.  
answer: (b) sinker
- A9 A Brookfield real estate agent was charged Thursday in federal court with trying to get a \$75,000 kickback in the form of a percentage of the sale if the bidder's proposal was accepted, in exchange for giving out confidential bid information on the sale of a \$30 million state office building in Madison.  
answer: (c) kickback
- A10 Investors are starting to worry that Symantec, which makes the popular Norton brand of anti-virus software, is in danger of being Netscaped: Microsoft has made some rumblings lately about stepping up its presence in security software.  
answer: (d) Netscaped

**Business Buzzwords: Credit-derivative Trades**

- A1 Fourteen high profile Wall Street investment banks, including a former Federal Reserve regional board member, have gathered in New York to tackle the growing monster of unmatched credit-derivative trades, so Wall Street might ultimately fix this derivatives time-bomb before it explodes.  
answer: (d) time-bomb
- A2 The phrase 'white-collar crime' was coined in 1939 during a speech given by Edwin Sutherland to the American Sociological Society. Sutherland defined the term as "crime committed by a person of respectability and high social status in the course of his occupation."  
answer: (d) white-collar
- A3 Why would people want to own General Motors or Ford, just because those stocks are down a lot, when they could own best-of-breed Toyota, which is taking share and making big profits? — I know they are drawn by the low dollar amount of the American carmakers, but Toyota is the cheapest and the best, a rare find.  
answer: (b) breed
- A4 Club Deal for Kuwait Parazylene: 18 banks have signed up to the \$1.4 billion financing for Kuwait Parazylene Production Company (KPPC).  
answer: (b) Club
- A5 Considering the few extra percentage points of return that most enhanced index funds may give you, you're better off sticking with a conventional index fund; that's where you'll find lower risk and expenses, plus minimal tax liabilities.  
answer: (d) enhanced
- A6 The company recorded a provision for risk of (34.7) million euros, mainly generated by the discontinuation of production at the Bernin site and focus of the optical business on foundry services, the badwill resulting from acquisitions, a litigation with one customer and employee severance costs.  
answer: (a) badwill
- A7 Partially as a result of the back-of-the-napkin business model approach, many eConsultants had not considered the situation thoroughly and lacked one of the most fundamental ideas behind any new company — a better mousetrap.  
answer: (d) napkin
- A8 We have analyzed connected transactions between Chinese publicly listed firms and their state-owned enterprise (SOEs) shareholders and shown how resources are tunneled from minority shareholders of the firm to the state.  
answer: (d) tunneled
- A9 The bear call spread can be seen as writing a call with protection against an unexpected rise in the market; in this instance, the trader may write a call around the money, and take a call out-of-the-money, which effectively provides a ceiling to the potential loss if the market should rise.  
answer: (d) spread
- A10 In a Mortgage Dollar Roll transaction, the investor sells the securities that he was to receive from the dealer in the front month for one price and buys the same securities from the dealer at a lower price for settlement in the next month: the difference between the two prices is known as the drop.  
answer: (b) drop

**Business Buzzwords: High Valuation**

- A1 High valuation means a bigger potential price fall for a torpedo stock.  
answer: (d) torpedo
- A2 The loss leader is a pricing strategy which involves selling products/services at a price that will generate little or no profit and in some cases not even cover all associated costs (marketing, overheads, direct costs, etc).  
answer: (c) loss
- A3 Froth Comes Off Starbucks: Shares in Starbucks fell to their lowest level since late 2005 as investor concerns about slower sales and profit growth continued to chip away at the once highflying stock.  
answer: (d) Froth
- A4 Not all these houses are ugly and shoddy: though most are badly proportioned pastiches of different styles, some are built with attention to detail and materials, but, as the epithet McMansion suggests, they're just too big-for their lots, for their neighborhoods and for the number of people who actually live in them.  
answer: (d) McMansion
- A5 American bankers for decades operated by the 3-6-3 rule; they could afford to be that precise because federal and state laws set the strict rules by which they operated and protected them from competitors, and the power and prestige of bankers remained as secure as their vaults, while profits were steady and certain.  
answer: (b) 3-6-3
- A6 Going public with a bear hug is a great strategy for acquiring a target whose management isn't inclined to sell; it forces a corporate board to consider any reasonable bid because directors have a responsibility to provide shareholders with the best financial returns.  
answer: (b) hug
- A7 The good and bad of intaxification: Tax refunds may be welcome to most taxpayers, but technically speaking, it's not wise to give the government interest-free loans.  
answer: (b) intaxification
- A8 On the negative side, the market is a stone's throw from refreshing the overvalued, overbought, overbullish, yields-rising condition we've dubbed 'ovoboby'.  
answer: (d) ovoboby
- A9 Life expectancy for men aged 60 is more than five years' longer in 2005 than it was anticipated to be in mortality projections made in the 1980s, and this problem threatens the solvency of the life and pensions industries; the amounts exposed to longevity risk in the UK pensions industry alone are estimated to be 2,520 billion.  
answer: (b) longevity
- A10 We have taken a direct sentiment measure, i.e., market sentiment index constructed by 'Investors Intelligence': each week weekly newsletter opinions on the future market movements are grouped, and we use the bull-bear ratio as a proxy of sentiment.  
answer: (a) bull-bear

*Workforce Planning Methodology*

- A1 Mertz, Joshua and Grumbach's study of the oral health workforce involved an extensive literature and legislative review, as well as interviews with 20 key stakeholders.  
answer: (d) stakeholders
- A2 The literature review exposed the main theoretical concepts behind workforce planning and was used to assess current DHPSA policy in the context of the policy's legislative history.  
answer: (b) context
- A3 The study provides a synthesis of the alternative personnel planning methodologies (supply-based, demand-based and needs-based), and examines data availability to support these methods.  
answer: (d) support
- A4 The practical application of these methods is found primarily in the DHPSA and National Health Service Corps (NHSC) programs, the primary governmental efforts to engage in oral health personnel planning.  
answer: (b) engage
- A5 The study details the legislative history and institutional development of the current DHPSA criteria and compares the performance of the policy against its expressed goal to identify areas of unmet need.  
answer: (c) unmet
- A6 The legislative directive for monitoring and addressing oral health workforce issues has evolved over the past 60 years from focusing on defining 'manpower shortages' to an emphasis on measuring underservice.  
answer: (d) underservice
- A7 However, the programs developed in response to legislation have not evolved to reflect this change.  
answer: (c) response
- A8 While a variety of alternative methodologies for measuring shortages exist, there are little data currently available upon which to base a new method.  
answer: (d) alternative
- A9 Dental health personnel planning is a process to determine appropriate numbers, types and distribution of providers needed to achieve certain health goals and is rooted with the social imperative to use limited resources appropriately.  
answer: (a) imperative
- A10 This study suggests the need for a revision of oral health care workforce monitoring and planning methods and a realignment of assessment efforts and programmatic responses.  
answer: (a) realignment

*Information Services Management*

- A1 Van Deventer and Martha Johanna explain that knowledge economy management literature is prolific, but very little of the retrieved literature relates to the application of management philosophies within the library and information services industry.  
answer: (d) prolific
- A2 The assumptions that underlie this research are in the first instance that, if it is not reported in the literature, it is questionable whether library and information services are implementing the new management practices.  
answer: (a) underlie
- A3 For the purpose of this study it was presumed that the advantages of these knowledge economy management philosophies are such that they should also be applicable within the back office environment.  
answer: (d) such
- A4 The most suitable methodology was identified as a hybrid version of Kaplan and Norton's balanced scorecard, based on the philosophy of the intangible asset monitor and including aspects of the value chain scoreboard.  
answer: (d) hybrid
- A5 An opinion was expressed that the monitoring of intellectual capital growth needs to take place at both the individual and the organizational level if monitoring is to be of real objective value.  
answer: (d) expressed
- A6 Implementation of the management practice (intellectual capital management) occurred in two phases and stretched over a period close on 18 months.  
answer: (b) close
- A7 A situation analysis was done at the start of the research period; Kaplan and Norton's adapted scorecard framework was then utilized to set objectives for each of the two implementation phases.  
answer: (d) set
- A8 An adapted version of Sveiby's Affrsvrlden model was utilized to identify specific implementation actions and initiatives to be taken.  
answer: (d) taken
- A9 From the weaknesses, a number of priority actions were identified while the strengths provided a good lead as to what could be considered the good practice that should be continued.  
answer: (a) lead
- A10 In brief, it is possible to say that intellectual capital management has been an appropriate management philosophy to use within the chosen service environment, and it is appropriate to recommend that its principles and practices be rolled out to the rest of the service unit.  
answer: (d) rolled

*Capital Cost Allowance*

- A1 David Trahair, C.A. explains that although most expenses are deductible in the year you paid them, there are types of purchases that are treated differently.  
answer: (d) treated
- A2 For example, purchases of property such as computers, office furniture, buildings, and manufacturing equipment are not usually written off in the year of acquisition.  
answer: (c) off
- A3 These types of properties will wear out or become obsolete over a number of years; in recognizing this, you can make a yearly deduction for their cost for income tax purposes called capital cost allowance.  
answer: (d) wear out
- A4 All property of a capital nature that you purchase must be grouped in a class specific to that item. and all property in that class is grouped together and the total cost is used to determine the amount of capital cost allowance.  
answer: (c) specific
- A5 Classes typically use a declining balance to depreciate property and each class is designated a maximum fixed percentage for the year; there are 44 classes of property with rates in the classes varying from as low as 4% to as high as 100%.  
answer: (a) declining
- A6 If your taxation year is less than twelve months, then the allowable deduction amount will be prorated to a portion of the maximum amount allowed.  
answer: (d) prorated
- A7 Generally, for the year of acquisition the half-rate rule applies, so only 50% of the maximum deduction amount of a particular class can be claimed.  
answer: (a) claimed
- A8 Recapture can occur if, when you sell the property, the sale price is more than the total of the undepreciated capital cost (U.C.C.) for that class at the beginning of the period and there were no more items left in that class.  
answer: (a) Recapture
- A9 A terminal loss will occur if you have an undepreciated capital cost for a class but have no more physical property. (i.e. you could have sold an asset for less than its U.C.C.).  
answer: (d) A terminal
- A10 This amount is deductible from your business income for the year that you disposed of the property.  
answer: (d) disposed

*Ecosystem Restoration*

- A1 Ecosystem restoration has existed as a nascent niche study for at least 70 years, but it didn't really pick up steam until the practice of environmental mitigation brought serious dollars into the picture.  
answer: (c) steam
- A2 As ecosystem restoration grew into an industry, the demand for quality standards and rigorous research grew.  
answer: (d) rigorous
- A3 During this period, there was a lot of debate over its underpinning: is it an art, a science, an industry, or all three — or is restoring ecosystems playing God?  
answer: (d) underpinning
- A4 Should we try to restore a system back to a certain point in time that we deem to be pristine, or should we merely try to restore the health of its underlying systems, so it can pursue whatever trajectory is appropriate for current circumstances?  
answer: (d) pristine
- A5 In all of this, there's been much emotion, much soul-searching, much business, much science, much poetry, and much politics.  
answer: (a) searching
- A6 The English language has over three times as many synonyms for restoration as it does for new development, maintenance, and conservation combined: that should tell us something about how important the renewal portion of the natural lifecycle is to our psyche.  
answer: (d) psyche
- A7 An economy that's based primarily on sprawl — in a country with finite borders — is a strategy that can only lead to depauperization, degradation, and war.  
answer: (a) sprawl
- A8 Nowadays, the growth of ecosystem, watershed, and fishery restoration industries, budgets, and sciences far outstrips the growth of their counterparts related to extraction of virgin resources.  
answer: (d) outstrips
- A9 So why are our trade schools and universities still pumping out skills and degrees that don't address the fastest-growing sector of the economy?  
answer: (b) pumping
- A10 For the first time in human history, we can put hard numbers to the value of the damage of environmental transgressions; NOAA has pioneered the application of this trend by applying a three-stage fine to those who destroy turtle grass beds in Florida.  
answer: (a) hard

*The New York Hospitality Industry*

- A1 "New York City's hospitality industry is on fire," the global chairman of brokerage services at CB Richard Ellis, Stephen Siegel, said, "People from around the world want to visit New York and of course, they all need places to stay."  
answer: (c) on
- A2 Supply cannot meet the demand which has been created by the more than 41 million visitors to the city in 2006.  
answer: (c) the
- A3 According to industry leaders, 44 million visitors — a record number — are expected this year, helping to fuel the hospitality fire.  
answer: (b) fuel
- A4 Owners and operators in the hospitality sector are saying they have not experienced such impressive cash flow, hotel property selling prices, and availability of financing for close to a decade.  
answer: (d) sector
- A5 Even after several years of positive growth, real estate experts say the market is improving so far in 2007.  
answer: (c) positive
- A6 "Occupancy levels have been close to capacity for the second year in a row, and room rates had another year of double-digit growth," the president of Lodging Advisors, Sean Hennessey, said.  
answer: (b) digit
- A7 In light of this, more and more people assume the pace of improvement must moderate; and yet, for the first quarter of 2007, occupancy is up about 1 percentage point over last year, and room rates are up 12%.  
answer: (c) light
- A8 The Manhattan hotel market is white hot, with demand for hotel rooms far outstripping supply.  
answer: (d) white
- A9 During the past several years, several thousand hotel rooms have been lost from the city's inventory due to the conversion of existing hotels to residential use.  
answer: (b) conversion
- A10 As the New York lodging market continues to experience increases in average rates, and as the robust residential market slows down a bit, we are now seeing that hotel economics begin to pencil out the feasibility of new hotel development.  
answer: (c) pencil

*The Hospitality Industry*

- A1 According to Michael Stoler, an influx of capital into the New York real estate market is driving the hotel market.  
answer: (b) driving
- A2 "The availability of funds both on the debt and equity sides from the plethora of lending institutions and opportunity funds for hotel projects in the Big Apple is plentiful," the principal of Eastern Consolidated, Alan Miller, said.  
answer: (d) plethora
- A3 Numerous groups are seeking to be part of the tremendous wave of hospitality demand we are experiencing, from the construction of ground-up hotels or the conversion of existing buildings to the repositioning of certain hotel assets.  
answer: (c) up
- A4 The market is awash in capital chasing hotels.  
answer: (c) awash
- A5 With the strong need for more rooms in Manhattan, coupled with the fact that there are no longer any 'undesirable' neighborhoods, the entire island south of 125th Street from river to river represents a good hotel site.  
answer: (d) coupled
- A6 Highgate Holdings is planning to convert the Chinatown Holiday Inn at 138 Lafayette St. into a boutique hotel.  
answer: (c) boutique
- A7 "The pipeline of hotels is probably at an all-time high, which might lead to increased competitiveness and price wars," Mr. Hennessey said.  
answer: (c) pipeline
- A8 It will likely hurt those hotels that have benefited from the compression of Manhattan's demand.  
answer: (a) compression
- A9 The greater risk is that the city's economy falters, and what many of the newly minted hoteliers don't realize is that a small drop in revenue can cause a huge drop in profitability.  
answer: (a) falters
- A10 When the slowdown eventually comes, a reverse ripple effect is expected whereby the properties living off of the Manhattan-displaced demand, particularly those without adjacent commercial development, will feel the downturn first.  
answer: (b) ripple

*A Tourism Partnership*

- A1 South West Wales Tourism Partnership is the Regional Tourism Partnership serving South West Wales; the Welsh Assembly Government initiated the formation of 4 RTPs across Wales to receive devolved resources and responsibilities for tourism marketing and development.  
answer: (a) devolved
- A2 Four Regional Tourism Partnerships (RTPs) were established in Wales in 2001, coterminous with the four regional economic fora areas.  
answer: (d) coterminous
- A3 The partners in SWWTP are all the local authorities and a broad spread of tourism, hospitality and leisure industry representatives from across the Region; SWWTP acts as the lead body supporting tourism in South West Wales.  
answer: (b) body
- A4 Key elements within the Partnership's aims include the need to maximise potential and eliminate wasteful competition for the benefit of the consumer and the trade and to encourage integration of public and private sector resources by nurturing a distinct regional bias in decision-making.  
answer: (d) nurturing
- A5 The SWWTP drives forward the SWW Regional Tourism Strategy, 'Open All Year', which is now in place.  
answer: (c) place
- A6 SWWTP is a not-for-profit company limited by guarantee; every 3 years elections open to all with an interest in tourism will be held across the region to choose one-third of the industry representatives.  
answer: (c) open
- A7 The SWWTP works within strict running cost limits, and so its core staff is limited to 3.5 (Director, Project Manager, Office Manager, and part-time Administrative Officer).  
answer: (c) running
- A8 The SWWTP will act as an enabling and commissioning body, working through others to deliver its objectives.  
answer: (a) commissioning
- A9 Targets are set for individual projects from training to marketing, based on leverage for both investment and return on expenditure incurred; conversion and tracking studies are built into the activity.  
answer: (c) incurred
- A10 SWWTP took a decision to minimise expenditure on corporate public relations and instead works with its partners to disseminate news and opportunities.  
answer: (d) disseminate

*US Cultural and Heritage Tourism Management*

- A1 Ten years ago a seminal blueprint for cultural and heritage tourism was adopted by more than 1,500 dedicated political and industry leaders and practitioners as part of their national agenda for the travel industry.  
answer: (c) a seminal
- A2 In their Cultural Tourism in the United States white paper, the authors encapsulated a definition for cultural and heritage tourism — "travel directed toward experiencing the arts, heritage, and special character of a place".  
answer: (c) encapsulated
- A3 Its adoption at the 1995 conference initiated new relationships between unlikely partners—the cultural, heritage and tourism sectors—who sought to fulfill its key values and vision of a sustainable industry with appropriate growth.  
answer: (c) unlikely
- A4 Collaborations spread across the country following the paper's roadmap of action steps, and the results have surpassed expectations.  
answer: (c) roadmap
- A5 Six regional forums catalyzed state action on cultural and heritage tourism, cultural and heritage tourism staff positions were established at convention and visitors bureaus, and groundbreaking research on the impact of cultural and heritage tourism was spawned.  
answer: (b) groundbreaking
- A6 Over the last decade, travel industry research confirms that cultural and heritage tourism is one of the fastest growing segments of the travel industry; for some travelers, cultural and heritage experiences are value added, enhancing their enjoyment of a place and increasing the likelihood that they will return.  
answer: (d) value
- A7 For a growing number of visitors, however, who are tired of the homogenization of places around the world, authentic experiences are an important factor and motivator for their travel decisions and expectations.  
answer: (a) homogenization
- A8 The industry today encompasses cultural and heritage specialists, who are an important resource for the travel and tourism industry in providing these customers with accurate, insightful interpretation of local assets.  
answer: (b) insightful
- A9 An integral but often invisible component of the cultural and heritage sector are the artists, performers, writers and other creative workers whose skills and vision bring to life our nation's genius and ideas.  
answer: (d) An integral
- A10 Cultural and heritage tourism also provides a means of preserving and perpetuating our nation's cultural heritage through education, increased revenues and audiences, and good stewardship.  
answer: (d) stewardship

*Cultural Brokerage*

- A1 Wu and Haywood's paper presents the findings of a study of Canadians who have visited China and the tour operators who facilitate the trips in an attempt to understand the need for 'cultural brokerage'.  
answer: (b) facilitate
- A2 Research has revealed that cultural differences are important factors that appeal to and attract international tourists; many seem to relish the novelty of the experience.  
answer: (d) relish
- A3 However, the success of these foreign sojourns can be undermined if the travel experience and the encounters are not carefully managed.  
answer: (d) sojourns
- A4 The intent is to help Canadian tourists and Chinese hosts better understand each other; when Canadian tourists are better able to pre-educate themselves about Canadian and Chinese cultural differences, they will be able to visit China with a greater peace of mind.  
answer: (b) mind
- A5 The greater the differences in the cultural background of travelers, the more likely it is that their behaviour will be misunderstood and lead to friction (Reisinger & Turner, 1998).  
answer: (b) friction
- A6 Experiencing a second culture can be beneficial, since such exposure is said to broaden one's perspective, promote personality growth and provide insight into the culture of origin through a contrast with other world-views.  
answer: (a) exposure
- A7 Milman and Pizam (1988) argue that actual tourism and travel experience is not only composed of physical activities, but also a wide range of cognitive activities pertaining to the mind.  
answer: (a) cognitive
- A8 Since national cultures have certain dominant values, it can be taken for granted that international tourists will differ from their hosts in numerous ways (Pizam & Sussmann, 1995; Reisinger & Turner, 1998).  
answer: (c) granted
- A9 To orientate tourists to exotic host cultures, it may be necessary to engage a 'culture broker', a mediator who functions as a link between diverse cultural systems.  
answer: (a) mediator
- A10 It has been noted that the temporariness of international tourists' cross-cultural encounter may cause tourists and hosts to take a more tolerant view of the strange or threatening fancies and foibles of the other.  
answer: (b) foibles

*Ecotourism in Vietnam*

- A1 There are many critics of ecotourism, who see it as a form of environmental opportunism that allows continued exploitation of natural environments by mass tourism: mass tourism cloaked in a green name.  
answer: (c) opportunism
- A2 Ecotourism is certainly a buzzword, and is becoming as ambiguous as the word 'natural' on the supermarket shelf.  
answer: (c) ambiguous
- A3 Here is another definition of ecotourism: A form of tourism inspired primarily by the natural history of an area, including its indigenous cultures.  
answer: (c) indigenous
- A4 The ecotourist practices a non-consumptive use of wildlife and natural resources and contributes to the visited area through labour or financial means aimed at directly benefiting the conservation of the site and the economic wellbeing of the local residents.  
answer: (d) wellbeing
- A5 The visit should strengthen the ecotourist's appreciation and dedication to conservation issues in general, and to the specific needs of the locale.  
answer: (a) locale
- A6 Ecotourism also implies a managed approach by the host country or region which commits itself to establishing and maintaining the sites with the participation of local residents and using the proceeds of the enterprise to fund the area's land management and community development.  
answer: (c) proceeds
- A7 Further, it is important to emphasise that ecotourism does not equal nature tourism; rather it is a distinct niche of the more general nature tourism sector.  
answer: (c) niche
- A8 One of the reasons for continued debate on the merits of ecotourism to achieve sustainable development is that there is no blueprint for successful ecotourism development in all of its facets.  
answer: (c) facets
- A9 Sites and potential projects need to be considered on a case by case basis, as many local factors — environmental, human, political, economic, social, cultural etc — will work for the benefit of, or to the detriment of, an ecotourism project.  
answer: (b) detriment
- A10 A big difficulty for countries like Vietnam is the idea that in order to achieve a sustainable ecotourism, planners and policy makers must impose limits, and in a country with a huge domestic population, the concept of limiting numbers appears almost ludicrous and is certainly controversial.  
answer: (c) ludicrous

*Portfolio Statistics*

- A1 The correlation coefficient, which ranges in value between 1 and -1, is a very versatile pattern-matching technical indicator; it is a statistic that is used to measure goodness-to-fit, and we will be using it to compare actual price data against either specific chart patterns, or other price data.  
answer: (d) correlation
- A2 This rule kicks in when two substantially identical stocks or securities are acquired; remember that the window is 61 days — 30 days before and 30 days after the sale at a loss — so if you own a stock, buy the call and then within 30 days sell the stock at a loss, the loss will be disallowed under the 30-day wash sale rule.  
answer: (c) wash
- A3 The alternative minimum tax (or AMT) is an extra tax some people have to pay on top of the regular income tax; the original idea behind this tax was to prevent people with very high incomes from using special tax benefits to pay little or no tax.  
answer: (b) alternative
- A4 The NYSE's Automated Pricing and Reporting System, which processes odd lot orders, does not forward orders to the floor, but automatically executes the orders based upon the prices of trades in round lots and forwards inventory information to the appropriate specialists on the floor, who use this information to manage their positions in the market.  
answer: (b) Reporting
- A5 Equity turnover is annual sales divided by equity, a measure of the ability to grow without additional capital investment; companies with a high profit margin generally have a low figure for this statistic.  
answer: (d) turnover
- A6 During the Great Depression, many US banks collapsed, with almost half of them failing through bank runs, as banks rarely have enough cash available to cover all of their deposits simultaneously; the Banking Act of 1933 following shortly afterward made such enduring structural changes as the establishment of the FDIC.  
answer: (d) 1933
- A7 The Central Registration Depository is a computerized system that includes the employment, qualification, and disciplinary histories of more than 400,000 securities professionals who deal with the public; consumers can get CRD information about a sales representative by visiting our Web site.  
answer: (c) Depository
- A8 The seven members of the Board of Governors of the Federal Reserve System are nominated by the President and confirmed by the Senate, and a full term is fourteen years.  
answer: (c) Governors
- A9 The success of cat bonds is hard to deny: in the short span of 10 years, they have moved from a novel approach as a replacement for high-level excess property coverage to a growing trend in property protection from disaster.  
answer: (b) cat
- A10 The index bond, where the interest and principal payments are adjusted by inflation, is a popular investment tool; if held to maturity, it provides a certain real rate of return (i.e. the rate of nominal interest over inflation), but its market value, nevertheless, still fluctuates with the level of real interest rates in the intervening period.  
answer: (a) index

*Futures and Options*

- A1 The CFTC is an agency created in 1974 to regulate US futures and options exchanges; in its authorizing statute, the Commodity Exchange Act, Congress recognized that these markets are important to our economy, and that fraud and manipulation impinged upon the market's ability to perform vital functions of price discovery and risk management.  
answer: (a) Commodity
- A2 The back of both the Powerball and Wildcard 2 tickets sold in Idaho say in part, 'SIGN THIS TICKET IMMEDIATELY. This ticket is a bearer instrument; anyone possessing a winning ticket may claim the prize.  
answer: (a) a bearer
- A3 Days Sales Outstanding (DSO) is a way of transforming the accounts receivable number into a handy metric that can be compared with other companies in the same industry to determine which player is managing its receivables collection better.  
answer: (a) Days
- A4 Rule 10b-4 prohibits hedged tendering of this type; it provides that a person tendering shares must be net long in all shares tendered both at the time of tender and as of the offer's cutoff date, and had Merrill Lynch executed the sell short order, Bobker would have been in violation of the rule.  
answer: (c) hedged
- A5 In Dutch auctions, a seller has multiple, identical items to sell, specifying the minimum price and the number of items available; bidders bid at or above that minimum for the quantity they are interested in purchasing, and at the close of the auction, the highest bidders purchase the items at the lowest successful bid.  
answer: (a) Dutch
- A6 Some credit cards let you borrow cash in addition to making purchases on credit, and most companies treat these cash advances and your purchases differently; for instance, the APR may be higher than the APR for purchases.  
answer: (a) advances
- A7 The Employee Retirement Income Security Act of 1974 (ERISA) is a federal law that sets minimum qualifications for pension plans in private industry; it does not require any employer to establish a pension plan — it only requires that those who establish plans must meet certain minimum conditions.  
answer: (a) Security
- A8 The objectives of discounted cash flow analysis are to determine the net present value of a stream of expected future cash revenues and expenditures, and the rate of return which the expected future cash flows will yield on a given level of initial cash investment.  
answer: (b) discounted
- A9 For yen-denominated bonds, the Samurai and the Euroyen bond markets have coexisted since the 1970s; the former aims at mobilising financial resources from domestic investors of the issuing market, whereas the latter aims at mobilising financial resources from the broader base of international investors.  
answer: (c) Euroyen
- A10 The income statements for the current interim period and cumulatively for the current fiscal year to date have been revised, and comparative statements for the comparable interim periods (current and year-to-date) of the immediately preceding fiscal year have been added.  
answer: (a) comparative

*Comptroller General*

- A1 The head of the GAO is David M. Walker, Comptroller General of the United States, who was appointed October 1998 and whose term of office expires in October 2013.  
answer: (c) GAO
- A2 The Investment Company Act of 1940 regulates the organization of companies, including mutual funds, that engage primarily in investing, reinvesting, and trading in securities, and whose own securities are offered to the investing public.  
answer: (d) 1940
- A3 NASD Regulation, Inc. advised member firms to amend their historical performance communications to add either updated performance figures or clear disclosure that current performance is less than the figures shown when a security experiences an 'abrupt negative change in performance'.  
answer: (b) Regulation
- A4 It was, say federal regulators, a classic case of affinity fraud: Brazilian-Americans in the Boston area peddled dubious investments to other Brazilian-Americans in part by appealing to their common heritage and religion.  
answer: (a) affinity
- A5 Form 10-Q is a quarterly report filed with the US Securities and Exchange Commission that includes unaudited financial statements and provides a continuing view of the company's financial position during the year; it must be filed for each of the first three quarters of the company's fiscal year.  
answer: (c) 10-Q
- A6 This written policy outlines the proper procedures for requesting records from the Pennsylvania State Police (PSP) under Pennsylvania's Right-to-Know Law, 65 P.S. 66.1-66.9.  
answer: (b) Know
- A7 The Bureau of the Public Debt announced today that Series HH Savings Bonds would no longer be offered to the public after August 31, 2004; issued since 1980, they were available in exchange for Series E or EE bonds and paid interest to their owners semiannually.  
answer: (d) HH
- A8 A Victim Impact Statement can be written or oral, and not only provides the court with essential data which leads to appropriate sentences and suitable restitution, but also allows the victim to articulate the pain, anguish, and financial devastation the crime has caused.  
answer: (a) Impact
- A9 We examine the impact of instalment receipts trading on the underlying stocks' volatility; IRs are a derivative security that evidences the purchase of an underlying security on an instalment basis, and they have been used to facilitate large secondary stock offerings in Canada.  
answer: (b) derivative
- A10 The rationale for imposing assignee liability on the trusts that hold securitized predatory loans is compelling when it comes to foreclosures: if a securitized trust, not the original lender, is the one seeking foreclosure, the holder-in-due-course rule prevents the borrower from asserting defenses based on wrongdoing at origination.  
answer: (a) assignee

*Discount Bonds*

- A1 The basis of a bond initially equals the total purchase price; for a discount bond, the basis increases at the rate of the accrued market discount until it reaches the principal value at maturity.  
answer: (d) market
- A2 Security consultants can offer their expertise to a broader market, but recommendations are not entirely unproblematic, as perverse incentives may tempt certain actors to downgrade the security ratings of their competitors.  
answer: (c) downgrade
- A3 The house selling the Catholic bonds published in its formal advertisement that 36% of the inhabitants of the German Reich were Roman Catholics, while the house offering the Protestant bonds asserted in its newspaper reproduction of the bond circular that more than two-thirds of the German population was Protestant.  
answer: (b) circular
- A4 The Cost-of-Living Adjustment (COLA) is determined by the U.S. Department of Labor, which calculates the change in the Consumer Price Index (CPI) for urban wage earners and clerical workers from the third quarter average of the previous year to the third quarter average for the current year.  
answer: (c) Adjustment
- A5 In a bulk sales escrow for the sale of a business, a legal notice to creditors is advertised in an approved legal advertising newspaper in the judicial district where the business is located; this is to allow creditors 12 business days to file claims for payment with the escrow.  
answer: (a) bulk
- A6 When loan officers have little hard information to work with, they must estimate a client's earnings and judge intangible elements such as trustworthiness to determine if s/he is a candidate for a character loan; these evaluations may be derived from subjective qualities such as the strength of the client's handshake or how well s/he makes eye contact.  
answer: (c) character
- A7 A Yankee Certificate of Deposit necessarily involves a foreign bank with a branch in the United States, while a Eurodollar Certificate of Deposit involves an American bank with an off-shore branch.  
answer: (c) a Eurodollar
- A8 The Real Estate Settlement Procedures Act (RESPA) will apply in any transaction in which a buyer is obtaining a federally insured mortgage from a financial institution; this requires use of a closing statement developed by the Department of Housing and Urban Development.  
answer: (a) closing
- A9 The public mission and the defining goal of the Federal National Mortgage Association (FNMA) is to help more families achieve the American Dream of homeownership by providing financial products and services that make it possible for low-, moderate-, and middle-income families to buy homes of their own.  
answer: (b) Federal
- A10 Continuous compounding is the limit of taking shorter and shorter compounding periods: compound every hour, every minute, every second, etc, and as you continue this sequence, the formulas get worse and worse, but you are approaching a formula simpler than any of the other compound interest formulas.  
answer: (a) Continuous

## Money System

- A1 In a fiat money system, money is not backed by a physical commodity like gold; instead, the only thing that gives the money value is its relative scarcity and the faith placed in it by the people that use it.  
answer: (b) fiat
- A2 The U. S. federal securities laws require publicly traded companies to disclose information on an ongoing basis; the annual report on Form 10-K provides a comprehensive overview of the company's business and financial condition and includes audited financial statements.  
answer: (c) 10-K
- A3 Germany's Heidelberg Cement has attempted to shut out any rivals for its 8 billion takeover of Hanson by mounting a dawn raid that increased its controlling stake to more than 29 per cent; traders at Deutsche Bank spent 1.4 billion buying 125.63 million Hanson shares in the open market at 1,100p.  
answer: (a) dawn
- A4 We are selling the A model, which cost us under \$20,000 apiece, to the Saudis for B model prices, about \$46,000 apiece, in order to develop the C model; this type of back door financing avoids the Congressional authorization process and provides the Pentagon with an additional source of revenue.  
answer: (a) door
- A5 Suppose the interest cost on ICICI's DDB is 15 per cent; a non-refunding provision would prevent ICICI from offering new bonds at an interest rate of less than 15 per cent and using the proceeds to redeem the DDBs, and thus helps investors lower their call risk.  
answer: (a) call
- A6 Out of the three major American stock exchanges, AMEX is known to have the most liberal policies concerning company listing, as most of its companies are generally smaller; it also specialises in the trading of ETFs and hybrid/structured securities.  
answer: (a) AMEX
- A7 A full-coupon bond is a bond whose coupon rate equals going market rates and consequently sells at or near par.  
answer: (b) full
- A8 EBIT is very closely related to operating profit and often the same; it may include some profits or losses that are excluded from operating profit.  
answer: (a) EBIT
- A9 Technically speaking, COGS amounts to the characterization of an expense as having been necessary to the production of a product or delivery of a service; in other words, of all the expenses your business will incur in a given month, some of those expenses will go into this category and some will stay in the category of normal operating expenses.  
answer: (b) COGS
- A10 Typically, an investment banking group nowadays provides world-wide, either in divisions of the bank or in associated companies, corporate finance and advisory work, normally in connection with new issues of securities for raising finance, take-overs, mergers and acquisitions.  
answer: (b) group

**Tax Credits**

- A1 Beginning on July 1, 1998, taxpayers may be eligible to claim a nonrefundable Lifetime Learning Credit against their federal income taxes, for the qualified tuition and related expenses of the students in the taxpayer's family who are enrolled in eligible educational institutions.  
answer: (a) Lifetime
- A2 Non-financial assets are divided into two categories: produced assets and non-produced assets.  
answer: (a) financial
- A3 The most comprehensive insurance policy is guaranteed replacement cost coverage, which will pay to rebuild your home even if the cost to rebuild is more than your policy limit.  
answer: (d) replacement
- A4 An operationally efficient market allows investors to make transactions that move the market further toward the overall goal of prudent capital allocation without being chiseled down by excessive frictional costs, which would reduce the risk/reward profile of the transaction.  
answer: (b) An operationally
- A5 Stock dividends and splits have basically three occurrences: announcement date, record date and payment date; to qualify for split the investor must be the owner on the record date, and therefore, the stock must be purchased at the appropriate time before the record date to qualify.  
answer: (a) announcement
- A6 The increasing popularity of index funds has created a market inefficiency that has artificially raised S&P 500 prices above the levels dictated by economic fundamentals; it thus threatens to interfere with the key function of financial markets — getting investors to put their cash into the most economically promising investments.  
answer: (d) inefficiency
- A7 Price limits set by the market establish boundaries where security prices are allowed to move within a trading day, and so provide a cooling off period; however, since they prevent immediate one-day large price changes, they may cause price adjustments to spread out over a longer period of time.  
answer: (d) limits
- A8 Technical analysis would include any analysis associated with the determination of investor sentiment and psychology, such as graphs of price and volume, while qualitative analysis attempts to measure (although not quantify) less tangible aspects, such as management's ability, business models, etc.  
answer: (c) qualitative
- A9 FOR VALUE RECEIVED, We, the undersigned, the promisors and mortgagors, jointly and severally agree as follows: To pay to the order of State of Ohio, Promisee and Mortgagee, its successors and assigns, at such other place as may be designated by the holder of this mortgage note, interest at the rate of 12 percent per annum.  
answer: (c) note
- A10 Savings accounts are accounts with commercial banks and credit unions that pay interest but cannot be used directly as money (by, for example, writing a cheque); these accounts let customers set aside a portion of their liquid assets that could be used to make purchases while earning a monetary return.  
answer: (d) Savings

*Payable on Demand*

- A1 The sight draft is most commonly used in international trade; payment is on demand or on presentation of negotiation documents to the paying bank or importer, although in practice, the bank may pay within three working days after receipt and review of the negotiation documents.  
answer: (c) sight
- A2 FAST serves as a Transfer Agent and Registrar, performing the functions of original issue, cancellation and reissuance of stock certificates; we utilize a state of the art computer system, which is specifically designed to handle high-volume transfers and provide up-to-date shareholder records.  
answer: (d) a Transfer
- A3 The balance on a charge card account is payable in full when the statement is received and cannot be rolled over from one billing to the next; because you cannot carry a balance, the card doesn't have a periodic or annual percentage rate, so there is no rate for a card issuer to disclose.  
answer: (c) charge
- A4 The big manufacturers of telecom equipment don't want to see part of their potential market shrivel up and die, so they're leaping into the vacuum left by the capital markets and committing billions in vendor financing for equipment to shore up cash-strapped service providers.  
answer: (c) vendor
- A5 A 403(b) plan is a retirement plan similar to a 401(k) plan, but one which is offered by non-profit organizations.  
answer: (b) non-profit
- A6 Also known as liquidation (converting assets into money) or a straight bankruptcy, Chapter 7 Bankruptcy is the most common form of bankruptcy filing; under this part of the Code, all non-exempt property of the debtor is sold and the proceeds of the same are distributed to the creditors.  
answer: (b) Chapter
- A7 If your total losses exceeded your gains, then the remaining amount can be applied in later years at a clip of \$3,000 per year, for as long as you live or until they expire; what you have with these old losses is a particularly gruesome kind of asset — the tax loss carryforward.  
answer: (b) carryforward
- A8 The Federal Open Market Committee decided to keep its target for the federal funds rate at 5-1/4 percent; its predominant policy concern remains the risk that inflation will fail to moderate as expected, and future policy adjustments will depend on the evolution of the outlook for both inflation and economic growth.  
answer: (c) Open
- A9 A widely used approach for calculating hedge ratios for Treasury futures contracts assumes that the contract will be settled with the currently cheapest-to-deliver note or bond; with that single-deliverable assumption, the futures' PVBP (price value of a basis point) is the converted, forward PVBP of \$100,000 par of the cheapest to deliver.  
answer: (d) basis
- A10 In deciding which risks to take on, you should weigh opportunities against the downside; one standard measure of return on risk is the Sharpe ratio, named after the Nobel Laureate professor and calculated using standard deviation and excess return to determine reward per unit of risk.  
answer: (d) Sharpe

*Accounting for Depreciation*

- A1 Accumulated Depreciation represents the expense related to the fixed assets still carried on the books of the company; sometimes the term 'reserve for depreciation' is used.  
answer: (a) Accumulated
- A2 A firm buying stock seldom had sufficient money balances to complete the required payments; instead it relied on its bank for day loans, but as NYSE volume grew, banks and their regulators became alarmed at the amount of credit being extended to support securities transactions.  
answer: (a) day
- A3 Many futures contract months of the same commodity trade simultaneously on the market, sometimes even years into the future; the contracts other than the current one are called the back months, even though they are for future months.  
answer: (a) back
- A4 A call swaption gives the buyer the right to receive the swap's fixed rate of interest and pay the floating rate of interest; this is a bullish position in bonds, as you profit if rates fall in the future.  
answer: (a) call
- A5 Reconciling payables to the General Ledger boils down to making sure you know what you owe and what you don't — it's crucial for maintaining business health; it is a fundamental task that can reduce working capital needs and minimize bank borrowings, but it can be a labor-intensive process.  
answer: (d) payables
- A6 It is the consensus of the committee that all banking institutions are capable of providing the basic treasury management and banking services requested; some banks require a smaller compensating balance for no fee services, but their interest rates are adjusted to offset any significant difference in cost.  
answer: (b) compensating
- A7 An employee stock option plan gives you the right to buy a certain number of shares of your employer's stock at a stated price over a certain period of time; often, the shares 'vest' over a period of several years, meaning that some fraction of the shares can be exercised in the first year, another fraction in the second year, etc.  
answer: (d) option
- A8 Section 1035 of the IRS Code allows the movement of non-qualified monies from certain financial products to others without an income tax consequence; this 1035 Exchange allows non-qualified monies from an annuity to move to another annuity, or from a life insurance policy to another life insurance policy.  
answer: (b) Exchange
- A9 In the case of market orders in the active bonds, whose prices are reported on the right side of the quotation board, the broker after noting the latest price on the board, goes directly to the bond crowd and effects a sale at the most favorable bid or asked price he can obtain.  
answer: (b) crowd
- A10 Descending bottoms are a bearish indication formed when a stock begins a downward trend and makes successively lower lows as it declines.  
answer: (a) bottoms

*Cutting Your Losses*

- A1 The most popular variation of the reverse convertible has a contingent downside protection built in: this means that as long as the stock does not fall by more than a certain amount, the investment is fully protected.  
answer: (b) downside
- A2 Payback period is the length of time required to recover the cost of an investment, usually measured in years; other things being equal, the better investment is the one with the shorter period — it is considered less risky.  
answer: (c) Payback
- A3 The credit balance in a margin account is known as a fictitious credit because it cannot be withdrawn by the customer, since it is held as collateral to secure the broker's loan of funds and securities to the customer; it is comprised of the proceeds from short sales and the margin requirement.  
answer: (c) fictitious
- A4 This is the first rule in buying equity-linked notes: Peg it to a stock that you would like to own.  
answer: (b) equity
- A5 The Hulbert rating is a rating by Hulbert Financial Digest of how well the recommendations of various market letters have performed.  
answer: (b) letters
- A6 The SEC Full Disclosure Program ensures investors are provided material information to make informed decisions about a company — both when it initially offers stock to the public and on a regular basis as it continues to report information about its business operations.  
answer: (c) Disclosure
- A7 The SEC's Division of Market Regulation stated that when market conditions are not 'normal', such that OTC Market Makers would not be required to display limit orders within 30 seconds of receipt, then "limit orders held at the opening must be displayed as soon as practicable under the circumstances."  
answer: (c) held
- A8 The Form 1040, U.S. Individual Income Tax Return, is the starting form for personal (individual) Federal income tax returns filed with the Internal Revenue Service (IRS) in the United States; the first one was published for use for the tax years 1913, 1914, and 1915.  
answer: (a) 1040
- A9 A like-kind exchange requires that you close in escrow through a qualified intermediary such as a title company; the title company holds the proceeds from the first closing in its escrow account until you're ready to close on the replacement property.  
answer: (b) like
- A10 Investors in mortgage pools of single-family loans may have only limited information about the individual loans.  
answer: (c) pools

*Pension Plan*

- A1 A non-insured plan is a defined benefit pension plan that is not guaranteed.  
answer: (b) insured
- A2 The policyholder is paying more than the cost of pure protection during the early years of the policy — the excess of the premiums, above the cost of pure protection, is what builds up the savings element of the policy.  
answer: (b) element
- A3 This Opinion of Title is being furnished to the City of Fort Lauderdale for use by said party in the recording of a deed (or easement) document to be executed by insert name relating to the properties described herein and for no other purpose.  
answer: (b) Opinion
- A4 Cash-settled index options do not relate to a particular number of shares; rather, the underlying instrument is usually the value of the underlying index of stocks times a multiplier, which is generally U.S. \$100.  
answer: (c) options
- A5 The purpose of the attached Stock Power form is to transfer or change the ownership of stock; separate forms are required for each stock certificate that has a different format of the owner's name(s), a different CUSIP number, or a different company name.  
answer: (c) Power
- A6 After six consecutive weeks in which the closing price has been greater than the opening price, the trend on the Nasdaq is up, and prices are at new 4 1/2-year highs; the importance of trend cannot be overstated, and price persistence is how trends get started and how they are maintained.  
answer: (d) persistence
- A7 The general consensus is that qualitative research is a naturalistic, interpretative approach concerned with understanding the meanings which people attach to actions, decisions, beliefs, values etc., and understanding the mental mapping process that respondents use to make sense of and interpret the world around them.  
answer: (d) qualitative
- A8 Replacement value is what it would cost to buy a particular item from a retail vendor, considering its age and condition — for instance, to buy a car from a used car dealer, furniture from a used furniture shop, or electronic equipment on eBay.  
answer: (d) Replacement
- A9 A sight letter of credit is one in which the draft drawn thereagainst is payable on presentation, while a time or acceptance credit is one in which the draft is payable only when the stipulated number of days after date of acceptance has elapsed.  
answer: (c) A sight
- A10 Tax lot accounting is a recordkeeping technique investors can use to track the cost of each security in a portfolio by factoring in purchase and sale dates, corporate action events and wash sales; it provides investors with accurate tax reporting and helps them improve the after-tax performance of their portfolios.  
answer: (c) lot

*Monopoly*

- A1 According to Cornell University Law School, trusts and monopolies are concentrations of wealth in the hands of a few.  
answer: (c) concentrations
- A2 Such conglomerations of economic resources are thought to be injurious to the public and individuals because such trusts minimize, if not obliterate normal marketplace competition, and yield undesirable price controls.  
answer: (d) obliterate
- A3 These, in turn, cause markets to stagnate and sap individual initiative.  
answer: (b) sap
- A4 To prevent trusts from creating restraints on trade or commerce and reducing competition, Congress passed the Sherman Act in 1890.  
answer: (d) restraints
- A5 The Sherman Act is the main source of antitrust law.  
answer: (a) antitrust
- A6 The Sherman Act is a Federal statute and as such has a scope limited by Constitutional constraints on the Federal government.  
answer: (d) statute
- A7 The commerce clause, however, allows for a very wide interpretation and application of this act.  
answer: (b) for
- A8 The Sherman Act applies to all transactions and business involved in interstate commerce.  
answer: (c) interstate
- A9 Most if not all states have comparable laws prohibiting monopolistic conduct, price fixing agreements, and other acts that constrain trade having strictly local impact.  
answer: (c) impact
- A10 The Massachusetts Act reads: it shall be unlawful for any person engaged in commerce, to make a sale of goods on the condition that the purchaser thereof shall not deal in the goods of a competitor of the seller, where the effect of such sale or such condition may be to lessen substantially competition or tend to create a monopoly in any line of trade.  
answer: (c) engaged

*Negotiating a Contract with Employees*

- A1 Prior to selecting a bargaining strategy, an employer must identify its goals: is it important to obtain more favorable economic terms, less restrictive contract language, or both?  
answer: (a) language
- A2 An employer must also determine if it has the proper person sitting at the bargaining table on its behalf.  
answer: (a) behalf
- A3 Is it time to introduce a new face as the company spokesperson to show the union that times are changing?  
answer: (d) times
- A4 Alan I. Model asserts that there are several considerations that every employer must assess before it sits down to bargain.  
answer: (c) assess
- A5 A review of judicial and administrative rulings will help determine if contractual provisions may have been modified or even nullified by the courts or the National Labor Relations Board (NLRB).  
answer: (d) nullified
- A6 Obtain the input of operating managers and line supervisors as to how they administer the labor agreement; often the best insights on the company's bargaining position come from the front lines.  
answer: (d) front
- A7 If the company is party to an agreement that was negotiated by a multi-employer bargaining group, the company must determine before the beginning of negotiations whether to negotiate as part of the group or as an individual employer.  
answer: (b) party
- A8 Construct a financial model that computes the specific cost components; this action is vital in determining the priority of any bargaining goals and objectives.  
answer: (d) priority
- A9 Know your adversary: use contacts in the labor arena to learn about the union and its officers.  
answer: (a) adversary
- A10 This information may help identify any intra-union pressures weighing on a union negotiator that may facilitate or hinder attempts to reach a deal.  
answer: (d) weighing

*Failing in IT*

- A1 Shamus McGillicuddy writes that it's OK to fail: Every year, Hollywood studios release movies that bomb at the box office.  
answer: (a) bomb
- A2 Record companies press albums no one wants to play.  
answer: (c) press
- A3 The auto industry introduces cars that tank — remember the Ford Edsel?  
answer: (d) tank
- A4 Businesses in every vertical industry take risks when they innovate; when they try something new, they know there's a chance for failure.  
answer: (b) innovate
- A5 But in information technology, CIOs rarely feel they have the breathing room to fail.  
answer: (a) breathing
- A6 CIOs need to push back when their companies expect a 100% success rate, said Tom Halbouty, vice president and CIO of Pioneer Natural Resources.  
answer: (d) push
- A7 When a project fails, put the failure within a context that a company understands; at Pioneer, IT project failures can be compared to the number of wells drilled that came up dry — plenty!  
answer: (b) dry
- A8 He said if he tries to create a system that creates animated visualizations of underwater drilling projects and puts them out on the Web for his worldwide users to use, he has to expect some risk.  
answer: (d) visualizations
- A9 "No one has done it before, and I'm not sure I'm going to pull it off," he said.  
answer: (a) off
- A10 John F. Cole, CIO of Kansas City, Mo.-based Midwest Consulting Group Inc., agreed with Halbouty's notion that CIOs must be prepared for the occasional failure; but on the flip side, Cole said CIOs should also be sure they are communicating the successes.  
answer: (b) flip

*Roscas*

- A1 Informal groups cannot rely on external enforcement to insure that members abide by their obligations.  
answer: (a) abide
- A2 It is generally assumed that these problems are solved by social sanctions' and reputational effects.  
answer: (c) reputational
- A3 Roscas are one of the most commonly found informal financial institutions in the developing world; in the absence of an external (social) sanctioning mechanism, roscas are never sustainable, even if the defecting member is excluded from all future roscas.  
answer: (c) defecting
- A4 It is typically assumed that informal groups, such as roscas, rely on social sanctions to solve their enforcement problems.  
answer: (d) typically
- A5 We examine this notion more carefully and distinguish between expulsion from future roscas cycles and extraneous social sanctions.  
answer: (c) extraneous
- A6 We first demonstrate that theoretically expulsion in itself is never a sufficient deterrent.  
answer: (b) deterrent
- A7 We then ask whether institutional features of these groups are chosen in some part to prevent members from defaulting on their responsibilities.  
answer: (b) defaulting
- A8 We focus on the allocation of ranks, and we show that a random allocation of ranks, though preferred by a majority of members, tends to exacerbate the incentives to welch.  
answer: (a) exacerbate
- A9 They are therefore sustainable only if the costs of social sanctions on their members are sufficiently high.  
answer: (a) costs
- A10 We provide some evidence in favour of our hypothesis, since individuals who are more vulnerable to those sanctions tend to participate in roscas where the order of ranks is randomly drawn at each cycle.  
answer: (d) vulnerable

*Entrepreneurial Behavior*

- A1 The term 'entrepreneur' was introduced to economics by Richard Cantillon in 1755; since then, entrepreneurship and its central figure, the entrepreneur, have been the focus of numerous studies, including the qualities of entrepreneurial behavior, and corporate entrepreneurship.  
answer: (a) figure
- A2 Recently, a new stream of literature has formed around strategic entrepreneurship (Hitt et al. 2002a; Meyer and Heppard).  
answer: (b) around
- A3 This new area of research is different from what has been traditionally identified as strategic management research.  
answer: (a) identified
- A4 Instead of focusing on the mechanisms that can be used to sustain competitive advantage (i.e., existing market position), strategic entrepreneurship is about recognizing and taking advantage of new profit opportunities.  
answer: (b) mechanisms
- A5 A firm that manages for strategic flexibility and constant renewal is able to generate above-average profits and thus is rewarded for its entrepreneurial behavior.  
answer: (b) generate
- A6 The return to entrepreneurial behavior is entrepreneurial rent, and unlike most factor costs, entrepreneurial rents are noncontractible; this is because the entrepreneur exercises judgments to allocate resources in an uncertain environment.  
answer: (b) exercises
- A7 Because the judgments are framed in an uncertain environment, the judgments themselves are uncertain and are thus ex ante noncontractible.  
answer: (a) ante
- A8 Because entrepreneurship is not as homogenous as other factors, the analysis of payments to entrepreneurial behavior is complex.  
answer: (a) homogenous
- A9 The aim of Ross and Westgren's paper is to include entrepreneurship in a model of the firm while reducing this dimensionality to two categories, arbitrage and innovation; they highlight what the entrepreneur receives for these activities and what governs their imputation from the stream of profits.  
answer: (d) imputation
- A10 Following this model, entrepreneurial rents are then empirically calculated for a three-site hog production farm.  
answer: (a) empirically

## Payment Programs

- A1 Over the next three years, the Public Health Agency of Canada will manage transfer payment programs in excess of \$5 million for such programs as the Federal Initiative to Address HIV/AIDS and the Aboriginal Head Start programs for Aboriginal pre-school children.  
answer: (d) transfer
- A2 Desjardins venture capital limited partnership is a fund that invests in the industrial, life sciences, telecommunications and information technology sectors; its mission is to support businesses demonstrating high potential with venture capital, expert advice and access to our network.  
answer: (d) limited
- A3 While each lending situation is unique, many banks utilize some variation of evaluating the five C's when making loan decisions: character, capacity, capital, conditions and collateral.  
answer: (c) conditions
- A4 If you hold securities in physical certificate form and want to transfer or sell them, you will need to sign the certificates or securities powers; before a transfer agent will accept the transaction, however, it will insist on signature guarantees in order to limit its liability if a signature turns out to be forged.  
answer: (b) guarantees
- A5 The Chartered Life Underwriter (CLU) is a professional financial advisor specializing in developing effective solutions for individuals, business owners and professionals in the areas of income replacement, risk management, estate planning, and wealth transfer.  
answer: (c) Chartered
- A6 Finite-life real estate investment trusts (FREITs) are a type of equity REIT which have a stated goal of liquidating the real estate portfolio by a specific date; their primary investment goal is to maximize potential capital gain.  
answer: (a) life
- A7 John Maynard Keynes is reputed to have had extraordinary skills as an investor in the stock market; the Jensen index indicates that Keynes was an outstanding portfolio manager, beating the market by a large margin.  
answer: (b) Jensen
- A8 The Positive Volume Index was introduced by Norman Fosback and is often used to identify bull and bear markets; it is based on the assumption that the uninformed crowd dominates trading on active days and highlights days when volume is up from the day before.  
answer: (a) Positive
- A9 If you are self-employed or own a small business with less than 10 employees, a Simplified Employee Pension IRA may offer an easy-to-maintain way to help build retirement savings for you and your employees; as with Traditional IRAs, SEP IRA earnings grow tax-deferred until withdrawal at retirement.  
answer: (b) Simplified
- A10 The software-as-a-service company began trading at \$7 (3.83) a share on the Nasdaq stock market, knocking a few dollars off the \$9 to \$11 price range set last month.  
answer: (c) range

*Merit Raises*

- A1 The University of Washington has agreed to shell out \$17.45 million in back pay to faculty members who did not receive a merit raise four years ago.  
answer: (a) back
- A2 On January, 1, 2002, Matlock, Inc. issued its 10 percent bonds in the face amount of \$1,500,000, maturing on January 1, 2012.; the bonds were issued for \$1,329,000 to yield 12 percent, resulting in a bond discount of \$171,000.  
answer: (a) discount
- A3 Essentially, callable bonds represent a normal bond, but with an embedded option that is implicitly sold to the issuer by the investor and entitles the issuer to retire the bonds after a certain point in time; this option introduces uncertainty to the lifespan of the bond.  
answer: (a) callable
- A4 Deutsche Bank takes charge-offs based on Credit Risk Management's assessment when it determines that the loans are uncollectible, considering information such as the occurrence of significant changes in the borrower's financial position or the insufficiency of the proceeds from collateral to pay the loan.  
answer: (a) charge-offs
- A5 The Royal Bank of Scotland has led the landmark 125 million sterling index-linked bond issue for Tesco; RBS Financial Markets was the sole bookrunner for the Tesco deal, which mirrors closely the maturity and interest rate payments of the Treasury 2.5% 2016 gilt.  
answer: (b) linked
- A6 The TFCS provides on-line access to the FRCS, enabling payments to mortgagees to be made to financial institutions that have access to the FRCS; the payment can also be made to financial institutions that do not have access to the FRCS through correspondent financial institutions or Federal Banks.  
answer: (b) correspondent
- A7 Accumulated earnings tax is an additional tax on earnings that a business holds in an attempt to avoid the higher income taxes the owners would be subject to if the earnings were paid out to them as dividends.  
answer: (a) Accumulated
- A8 The Senate Finance Committee Chairman, Charles Grassley, who is a Republican Senator from Iowa, said that they are passing the huge increase in the national debt limit because "It is necessary to preserve the full faith and credit of the federal government".  
answer: (b) full
- A9 A significant difference between silver and gold is that silver has underperformed relative to gold so far this year; the silver chart looks 'uglier' than the gold chart right now, and with a series of lower highs and a trendline break, the downside risk is as obvious as the Marquis de Sade's nose.  
answer: (b) downside
- A10 If you are trying to decide whether to buy a corporate bond paying an annual coupon interest of 8% or a municipal bond paying an annual coupon interest of 5%, how do you decide? — you must calculate an equivalent taxable yield.  
answer: (d) yield

*Underwritten by Lloyds*

- A1 The Apex Fidelity Bond is targeted specifically for employees with a criminal record and is underwritten by Lloyds; this policy can only be taken out by employers on behalf of a named employee within a specific post.  
answer: (a) Fidelity
- A2 'Descending tops' describes a chart pattern where each new high price for a security is lower than the former high price; in other words, from the stock's high price, it falls and then rises, but the price never reaches the stock's previous high price.  
answer: (d) tops
- A3 After unexpectedly strong demand, makers of everything from laptops to cell phones are paying more for key parts; this industry hiccup isn't likely to dampen the tech recovery — overall, prices of computers continue to decline, albeit at a slower pace than usual.  
answer: (c) hiccup
- A4 Entities with securities exercisable or convertible into common shares have a complex capital structure and must present basic and diluted earnings per share amounts, according to the FASB.  
answer: (a) complex
- A5 Generally, an investment company is a company (corporation, business trust, partnership, or limited liability company) that issues securities and is primarily engaged in the business of investing in securities; its performance will be based on (but it won't be identical to) the performance of the securities and other assets that the company owns.  
answer: (c) an investment
- A6 CHICAGO (Dow Jones) — Chicago Board of Trade corn futures settled limit down Tuesday in several nearby months, plunging near midday as forecasts predicting rain for the eastern U.S. Midwest this weekend pushed prices sharply lower, analysts said.  
answer: (c) limit
- A7 The need to understand and measure the determinants of market maker bid/ask spreads is crucial in evaluating the merits of competing market structures and the fairness of market maker rents.  
answer: (d) spreads
- A8 Mortgage rates are still near historical lows — you can refinance into a 30-year mortgage for under 7% at the moment.  
answer: (d) rates
- A9 A non-interest-bearing note is issued at a discount to its face value and requires the maker to pay the face value of the note at maturity; to the payee (lender) the note is a note receivable and to the maker the note is a note payable.  
answer: (a) bearing
- A10 An option account is a type of brokerage account that allows you to trade puts and calls; to open this type of account, your broker will require you to sign a statement that you understand and acknowledge the risks associated with derivative instruments.  
answer: (c) An option

**Debt Reduction**

- A1 Finance Minister Paul Martin announced today that the federal government reduced its debt by \$17.1 billion in 2000-01, the largest debt paydown in history by a Canadian government.  
answer: (d) paydown
- A2 If dividends are not paid within the specified period, then before the company pays off its common shareholders, it shall have to distribute the accumulated dividend to the preference shareholders.  
answer: (b) accumulated
- A3 The quality spread between corporate bonds and U.S. treasury bonds increased from 1.09 percent (Aaa-rated bonds) and 1.69 (Baa-rated bonds) in July 1998 to 1.84 percent (Aaa) and 2.65 percent (Baa) in October 1998.  
answer: (b) quality
- A4 A writ of replevin shall issue only upon court order on motion of a party claiming the right to possession of chattels; such order may be entered by the court only after it finds that the party in possession appears about to abscond or about to destroy, secrete or otherwise dispose of the chattels.  
answer: (d) replevin
- A5 The US Bureau of Economic Analysis dished out some discouraging news recently, saying that Americans had a negative savings rate of 0.5 percent for 2005, the first time that's happened since the Great Depression; our saving habits have been doing a gradual slide since May 1985 when we saved 11.1 percent of our disposable income.  
answer: (d) rate
- A6 Employee stock purchase plans can be a good deal for those who participate; like incentive stock options, they can make it possible for you to buy stock at a bargain price without reporting income until you sell the stock.  
answer: (b) plans
- A7 Are you taking advantage of all the tax benefits Uncle Sam has to offer? — the goal of tax planning is to help you minimize your federal income tax liability as much as you are allowed by tax law.  
answer: (c) planning
- A8 In Ontario, land transfer tax is imposed on the acquisition of an interest in land by registered conveyance or unregistered disposition; the tax is calculated on the value of the consideration for the transfer, sometimes deemed to be the fair market value of the land.  
answer: (d) transfer
- A9 The verbatim report of the debate in Congregation on 10 March on the general resolution concerning the Report of the Commission of Inquiry is set out herein: "MR VICE-CHANCELLOR: Before we begin the debate, I should express on behalf of Congregation our gratitude to..."  
answer: (d) verbatim
- A10 It appears that the US federal annual \$10,000 gift-tax exclusion will finally increase to \$11,000 in 2002, and anyone who has an estate vulnerable to estate taxes or who is funding high-cost college expenses should consider use of this benefit.  
answer: (b) exclusion

*The White Metal*

- A1 If the silver market longs get back in and buy the heck out of the markets to teach the big sellers a lesson, restoring trading to above the 2-year trend line, a failed 'bear trap' will have occurred; but if the cheap raid ends up paying off for the big sellers, it could send silver down a series of stale long sell stops and shake up the market's complacency.  
answer: (d) trap
- A2 1040 EZ is the simplest version of Form 1040, U.S. Individual Income Tax Return, used by taxpayers with no deductions, no adjustments, income of only wages, interest, or unemployment compensation, and no dependents.  
answer: (b) EZ
- A3 The Chicago Board Options Exchange (CBOE) was founded in 1973 as the first U.S. options exchange and trading begins on standardized, listed options; April 26, the first day of trading, saw 911 contracts traded on 16 underlying stocks.  
answer: (b) Chicago
- A4 Fixed rate mortgages could be the perfect deal if you're unsure which way interest rates are going; they also help if you're planning ahead or working to a budget — you know exactly what your monthly repayments will be, perfect for the control freak in you.  
answer: (b) Fixed
- A5 A joint stock company is a company (usually unincorporated) which has the capital of its members pooled in a common fund; transferable shares represent ownership interest and shareholders are legally liable for all debts of the company.  
answer: (b) joint
- A6 Amid other international efforts to help Sierra Leone recover from a decade-long civil war, the Paris Club of official bilateral creditor nations agreed in October to cancel about \$72 mn of the West African country's foreign debt, estimated in 1999 at around \$888 mn.  
answer: (b) Paris
- A7 A Single Premium Deferred Annuity (SPDA), a retirement planning product, is an interest-earning annuity contract between you and an insurance company; in return for an initial investment, the company promises to pay you the investment plus accrued interest on the maturity date of the annuity.  
answer: (b) Single
- A8 Unless you give your broker specific instructions to the contrary, orders to buy or sell a stock are 'day orders' — those that have been placed but not executed during regular trading hours will not automatically carry over into after-hours trading or the next regular trading day.  
answer: (a) day
- A9 A company's first annual meeting must be within 18 months of incorporation, and the one after that must be within 15 months of the previous one.  
answer: (b) meeting
- A10 Nothing is more worrisome than dealing with back taxes; in such a situation, you need tax debt relief through IRS tax debt settlement help.  
answer: (a) back

*Assessing Yourself and Your Business Idea*

- A1 Four basic factors influence a successful business start-up: a qualified entrepreneur, a profitable business idea, a thorough business plan, and adequate capital.  
answer: (d) start-up
- A2 Before you proceed, you should assess both your own entrepreneurial skills and the viability of your business concept.  
answer: (c) viability
- A3 If it is not feasible for you and your business concept to succeed, you will not need to spend time writing a business plan and seeking financing.  
answer: (a) feasible
- A4 Many studies have been conducted and even more articles written on 'the right stuff for being an entrepreneur — the primary characteristics of successful business owners.  
answer: (d) stuff
- A5 Self-confidence: the aspirant believes in own ideas and abilities, and conveys that belief to others.  
answer: (d) conveys
- A6 Risk-taking: the aspirant can abandon status quo, explore options and pursue opportunities.  
answer: (a) abandon
- A7 Decision-making: the aspirant has the ability to make prudent choices even in a stressful environment.  
answer: (c) prudent
- A8 Persistence: the aspirant can tenaciously pursue goals regardless of the energy and commitment required.  
answer: (a) tenaciously
- A9 Goal-oriented: the aspirant can envision a desired outcome, as well as plan and implement the activities required to achieve it.  
answer: (d) oriented
- A10 Begin improvement by reading business magazines and books, enrolling in educational programs, and seeking out a mentor who exhibits the traits you need most.  
answer: (c) mentor

*Portfolio-focused Management*

- A1 Portfolio management has traditionally been all about getting new products to market and prioritizing budgets for R&D.  
answer: (a) all
- A2 Improving efficiency and effectiveness in those areas is one of the key benefits of a systematic approach to portfolio management and explains why, in R&D-heavy industries, portfolio management is considered a critical management function in its own right.  
answer: (b) right
- A3 Portfolio management can be the vital bridge between strategy and operations and the key method by which cross-functional and cross-departmental coordination and strategic alignment can be achieved.  
answer: (a) by
- A4 In order to handle the complexity of the functions performed and through the pressures of growth and economies of scale, companies have become completely organized around specific functions like Finance, R&D, Supply chain, Manufacturing, etc.  
answer: (b) economies
- A5 Budgets, target setting and the employees themselves have all become departmentalized by functional area, and this leaves top management with the task of ensuring that the sum of all those functions actually creates value for the shareholders.  
answer: (c) creates
- A6 The basic principle is that the market value of a company is driven by the expected future net income from sales of products and services and the assumption that top management's primary goal is to optimize the value of a company.  
answer: (c) assumption
- A7 It seems obvious that any strategic targets one might have set for maximization of the value of a company have to be translated to a product portfolio and through that into net future revenue streams.  
answer: (d) streams
- A8 The simple fact that strategy turns into revenue only through having the right products in the marketplace at the right time and at the right price should put your current and future product portfolio square in the middle of your whole company's focus.  
answer: (c) square
- A9 However, transparency into the complete portfolio, the currently commercially marketed one as well as the planned products, is often lacking due to geographic fragmentation and inconsistencies between information systems capturing the data about these products.  
answer: (b) capturing
- A10 The different functions that are very product-centric (R&D, Sales/Marketing, Supply Chain), tend to use different definitions and tools when it comes to product-related planning.  
answer: (b) centric

*Derivatives Primer*

- A1 The purpose of this primer is to clarify some of the key characteristics of the over-the-counter (OTC) derivatives markets.  
answer: (b) counter
- A2 A clearer picture of these markets will help legislators and regulators write better legislation and rules for the prudential regulation of OTC derivatives markets.  
answer: (d) prudential
- A3 Derivatives are financial contracts whose value is linked to the price of an underlying commodity, asset, rate, index or the occurrence or magnitude of an event.  
answer: (b) magnitude
- A4 The term 'derivative' is used to refer to the set of financial instruments that includes futures, forwards, options and swaps, and the combination of a derivative with a security or loan is called a hybrid instrument or alternatively a structured security.  
answer: (d) structured
- A5 Exchanges have traditionally been defined by 'pit' trading through open outcry, but exchanges have recently adopted electronic trading platforms that automatically match the bids and offers from market participants to execute trades in a multilateral environment.  
answer: (b) outcry
- A6 The trading of derivatives (traditionally futures and options) on exchanges is conducted through brokers and not dealers.  
answer: (b) brokers
- A7 The OTC markets are organized along several different lines: the first is called a 'traditional' dealer market, the second is called an electronically brokered market and the third is called a proprietary trading platform market.  
answer: (a) along
- A8 The OTC markets have traditionally been organized around one or more dealers who 'make a market' by maintaining bid and offer quotes to market participants.  
answer: (b) make
- A9 The quotes and the negotiation of execution prices are generally conducted over the telephone, although the process may be enhanced through the use of electronic bulletin boards by the dealers for posting their quotes.  
answer: (a) execution
- A10 The trading process of negotiating by phone, whether end-user-to-dealer or dealer-to-dealer, is known as bilateral trading because only the two market participants directly observe the quotes or execution.  
answer: (a) bilateral

*Currency Valuation and Strategic Hedging*

- A1 The US dollar's current weakness is making hedging risk very attractive for corporates in North America, while their counterparts in Europe don't have the same advantage.  
answer: (b) attractive
- A2 However, an active and strategic approach to hedging means that Europeans should not be deterred, Didier Hirigoyen exhorts.  
answer: (b) deterred
- A3 The current weakness of the US Dollar versus major currencies has revived the debate around net investment hedging as well as earnings translation risk.  
answer: (c) versus
- A4 Although North American companies' hedging opportunities are now generally benefitting from favourable market conditions, European corporations may not have to shy away from managing these risks.  
answer: (d) shy
- A5 A solid currency valuation assessment combined with a structured hedging framework can lead to a successful programme; this approach however demands a slightly more dynamic methodology than is common in the corporate world.  
answer: (b) demands
- A6 Between internal policy constraints and accounting regulation, most companies have chosen to be mostly passive, implementing hedging strategies in a systematic manner or not at all, but rarely taking into consideration market conditions in the decision making process.  
answer: (d) taking
- A7 While it is fair for companies to state that they are not involved in the currency market to 'punt' on the direction of exchange rates, it is also fair to say that hedging should not be done in a vacuum either.  
answer: (d) a vacuum
- A8 While understanding the mechanisms and characteristics of the FX market is key to a sound hedging policy, remaining aware of currency valuation and including it in the risk management process can add value to a firm in the long run.  
answer: (c) in the long run
- A9 The PPP currency valuation model, modified to reflect the assumption that a currency pair has, on average, traded at fair value over the 20 years preceding the measurement point, offers some insight into the long-term behaviour of exchange rates and their tendency to mean-revert on an inflation adjusted basis.  
answer: (a) insight
- A10 For example, the EUR/USD exchange rate has, over the past 14 years, hovered in a broad band around the PPP implied rate.  
answer: (b) hovered

*Documentation Analysis*

- A1 In many projects that use Cognitive Work Analysis methodologies, one of the first steps is bootstrapping, in which the analysts familiarize themselves with the domain.  
answer: (b) domain
- A2 Bootstrapping typically involves an analysis of documents (manuals, texts, technical reports, etc.), and documentation analysis can be a critically important method, one that should be utilized as a matter of necessity  
answer: (b) matter
- A3 Documentation Analysis can be a time-consuming process, but can sometimes be indispensable in knowledge elicitation (Kolodner, 1983).  
answer: (b) elicitation
- A4 In a study of aerial photo interpreters, interviews about the process of terrain analysis began only after an analysis of the readily-available basic knowledge of concepts and definitions; to take up the expert's time by asking questions such as 'What is limestone?' would have made no sense.  
answer: (d) readily
- A5 Although it is usually considered to be a part of bootstrapping, documentation analysis invariably occurs throughout the entire research programme.  
answer: (b) invariably
- A6 For example, in a weather forecasting case study (Hoffman, Coffey, & Ford, 2000), the bootstrapping process focused on an analysis of published literatures and technical reports that made reference to the cognition of forecasters.  
answer: (a) cognition
- A7 However, documentation analyses of other types occurred throughout the remainder of the project-analysis of records of weather forecasting case studies, analysis of Standard Operating Procedures documents, analysis of the Local forecasting Handbooks, etc.  
answer: (a) remainder
- A8 Documentation Analysis can be suggestive of the reasoning of practitioners, and hence contribute to the forging of reasoning models.  
answer: (b) forging
- A9 Documentation Analysis can also be useful in the attempt to construct knowledge models, since the literature may include both useful categories for field knowledge and important specific 'tidbits' of field knowledge.  
answer: (d) tidbits
- A10 And finally, Documentation Analysis can be useful in the identification of leverage points-aspects of the work where even a modest infusion of or improvement in technology might result in a proportionately greater improvement in the work.  
answer: (c) infusion

*Performance Appraisal*

- A1 Archer North notes that the history of performance appraisal is quite brief; its roots in the early 20th century can be traced to Taylor's pioneering Time and Motion studies.  
answer: (a) Motion
- A2 As a distinct and formal management procedure used in the evaluation of work performance, appraisal really dates from the time of the Second World War — not more than 60 years ago.  
answer: (a) dates
- A3 Yet in a broader sense, the practice of appraisal is a very ancient art; in the scale of things historical, it might well lay claim to being the world's second oldest profession!  
answer: (b) lay
- A4 There is, says Dulewicz (1989), "a basic human tendency to make judgements about those one is working with, as well as about oneself" — appraisal, it seems, is both inevitable and universal.  
answer: (c) inevitable
- A5 In the absence of a carefully structured system of appraisal, people will tend to judge the work performance of others, including subordinates, naturally, informally and arbitrarily.  
answer: (b) arbitrarily
- A6 The human inclination to judge can create serious motivational, ethical and legal problems in the workplace.  
answer: (d) inclination
- A7 Performance appraisal systems began as simple methods of income justification.  
answer: (d) justification
- A8 The process was firmly linked to material outcomes: if an employee's performance was found to be less than ideal, a cut in pay would follow.  
answer: (a) cut
- A9 On the other hand, if their performance was better than the supervisor expected, a pay rise was in order.  
answer: (c) order
- A10 Pay rates were important, but they were not the only element that had an impact on employee performance; it was found that other issues, such as morale and self-esteem, could also have a major influence.  
answer: (c) morale

**Bond Issues**

- A1 An issuer may choose to redeem a callable bond when current interest rates drop below the interest rate on the bond; that way the issuer can save money by paying off the bond and issuing another bond at a lower interest rate.  
answer: (a) callable
- A2 In the bond market, we refer to a bond-equivalent yield, which means that if a bond yields 6% on a semiannual basis, its BEY is 12%: the semiannual yield is simply doubled.  
answer: (b) equivalent
- A3 Morgan Stanley Dean Witter & Company said yesterday that it would use a new stock rating system beginning March 18th: the firm's analysts will characterize stocks as 'overweight', 'equal-weight' or 'underweight', replacing the old 'strong buy', 'outperform', 'neutral' and 'underperform'.  
answer: (b) rating
- A4 If you think your financial adviser or brokerage firm has mismanaged your account or otherwise breached your contractual relationship, you can contact the firm's compliance department, which is responsible for making sure the company's business activities are in line with the law.  
answer: (b) compliance
- A5 You do not qualify for the head of household filing status because you and your spouse have not lived apart for the last 6 months of the taxable year and are not considered unmarried.  
answer: (a) filing
- A6 Tax preference items are tax deductions which must be computed in calculating the Alternative Minimum Tax liability under federal tax laws; they include, for corporations, deductions for accelerated depreciation, investment tax credits, and increases in loan loss reserves by banks and savings institutions.  
answer: (a) preference
- A7 Now, MoneyPore makes it as easy as clicking a mouse button: with the MoneyPore Desktop Ticker, you can keep an eye on your stocks and how they're doing even while you're checking mail, catching up on the news or any of the other things you do online.  
answer: (d) Ticker
- A8 The TradeTrack Simulation Engine reviews the price-action history of all US stocks, identifying past trading signals and testing various trading strategies; the purpose of back-testing is to illustrate what might happen if you were to trade on a specific trading signal according to well-defined trading strategies.  
answer: (a) back
- A9 The undersigned has read and understands the above-mentioned document and agrees to abide by the agreement in the capacity of a cosigner; in affixing his or her signature below, s/he may also be held accountable for all terms and conditions of the rental agreement/lease described above.  
answer: (a) a cosigner
- A10 The Supreme Court has held that the allottees of flats built by the State housing boards or development authority are bound by the escalation clause if the final revision results in higher cost; a three-judge Bench held that the authorities were entitled to collect the increased cost from the allottees with interest.  
answer: (b) escalation

**Odd-lot Orders**

- A1 Where a person gives, either for his own account or for various accounts in which he has an actual monetary interest, buy or sell odd-lot orders which aggregate 100 shares or more, such orders shall, as far as possible, be consolidated into full-lot units.  
answer: (b) full
- A2 A limit move occurs when a commodity opens up or down its maximum allowed move and does not trade again until the next session; the resulting bar or candlestick would simply be a small dash.  
answer: (b) limit
- A3 The upsurge in investment flows was driven by a general improvement in the local business environment and transnational corporations' plan to invest on the mainland in anticipation of emerging business opportunities following China's accession to the WTO.  
answer: (a) flows
- A4 Simply put, market-neutral funds aim to deliver above-market returns with lower risk by hedging bullish stock picks with an equivalent, but diversified, number of bearish, or short, bets.  
answer: (c) neutral
- A5 In forecasting models, detrend is the process of removing the effects of accumulating data sets from a trend to show only the absolute changes in values and to allow potential cyclical patterns to be identified; this is done using regression and other statistical techniques.  
answer: (b) detrend
- A6 The SEC believes that if economics and sound regulation dictate the establishment of an exclusive central processor for the composite tape or any other element of the national market system, provision must be made to insure that this is not under the control or domination of any particular market center.  
answer: (c) composite
- A7 A marketable non-investment property is a property without an earning expectancy, but is of a type that is commonly bought and sold, and has a value generated by its expected use(s) and/or consumption.  
answer: (c) investment
- A8 A typical option chain (the bid/ask quotes on all the current options for a stock) can easily have 100 or 150 options; leaving aside the fact that each option is quoted on three or four exchanges, for any two-option strategy you choose, there will be 10,000 to 20,000 possible combinations of choices.  
answer: (a) chain
- A9 We're looking for tangible assets that could be liquidated at a price that would justify the market value of the entire company: examples of these 'hidden assets' would be oil and gas leases that are not yet generating cash, or real estate purchased in the 1950s and still listed at cost basis on the balance sheet.  
answer: (b) hidden
- A10 After you pay the remittance amount and handling charge at the post office, a postal money order is delivered to the payee's address; the latter can then cash this money order at a local post office.  
answer: (c) payee's

*Options Strategy*

- A1 A price spread is created when a person buys and sells call options on the same stock or buys and sells puts on the same stock; it gets its name from the vertical movement of prices, and in this options strategy, the strike prices are different but the months are the same.  
answer: (d) spread
- A2 Vertical acquisitions are usually of noncompeting companies where one's product is a necessary component or complement of the other's; such acquisitions can achieve procompetitive efficiency benefits, lowering transaction costs and leading to synergistic improvements in design, production and distribution.  
answer: (d) Vertical
- A3 To quantise is to express an asset or liability in terms of a currency or denomination other than the one in which it usually trades.  
answer: (b) quantise
- A4 With a sell scale order, the limit orders will increase in price, allowing the trader to take advantage of increasing prices, thereby locking in higher returns.  
answer: (c) scale
- A5 The 12b-1 fee was born in 1980 under the authorization of the Securities Exchange Commission; its name is derived from the section in the Investment Company Act of 1940 that allows a mutual fund to pay distribution and marketing expenses out of the fund's assets.  
answer: (b) fee
- A6 An unblemished credit history with a positive credit report will be the leading contender for signature loans; a good credit history will ensure you get the loan with no collateral.  
answer: (c) signature
- A7 Charitable Lead Trusts offer current income tax deductions and a reduction of capital gains taxes: charities become the income beneficiaries, receiving a steady stream of income during the owner's lifetime, but at the owner's death, named beneficiaries receive the bulk of the CLT's assets.  
answer: (a) Lead
- A8 When you finance or lease a vehicle, your creditor or lessor holds important rights on the vehicle until you've made the last loan payment or fully paid off your leasing obligation; if your payments are late or you default on your contract in any way, your creditor or lessor may have the right to repossess your car.  
answer: (d) repossess
- A9 Day traders rapidly buy and sell stocks throughout the day in the hope that their stocks will continue climbing or falling in value for the seconds to minutes they own the stock, allowing them to lock in quick profits, which is extremely risky and can result in substantial financial losses in a very short period of time.  
answer: (a) Day
- A10 A transmittal or cover letter accompanies a larger item, usually a document, provides the recipient with a specific context in which to place the larger document and simultaneously gives the sender a permanent record of having sent the material.  
answer: (d) A transmittal

*New Juggernaut*

- A1 CHICAGO, July 10, 2007 — Even before the Chicago Mercantile Exchange's \$11.9 billion purchase of the crosstown Board of Trade won final approval from shareholders, industry experts were speculating on possible acquisitions ahead for the new juggernaut of the financial exchange industry.  
answer: (a) Board of Trade
- A2 The forex market exists wherever one currency is traded for another; by far the largest financial market in the world, it includes trading between large banks, central banks, currency speculators, multinational corporations, governments, and other financial markets and institutions.  
answer: (b) forex
- A3 Managers' power to influence bids can be strong if they act in concert, threatening a hostile bidder with a mass exodus (the 'Jonestown defense'); faced with a mass exodus of management, acquirers may be unwilling to proceed with the bid, because they often need existing management to train new management.  
answer: (b) Jonestown
- A4 STONE HARBOR- A referendum election for a bond ordinance appropriating millions of dollars for various improvements in the borough overturned the proposal June 26: of the 819 registered voters, 497 turned out to vote.  
answer: (b) ordinance
- A5 The Pension Benefit Guaranty Corporation protects the retirement incomes of nearly 44 million American workers in 30,330 private-sector defined benefit pension plans; it was created by the Employee Retirement Income Security Act of 1974.  
answer: (c) Corporation
- A6 A Section 457 deferred compensation plan for employees of state and federal governments and agencies is similar to a 401(k) plan, except there are never employer matching contributions and the IRS does not consider it a qualified retirement plan.  
answer: (a) deferred
- A7 The annual mortgagor statement is a yearly statement to borrowers that details the remaining principal and amounts paid for taxes and interest.  
answer: (d) mortgagor
- A8 In October 1931, the New York Stock Exchange de facto prohibited short sales at a price lower than the previous sale; that is, short sales could not be executed on downticks.  
answer: (c) downticks
- A9 US Social Security tax is deducted from our payroll in order to cover a portion of our retirement income when we reach age 65, but also as a survivor benefit, should we become disabled or die as a result of work — in which case the surviving spouse and children would receive a monthly income supplement.  
answer: (c) Social Security
- A10 Callable preferred stock contains a provision that allows the corporation to buy back and retire the preferred stock at a specified price, sometimes at a premium; the stockholders have no choice but to resell the stock to the corporation when it exercises this provision.  
answer: (a) Callable

## CRTs

- A1 Gifts to a charitable remainder trust (CRT) can be made in cash, but more often consist of highly appreciated stock, real estate or a closely held business interest; it pays income to the beneficiary for a fixed period or for life, and at the end of the trust, the remaining assets pass to the charities you have chosen.  
answer: (b) remainder
- A2 The attached tables illustrate the cash flows for an interest indexed loan in its first 10 years under different inflation scenarios: Figure One illustrates the base case, Figure Two shows a potential 'low inflation' scenario and Figure Three a 'high inflation' scenario throughout the 10-year period.  
answer: (d) indexed
- A3 The fill or kill order is used by customers wishing an immediate fill, but at a specified price; our floor broker will bid or offer the order three times and immediately return either a fill or an unable.  
answer: (c) or kill
- A4 A daylight trade account status exists when the purchase and sale or sale and purchase of the same security on the same day in a single account takes place; liquidation of overnight positions and repurchase (or sale) are not considered.  
answer: (a) A daylight
- A5 In order to successfully build models of mortgage risk that capture prepayment, delinquency and default behavior, we must decide upon common, generally accepted definitions for each of these behaviors.  
answer: (d) risk
- A6 Gold has retrenched below its 20-day moving average of \$659.31 to a six-month low of \$643.20 where it is now holding but vulnerable to further selling; the downtrend has also driven gold below its 50-day and 200-day moving averages of \$664 and \$646, respectively.  
answer: (b) downtrend
- A7 In a market where agents trade via a limit order book, there is no market maker or specialist who provides bid and ask quotes; instead, any sellers/buyers can place offers/bids in this book and wait until the orders get executed, or they can trade immediately by placing a market order against the existing bids/offers.  
answer: (a) a limit
- A8 A full ratchet enables early round investors to preserve the value of their initial investment in a down round — they get additional 'free' shares so that their effective share price equals the new lower price, thus avoiding a markdown in the value of their investment.  
answer: (d) ratchet
- A9 The 12(b)-1 fee is not like a sales commission, where the investor's initial purchase is reduced by the charge; it is deducted from the assets of the fund; many call this fee a hidden load because it decreases a shareholder's earning power each year without showing up overtly as a sales commission.  
answer: (c) load
- A10 Your profit or loss depends on the difference between your cost basis and the price at which you sold your investment; in the normal scheme of things, the former is your original purchase price, but sometimes you can make adjustments to that figure to make it larger.  
answer: (a) basis

*Employee Performance Appraisal*

- A1 Performance appraisal usually takes the form of a periodic interview in which the work performance of the subordinate is examined and discussed, with a view to identifying weaknesses and strengths as well as opportunities for improvement and skills development.  
answer: (d) to
- A2 In many organizations — but not all — appraisal results are used, either directly or indirectly, to help determine reward outcomes.  
answer: (d) reward
- A3 That is, the appraisal results are used to identify the better performing employees who should get the majority of available merit pay increases, bonuses, and promotions.  
answer: (b) merit
- A4 By the same token, appraisal results are used to identify the poorer performers who may require some form of counseling, or in extreme cases, demotion, dismissal or decreases in pay.  
answer: (d) token
- A5 Organizations need to be aware of laws in their country that might restrict their capacity to dismiss employees or decrease pay.  
answer: (c) dismiss
- A6 Whether this is an appropriate use of performance appraisal — the assignment and justification of rewards and penalties — is a very uncertain and contentious matter; few issues in management stir up more controversy than performance appraisal.  
answer: (a) contentious
- A7 There are many reputable sources — researchers, management commentators, psychometricians — who have expressed doubts about the validity and reliability of the performance appraisal process.  
answer: (c) reputable
- A8 Some have even suggested that the process is so inherently flawed that it may be impossible to perfect it (Derven, 1990).  
answer: (b) flawed
- A9 At the other extreme, there are many strong advocates of performance appraisal; some view it as potentially "the most crucial aspect of organizational life" (Lawrie, 1990).  
answer: (b) extreme
- A10 Between these two views lie various schools of belief; while all endorse the use of performance appraisal, there are many different opinions on how and when to apply it.  
answer: (a) endorse

*Tests, Quizzes, and Self-evaluation*

- A1 Feared by learners, discounted by educational pundits, short-changed by instructional designers, tests are, nevertheless, an essential element of learning.  
answer: (d) pundits
- A2 We may call them quizzes, drills, examinations, assessments, competence monitors, or demonstrations of mastery; we may cloak them as games or puzzles; yet, they remain an essential ingredient for gauging a learner's progress.  
answer: (a) cloak
- A3 In a study of 400 vocational-technical learners in Pennsylvania, Internet-conducted tests showed no differences in scores, redesign needed, or any bias due to gender, economic disadvantage or educational disability, relative to the same test on paper.  
answer: (a) bias
- A4 William Horton Consulting advises that costs for converting a 100-question paper test to Internet delivery are about \$1500 to \$2500 USD.  
answer: (a) converting
- A5 Costs for conducting and scoring the test are \$2 USD per test-taker.  
answer: (c) conducting
- A6 One good reason for testing is to let learners gauge progress toward their goals.  
answer: (a) gauge
- A7 One bad reason for testing is to fulfill stereotypes and expectations: it's a course; therefore, it must have tests.  
answer: (d) stereotypes
- A8 After a high-level analysis of why you are testing and what you hope to measure, you can make tactical decisions on what kind of test to use.  
answer: (d) tactical
- A9 Some of these decisions will require balancing your lofty objectives against the stark limitations of your authoring tools and the reality of your budget and schedule.  
answer: (b) lofty
- A10 When teaching adults, my preference is to not record scores unless required to certify performance of learners; in general, treating adult learners as responsible, conscientious beings yields better results.  
answer: (a) conscientious

*Corporate Credit Cards*

- A1 Vincent Eavis explains that corporate payment card usage can be divided, but not limited, into two distinct categories: general business travel and entertainment activities (T&E cards) and business procurement activities (purchasing or p-cards).  
answer: (d) procurement
- A2 T&E spending varies according to a business's needs, whereas the proportion of purchasing that is now done on p-cards rather than by traditional invoice payment methods is continuously increasing.  
answer: (c) invoice
- A3 T&E expenses comprise the second largest controllable expense item for companies after salaries, consuming approximately 50 to 80 basis points of a company's revenues.  
answer: (c) points
- A4 For T&E cards, the balance must be cleared in full upon presentation of the statement, or within certain defined payment terms, typically around 25 days beyond statement date.  
answer: (d) cleared
- A5 This means no money is made on revolving interest as with the consumer credit card model.  
answer: (d) revolving
- A6 These cards tend to be for travel and entertainment expenses such as air travel, hotels, rail, car hire and restaurants; the company settles card payments on behalf of the individual cardholder, which is known as corporate liability.  
answer: (d) settles
- A7 There are also mid-way solutions such as joint and several liability, where both parties (company and individual) can be liable.  
answer: (a) several
- A8 Typically, since corporate T&E cards are for business expenses, the preferred option to enable control should be corporate liability: the further liability extends to the individual, the less the company is going to be able to exert control and thereby reap the potential benefits.  
answer: (c) reap
- A9 P-cards are never paid against an individual's bank account.  
answer: (a) against
- A10 P-cards can eliminate several steps in the purchase-to-order process, and this eliminates the purchase order paper trail, which can save costs of anywhere from 60 to 100 per transaction.  
answer: (d) trail

**Shared Service Centres**

- A1 Shared service centres (SSCs) are not a new phenomenon within the financial services industry; indeed they have become an established part of the business process landscape for many large multinationals, says Hugh Davies of Citi.  
answer: (a) landscape
- A2 For corporates, the underlying principle is the pursuit of highly efficient operations and service through re-designing and centralising common processes; if a company has disparate activities across its organisation — combined with multiple bank interfaces — it will have less control and visibility over its operations.  
answer: (d) disparate
- A3 This is of particular concern at a time when companies face compliance obligations under regulations such as Sarbanes-Oxley, when they must demonstrate high levels of accountability and transparency throughout the organisation.  
answer: (a) compliance
- A4 There is also the desire among corporates for improved company-wide cost management, as they face increased pressure to obtain extensive cost savings from middle- and back-office operations, as well as better visibility over working capital.  
answer: (d) working
- A5 While greater economies of scale and cost efficiencies are derived from centralised processing, corporate treasurers are taking on an increasingly strategic role within the company.  
answer: (d) scale
- A6 This is resulting in improved use of information and is ensuring that SSCs are becoming an essential tool that can provide visibility and transparency of actionable information across the company for the creation of value and competitive advantage.  
answer: (b) actionable
- A7 Harmonisation of financial infrastructures as a result of the single euro payments area (SEPA) is also an opportunity to rationalise accounts and legal structures, and therefore derive further efficiencies from SSCs.  
answer: (b) euro
- A8 The SSC platform and the related systems built around it are an excellent way to embed the fundamentals of SEPA and adapt quickly to realise the benefits.  
answer: (a) embed
- A9 Establishing an SSC and centralising functions does not necessarily mean the removal of traditional payment and collection instruments that are required by local operating companies where supplier and customer relationships are maintained.  
answer: (b) instruments
- A10 The rationalisation of banks and systems will lead to the concentration of risk, and in order to mitigate this risk, the standardisation of interfaces and formats is absolutely critical.  
answer: (d) mitigate

*Financial Supply Chain Management*

- A1 According to Ray Moore of HSBC, the efficient management of information across the financial supply chain (FSC) is a critical enabler in getting goods to market early and at the lowest cost.  
answer: (c) enabler
- A2 As international supply chains become longer and more complex, the risks and costs inherent with fulfilment continue to increase.  
answer: (c) inherent
- A3 The focus of many supply chain management initiatives to date has been the physical processes and logistics costs that are easier to track, but this focus is increasingly shifting towards FSCs and the less visible costs hidden in payments, risk management and working capital management processes that are equally important.  
answer: (d) visible
- A4 Banks are under increasing pressure to demonstrate how core competences can be better applied to improving the efficiency of the FSC: this can be defined as the 'purchase-to-pay' process from the buyer perspective.  
answer: (b) perspective
- A5 In order to meet the challenge, banks are re-invigorating traditional trade services and developing new solutions to meet a constantly evolving trade environment and rising customer expectations about what banks can do for them.  
answer: (d) invigorating
- A6 Most large buyer organisations either source from low cost countries or have established managed services or production facilities that take advantage of lower labour and operating costs, and the pressure to source from these countries and source direct to eliminate expensive trading intermediaries continues to mount.  
answer: (d) mount
- A7 The initial euphoria about vastly reduced unit costs has, however, been tempered in recent years, as corporates take a more sophisticated approach to the calculation of total fulfilment cost, which includes all logistics, working capital and finance related costs involved within its supply chain.  
answer: (b) euphoria
- A8 The adversarial approach — often the characteristic of an aggressive buyer — is being replaced with the realisation that there are greater business benefits associated with working more collaboratively with suppliers to help them improve efficiencies and reduce their costs.  
answer: (a) adversarial
- A9 The focus for many organisations has been streamlining and automating the physical supply chain in order to reduce costs; for best practice organisations, the reduction of 1-2% of total costs of fulfilment is critical to keeping a competitive edge.  
answer: (b) best
- A10 However, as physical supply chains are optimised, savings become harder to realise; this is when the focus shifts to FSC opportunities; the quantum leap to streamlining the FSC, where organisations could save 2-3% plus potential savings by taking paper out of the system, is now being taken by many corporates.  
answer: (c) leap

*Analysts and Pundits*

- A1 Some analysts and pundits use a stock's price-to-book ratio to decide whether to recommend an equity: if the ratio is below 1.0, it's often considered attractive, and if the ratio is higher than 1.0, it may be deemed overpriced.  
answer: (a) book
- A2 Gold for the year was up about 23% and Silver was up 46%; the HUI failed to provide the leverage it usually offers to metals, increasing by only 13%, but these are still impressive annual returns, since a record-breaking year for the Dow Jones produced only a 16.7% return and the Nasdaq gained just 10%.  
answer: (c) annual
- A3 Indexing is an investment approach that seeks to match the investment returns of a specified stock or bond market benchmark by holding all or a representative sample of those securities; it is a 'passive' investment approach emphasizing broad diversification and low portfolio trading activity.  
answer: (c) Indexing
- A4 Despite reports that mining giant Rio Tinto is lining up bankers for a bid for Alcan Inc, an industry observer believes the Canadian aluminum giant may be preparing a 'scorched earth policy' to make itself less attractive to potential suitors; Alcan's board has rejected Alcoa's US\$28.1-billion hostile takeover offer.  
answer: (a) scorched
- A5 With a market not held order, the investor allows the floor broker to use his own discretion as to the exact timing of the execution; if the broker expects a decline in price, s/he may wait to buy, figuring that a better price will soon be available, but there is no guarantee that a such an order will be filled.  
answer: (b) not held
- A6 Compound arbitrage is basically buying and simultaneously selling in four or more markets, profiting from a temporary difference; this is a riskless profit for the investor/trader.  
answer: (b) Compound
- A7 A back-end load can be a flat fee (meaning everyone pays the same amount of money when taking money out of the mutual fund) or a sliding-scale fee (meaning that the longer you keep your money in the mutual fund, the smaller the fee you have to pay when you take it out).  
answer: (c) load
- A8 A non-qualified retirement plan is not an IRS plan subject to the eligibility, participation, and non-discrimination provisions set forth in the Employee Retirement Income Security Act and the Internal Revenue Code of 1986 and the regulations thereunder; as such, it is said to be devoid of governmental red tape.  
answer: (d) A non-qualified
- A9 Options are traded in units called contracts, each of which entitles the option buyer/owner to 100 shares of the underlying stocks upon expiration.  
answer: (c) contracts
- A10 The Director position is responsible for the quantitative analysis of our derivatives portfolio, which includes 1) statistical analysis to measure the effectiveness of hedges, 2) projection of Net Investment Income and Net Investment Gain/(Loss), and 3) attribution analysis of actual reported financial results versus market factors.  
answer: (d) quantitative

*Repos*

- A1 Rockwell Collins, Inc. today announced it bought back four million shares, or approximately 2.3 percent of its outstanding common stock, from UBS AG London Branch in conjunction with an accelerated share repurchase agreement at an initial cost of \$49.10 per share for a total cost of \$196 million.  
answer: (c) repurchase
- A2 The plaintiffs, shareholders of Tellabs, Inc, filed a lawsuit against the company, alleging that the chief executive had made false statements about the company's business and financial results sufficient to support a 'strong inference' of scienter — the mental state embracing an intent to deceive, manipulate, or defraud.  
answer: (d) scienter
- A3 The Federal Reserve is performing tighter monetary policy by draining reserves from the banking system; their goal is to slow the growth of the money supply, which will immediately impact short-term interest rates, but not long-term rates.  
answer: (b) draining
- A4 You can now get information about your tax refund online — this site allows you to determine if your return has been received, if your final amount matches the amount you claimed, and if it has been mailed; simply log on using your social security number and the amount you claimed on your 2006 tax return.  
answer: (b) refund
- A5 Full Stock has a par value of \$100 per share, either preferred or common; stocks are generally issued with a zero par value, as they are traded in the market; the par value is not zero only when the stock is purchased directly from the company.  
answer: (a) Full
- A6 Vertical line charting is a technical analysis tool which charts the high, low, and close of a given security each day, in an attempt to spot patterns that might help predict future price movements.  
answer: (a) line
- A7 This United States tax form is used for, among other purposes, reporting payments made to independent Contractors; the ubiquity of the form has also led to slang use of the phrase '1099' to refer to the contractors themselves.  
answer: (b) 1099
- A8 Class B shares do not impose a front-end sales charge, but they may charge higher expenses that investors are assessed over the lifetime of their investment in a fund; they also normally impose a contingent deferred sales charge, which you pay if you sell your shares within a certain number of years.  
answer: (c) Class B
- A9 The term Investment Letter shall mean a letter from the purchaser of the Property to Secured Party stating that: (i) the purchaser is aware that the Property has not been registered under the Securities Act of 1933, and (ii) the Property is being acquired for the purchaser's own account and not with a view to the sale or distribution thereof.  
answer: (c) Investment
- A10 A self employed person can establish a Keogh Plan, and make tax deductible contributions entered on Form 1040, Line 28, and the tax deductible contributions and any interest or gains thereon are not taxed until withdrawn; the two types of Plans are defined contribution plans and defined benefit plans.  
answer: (c) Keogh

*Consumer Spending*

- A1 The hypothesis is that consumer spending drives economic cycles and is therefore a leading indicator for the stock market; for example, Mr. Ellis presents a chart relating quarterly annualized change in Personal Consumption Expenditures (PCE) to quarterly change in the S&P 500 index.  
answer: (a) Personal
- A2 CFD positions held past 5PM EST (New York time) will require a service charge set at 4% to 12% per annum of the notional value of the position, depending on the product; if a position is closed before 5PM EST, there will be no cost of carry charge.  
answer: (a) carry
- A3 Today, the Special Drawing Right (SDR) has only limited use as a reserve asset, and its main function is to serve as the unit of account of the IMF and some other international organizations; it is neither a currency, nor a claim on the IMF, but a potential claim on the freely usable currencies of IMF members.  
answer: (d) Drawing
- A4 With an accumulation bond, the interest on the bond is reinvested at the same rate as the principal and is returned to the customer only when the bond is redeemed; hence, it is analyzable as a fixed sum invested at a fixed rate of compound interest for a fixed time period.  
answer: (d) an accumulation
- A5 Managing the portfolios of your clients and working with brokers or money managers, you can use this software to maintain the investment history of all transactions; the statement from your broker (money manager) forms the basis for input into the system and maintains the record of each financial instrument from the time it enters the portfolio until its disposal.  
answer: (b) history
- A6 In accordance with the provisions of Minnesota Statutes, Section 373.45, Subd. 3, a county that issues bonds covered under the County Credit Enhancement Program must deposit with the paying agent three business days before the date on which each payment is due on the bonds an amount sufficient to make that payment.  
answer: (a) agent
- A7 Bond quotes follow a few quirky conventions; for instance, prices are given as percentages of face value, with fractions like 1/32 as the last digits, not decimals.  
answer: (c) quotes
- A8 Using a pre-defined chart of accounts that you find in a bookkeeping or accounting software package may work fine for your business, or you may find that you need to adapt or accommodate it to more closely fit the way you want to keep track of and report on your business.  
answer: (a) chart
- A9 If you get a notice from the company to whom you have been making monthly payments that your loan is being transferred, it is likely that the ownership of your loan has not changed; just that one big mortgage servicing company has bought a portfolio of rights from another.  
answer: (d) servicing
- A10 The falling days payable numbers indicate that suppliers are demanding faster payments from Gander Mountain; most likely, the suppliers are worried about not getting paid, one sign that there's a problem with the business.  
answer: (c) days

*Call and Put Options*

- A1 There are various ways to use a diagonal spread, but for our purposes, we'll discuss its normal use: this is when we sell a front-month, lower-strike call option and buy a longer-term, higher-strike call option or when we sell a front-month higher-strike put option and buy the longer-term, lower-strike put.  
answer: (a) diagonal
- A2 The Exchange indicated that a 'significant order imbalance' is one resulting in a price change from the last sale of the lesser of 10% or three points for stocks between \$10 and \$99.99, and five points for stocks \$100 or more, unless a Floor Governor deems circumstances warrant a lower parameter.  
answer: (c) significant
- A3 If a brokerage firm is unable to locate an account owner and the account has remained inactive for the period of time specified by state law, the firm must report it to the state, which then claims the account through a process called 'escheatment', whereby the state becomes the owner of the account.  
answer: (b) escheatment
- A4 The final prospectus goes to anyone who got a red herring within 25 days.  
answer: (c) prospectus
- A5 One of the fundamental laws of a capitalist economy is that a transparent market—one where every player has access to all product and pricing information — is the ideal market; this market will, over time, converge towards the best pricing for the best products with the best level of services.  
answer: (d) a transparent
- A6 Unlike sales taxes that appear on a cash register receipt, hidden taxes are those charges that are not expressly clear to the taxpayer; for example, the average price of a gallon of gas is \$1.49 and 43 cents of that amount represents taxes — that 37% tax rate does not appear on your receipt.  
answer: (c) hidden
- A7 Philip Morris has a yield of 5% and a payout (dividend divided by estimated 2001 earnings) of only 52% (for indicated dividend, we multiply the latest quarterly dividend by four); it is not that Philip Morris is so generous, but the rich yield reflects the uncertain prospects of the tobacco industry.  
answer: (d) indicated
- A8 The Fair Credit Reporting Act (FCRA), enforced by the FTC, is designed to promote accuracy and ensure the privacy of the information used in consumer reports; businesses that supply information about you to CRAs and those that use consumer reports also have responsibilities under the law.  
answer: (c) Credit
- A9 The ITS participants also proposed to develop a 'limit order information system', based on the existing ITS, that would require specialists to aggregate and enter orders for display, and brokers executing a block trade outside the best bid or offer would be required to satisfy the LOIS orders.  
answer: (b) limit
- A10 A market on close order is another very common order because a lot of spread betting clients like to finish up the day with a flat position in their account.  
answer: (c) on close

*Pass-through*

- A1 The most common type of pass-through is a mortgage-backed certificate, where homeowners' payments pass from the original bank through a government agency or investment bank to investors.  
answer: (a) backed
- A2 A 'limited partner', who is prohibited from taking part in management and has no liability for debts beyond his/her investment, is a true silent partner; however, without a limited partnership agreement, s/he is responsible for the debts of the partnership as a general partner.  
answer: (d) silent
- A3 Multiple listing of equity options that were already being traded as of January 20, 1990, was phased in over a period of time ending in late 1994; thus, by the end of 1994, each option exchange could list any equity option class.  
answer: (b) exchange
- A4 The legal requirements will usually pose no problem, but the lack of a market minimizes the enthusiasm for and utility value of the non-qualified stock option plan; still, it offers the most flexibility for the owner-management of a private company to select key personnel and option pricing arrangements to suit management objectives.  
answer: (c) qualified
- A5 MIND C.T.I. Ltd, a leading provider of convergent end-to-end billing and customer care product based solutions for carriers worldwide, today announced the record date and payment date of the previously declared and announced cash dividend of \$0.20 per share.  
answer: (b) payment
- A6 When this provision is in a lease, a landlord has the power to collect the maximum rent allowed under regulations in effect at the time; the escalator clause provides that if the regulations are altered during the time of the lease, the tenant must pay the new fee computed pursuant to the revised regulations.  
answer: (b) escalator
- A7 With a quanto option, usually the underlying and strike price currency is the foreign one and the currency in which the derivative pays out is domestic, calculated as the option's intrinsic value; this type of investment is paid at a fixed exchange rate, protecting the investor from fluctuations.  
answer: (c) quanto
- A8 Required reserves must be held in the form of vault cash and if vault cash is insufficient, also in the form of a deposit with a Federal Reserve Bank; an institution that is not a member of the FRS can maintain that deposit directly with a Reserve Bank or with another institution in a pass-through relationship.  
answer: (d) Required
- A9 I look for a price-to-cash-flow ratio of less than 15 for a large company that can't grow rapidly; for smaller companies, I look at things in more detail because many small companies can go from a dramatic loss to excellent cash flow in one year if they are adding customers without raising costs too badly.  
answer: (c) price
- A10 Companies often split their stock when they believe the price of their stock exceeds the amount smaller individual investors would be willing to pay for the stock: by reducing the price of the stock, companies try to make their stock more affordable to these investors.  
answer: (d) split

**Cash Management in Pakistan**

- A1 The implementation of a real-time gross settlement system will automate the current interbank settlement of large-value payments at the State Bank of Pakistan and will minimise credit and liquidity risks; dial-up proprietary systems are in demise, taken over by more robust, functionally enriched Web-based platforms.  
answer: (a) demise
- A2 According to Shahid A Syed, Pakistan's economy delivered another year of robust growth in 2005-06, despite the devastating earthquake on 8 October 2005 and in the midst of an extraordinary surge in oil prices.  
answer: (d) devastating
- A3 With growth at 6.6% in 2005-06, the economy has expanded at an average rate of 7% a year in the past four years and over 7.5% a year for the last three, thus positioning itself as one of the fastest growing economies in Asia.  
answer: (b) positioning
- A4 The vote of confidence of the international debt capital markets in Pakistan's economic policy, reform agenda and outlook is evident from the successful launch of new 10-year and 30-year sovereign bonds totalling US \$800m.  
answer: (d) sovereign
- A5 The SBP has been pursuing a broadening of access of financial services to all segments of society as an important strategic objective: initiatives have been taken to develop a legal framework for microfinance institutions to help the poor, and a focus on SMEs and Islamic finance issues.  
answer: (b) microfinance
- A6 Despite considerable progress towards its goal of fostering a sound and dynamic financial system, a number of areas still demand further attention; SBP has kept its focus on consolidating reforms introduced in preceding years and lifting the regulatory and supervisory framework to meet international best practices.  
answer: (c) practices
- A7 The extensive focus on enhancing the supervisory capacity in recent years has helped SBP to achieve, either fully or largely, compliant status for 28 of the 30 Basel core principles for effective banking supervision.  
answer: (c) compliant
- A8 Federal taxes in Pakistan, like most taxation systems in the world, fall into two broad categories, direct and indirect; direct taxes primarily comprise income tax, along with a supplementary wealth tax.  
answer: (b) comprise
- A9 All public companies, other than banking companies, incorporated in Pakistan, are assessed for tax at a corporate rate of 39%; however, the effective rate is likely to differ on account of allowances and exemptions related to such factors as the industry, location and exports.  
answer: (b) assessed
- A10 The real-time gross settlement system known as the Pakistan Real-time Interbank Settlement Mechanism is at an advanced stage of installation, and its implementation will make the payments systems much more efficient and resilient, offering transactional features that are hard to achieve under the current settlement systems.  
answer: (d) resilient

**Banking in China**

- A1 While globalization has sparked a buying spree in emerging markets generally, China has been the front-runner in raising new capital in the banking sector, explains Keith Pogson of Ernst & Young.  
answer: (c) spree
- A2 China's record-breaking performance in raising more than US\$46bn is all the more stunning given that, just two years ago, the challenge of cleaning up balance sheets and non-performing loan portfolios was deemed next to impossible by the international investment community.  
answer: (b) deemed
- A3 China's financial institutions have historically suffered the disadvantage of having dual operating roles: the authorities viewed them not simply as banks, but also as a major vehicle for providing capital to state-run companies.  
answer: (d) vehicle
- A4 China's banks kicked off their structural reforms ahead of receiving capital injections from the central government.  
answer: (a) off
- A5 During the past five years, they have streamlined their organizations through closure of less efficient branches and scaling back their workforces through attrition and early retirement, among other factors.  
answer: (a) attrition
- A6 For example, China Construction Bank and ICBC closed more than 11,500 and 12,900 branches respectively, and each reduced its workforce by over 100,000 employees; the financial restructuring of these banks was unprecedented in China's banking history.  
answer: (b) unprecedented
- A7 The initial recapitalization from 2003-2005 amounted to at least RMB608bn, consisting of an injection of capital through State Administration of Foreign Exchange (SAFE) investment, new shares subscribed to by the National Social Security Fund, and accumulated losses replenished by the Ministry of Finance.  
answer: (d) replenished
- A8 In addition to capital injections by the Chinese government, restructuring was accomplished in a two-stage carve-out of non-performing loans; initially, approximately RMB420bn of Loss-Classified NPLs were written off from the four banks' accounts.  
answer: (a) carve
- A9 Alliances with foreign banks turned out to be a vital ingredient in the success of the IPOs, as they provided Chinese banks with technical assistance and, most importantly, equity stakes that offered additional credibility and reassurance to other investors when the banks came to market.  
answer: (d) ingredient
- A10 From a negligible combined outlay of estimated US\$500m at the end of 2003, foreign investors have now committed as much as US\$18bn to the Chinese banking sector in the past 12 months alone.  
answer: (c) negligible

*Singapore Banking*

- A1 Mahesh Kini of HSBC says that a stable government is committed to Singapore's multi-pronged growth by focusing on various sectors.  
answer: (c) pronged
- A2 Singapore's 2006 budget outlines many incentives for businesses operating in Singapore in the financial and related sectors.  
answer: (c) incentives
- A3 In the pipeline is the Integrated Resorts project, a large entertainment complex featuring casinos, amusement parks, hotels, and convention centres, which is due to open in 2010.  
answer: (d) pipeline
- A4 Such large government-backed initiatives and the drive to create a new tourism hub in Singapore bode well for the large tourism industry, which saw nine million tourists arrive on Singapore's shores in the past year.  
answer: (b) bode
- A5 The MAS, in a step to liberalise commercial banking in Singapore, has provided qualifying full bank status to some foreign banks to provide a full suite of financial services to individuals and corporates and issued wholesale bank status to a number of foreign banks to serve commercial customers.  
answer: (d) suite
- A6 Singapore is also seeing a trend to establish global treasury centres; Singapore's infrastructure, political stability and favourable time zone, located centrally in the Asia-Pacific region, have greatly benefited multinational corporations in supporting a global cash position.  
answer: (c) position
- A7 Another growing trend is for companies to harmonize their supply chain and cash management to attain greater efficiencies.  
answer: (a) harmonize
- A8 Singapore's finance industry has fully embraced Internet technology and is capitalising on this phenomenon to the fullest extent as a relatively inexpensive distribution and delivery medium to grow market share and improve profitability.  
answer: (b) embraced
- A9 Besides online banking services, these banks as well as other companies that act as intermediaries and aggregators, have developed business-to-business, business-to-consumers, and even person-to-person transaction service initiatives.  
answer: (a) aggregators
- A10 Singapore has one of the highest Internet penetration rates worldwide and all major banks provide Internet banking platforms and many also provide host-to-host capabilities to link up to companies' back-office operations for file transfers.  
answer: (c) penetration

*Islamic Finance*

- A1 With the modern Islamic financial services industry enhancing its sophistication, an increasingly affluent Muslim-investor population has started to express its desire for more investment products that adhere to Islamic principles.  
answer: (c) adhere
- A2 Coinciding with this surge in demand is the more significant role that Islamic finance plays in the global financial community; with respect to the breadth and range of products and services offered, the distinct line that once separated Islamic financial institutions from their conventional counterparts is blurring.  
answer: (a) blurring
- A3 The basic principle of Islamic banking is the prohibition of riba (usury or interest); it also prohibits dealing in liquor, pork, gambling, pornography and anything else that Shari'a (Islamic law) deems haram (unlawful).  
answer: (c) usury
- A4 While permitting the individual the right to seek his economic well being, Islam makes a clear distinction between what is halal (lawful) and what is haram (forbidden) in pursuit of such economic activity; in broad terms, Islam forbids all forms of economic activity that are morally or socially injurious.  
answer: (b) broad
- A5 While acknowledging the individual's right to ownership of legitimately acquired wealth, Islam makes it obligatory for the individual to spend his wealth judiciously and not to hoard it, keep it idle or to squander it.  
answer: (d) hoard
- A6 While allowing an individual to retain any surplus wealth, Islam seeks to reduce the margin of the surplus for the well being of the community as a whole, in particular the destitute and deprived sections of society by participation in the process of zakat.  
answer: (b) destitute
- A7 While making allowance for the ways of human nature and yet not yielding to the consequences of its worst propensities, Islam seeks to prevent the accumulation of wealth in a few hands to the detriment of society as a whole, by its laws of inheritance.  
answer: (c) detriment
- A8 Viewed as a whole, the economic system envisaged by Islam aims at social justice without inhibiting individual enterprise beyond the point where it becomes not only collectively injurious but also individually self-destructive.  
answer: (d) envisaged
- A9 It has been over two decades since Islamic banks first appeared as active players in the global financial market, and today Islamic banking and finance has become a force to be reckoned with.  
answer: (c) with
- A10 Although the Middle East is still home to most of the world's 275-plus Islamic banks, a growing number of banks operating in the marketplace are domiciled elsewhere.  
answer: (b) domiciled

*Organizational Consulting*

- A1 In our sixty years combined experience, Clear Impact Consulting Group, Inc have assisted thousands of leaders and their organizations in enhancing overall effectiveness; during the assessment phase we gather a great deal of information and distill the essence of it in the context of your overall goals.  
answer: (b) distill
- A2 In addition to confidential interviews, we use diagnostic tools that not only give us initial information, but also set into place ways for teams to continuously gather essential information, including our Clear Impact High Performing Teams Checklist.  
answer: (b) place
- A3 Teams are often bogged down with addressing energy-sapping symptoms rather than being able to focus on root causes of obstacles to optimal success and fulfillment.  
answer: (a) sapping
- A4 Most teams need to be more in tune with their customers, more aware of what they're projecting and through what filters they're seeing, as well as having tools to most effectively interact with their customers.  
answer: (c) filters
- A5 There's a tool we've developed over the last 7 years called 100% Responsibility that has a consistently powerful impact on teams and organizations; it puts 'blame' and 'victim' off limits while assisting people to take healthy individual and collective ownership for business results.  
answer: (b) limits
- A6 Our intention is to help jump-start an ongoing process that greatly reduces power struggles and needless conflict, while increasing the innovation and excitement that comes from the possibility of successfully making a difference.  
answer: (a) jump
- A7 The Enneagram, when used correctly, is a remarkably powerful, respectful, and dynamic system; it describes a path of healthy development for each type of person, and shows each type how they can build on their strengths and avoid their pitfalls.  
answer: (b) pitfalls
- A8 It helps people identify their blind spots at the same time that they are building on their unique gifts.  
answer: (c) spots
- A9 Integration of the Enneagram allows teams and organizations to optimize individuals' strengths, take advantage of synergy, improve teamwork, enhance mutual understanding and respect, improve leadership, enhance communication, and increase morale, productivity, and employee retention.  
answer: (d) retention
- A10 Finally, we've learned that teams learn best in an Action Learning format: learning is only relevant if it enables managers and leaders to take more effective action.  
answer: (a) format

*Business Systems Contingency Policy*

- A1 All departments should develop and maintain procedures that will ensure an appropriate level of customer service in the event of unexpected business systems failure.  
answer: (b) event
- A2 Traditionally, disaster recovery planning focused on the physical aspects of computer-based systems, particularly the CPU and closely coupled peripherals, e.g. disc banks.  
answer: (d) peripherals
- A3 Although this approach remains valid, the scope of disaster recovery has considerably widened in recent years.  
answer: (d) scope
- A4 This change of emphasis has resulted in the need for a pragmatic service level delivery rather than plans, albeit documented and often untested.  
answer: (a) albeit
- A5 Departments are now so reliant upon computer-based systems for normal daily operations that small systems failures can cause a disproportionate level of disruption to customers and staff.  
answer: (a) a disproportionate
- A6 A balance must be struck between a 'business as usual' approach, with its associated high cost, and recourse to a 'survival' mode of operation with the objective of 'business as usual' within a reasonable period.  
answer: (d) struck
- A7 Due to the wide variety of business applications across departments, it is not possible to provide definitive guidelines for the management of unexpected failure and disruption of computer-based business systems; there are, however, some general guidelines that are globally applicable.  
answer: (d) definitive
- A8 All contingency plans must be tested; critical components of the plan should be tested once a year, and test plans must ensure that the testing itself does not cause a 'disaster'.  
answer: (a) contingency
- A9 Plan for key personnel not to be present at the test — this aspect is often overlooked, with all key personnel primed days beforehand for the test.  
answer: (b) primed
- A10 Deploy the 'walk-through' method for testing the plan prior to putting it into operation; do not declare the testing completed until the whole production system has been re-instated.  
answer: (a) Deploy

*How to Avoid Making Decisions (1)*

A1 Recourse to someone or even something else: For example, in contrast to astrology, one must accept the fact that success is not due to a fortuitous concurrence of stars at our birth, but due to a steady trail of sparks from the grindstones of hard work, determination, good planning, and perseverance.

answer: (b) fortuitous

A2 False hopes: False hope and fear are two sides of the same coin — we can promise according to our hopes that are under our control only (and have some degree of certainty on its outcome), but we avoid making decisions according to our fears of the outcomes.

answer: (b) coin

A3 Do not think about it: The decision-makers who are waiting for something to turn up might start with their shirt sleeves; you can either take action, or you can hang back and hope for a miracle.

answer: (d) turn

A4 Do anchoring: Give disproportional weight to some information instead of waiting as long as possible in order to have all the information.

answer: (a) disproportional

A5 Sunk-cost conscious: Repeat the same decision because you have invested so much in this approach (or your current job) that you cannot abandon it or make another decision (or look for a better position).

answer: (c) Sunk

A6 Look for confirming evidence: Seek out the information to support an existing preselection and discount opposing ones.

answer: (c) discount

A7 Pray for a miracle: Emerson said, "As men's prayers are a disease of the will, so are their creeds a disease of the intellect."

answer: (a) creeds

A8 Be over-confident: This makes you optimistic and then you make high risk decisions; as Henri Poincare said, "Doubt everything or believe everything — these are two equally convenient strategies, and with either, we dispense with the need to think for ourselves."

answer: (c) with

A9 Be too prudent: Our doubts are traitors and make us lose opportunities by fearing to make our decision — and not only that, but it is contagious; it transmits itself to others who depend on you.

answer: (a) contagious

A10 Misrepresentation: Use argument that seems scientific — for example, compute and use the average salary as a typical representative of salary rather than the median.

answer: (b) median

*How to Avoid Making Decisions (2)*

- A1 Pass the buck: Pass off the responsibility of making the decision to someone else; do not make decisions by yourself, but bring in someone to blame if things go wrong.  
answer: (b) buck
- A2 Have second thoughts: Second thoughts have aborted more useful decisions than all the difficult circumstances and overwhelming obstacles fate could ever throw at you; and undermining your authenticity by succumbing to someone else's second thoughts is a subtle and seductive form of self-abuse.  
answer: (b) aborted
- A3 Succumb to failure: Believe that the choices you will make are predestined and you are bound to fail (one gets used to failure) versus the result of hard work and thought.  
answer: (a) bound
- A4 Set up a committee: A committee is a cul-de-sac down which ideas are lured and then quietly strangled; the greatest things are often accomplished by individual people, not by committees.  
answer: (d) cul-de-sac
- A5 False decentralization: this could take place when an authoritative manager assigns accountability to a new 'director of' for every new decision-making problem, but does not delegate any authority.  
answer: (a) delegate
- A6 Commonsense-based decisions: If you start making decisions on the basis of conventional wisdom or chatter in the hall, generally speaking, you will make the wrong decision; what is called common sense is almost always uncommon.  
answer: (a) conventional
- A7 Failure to understand the problem: This is caused by, among other things, subjectivity, irrational analysis, lateness or procrastination, lack of sensitivity, and lack of focus.  
answer: (c) procrastination
- A8 Rationalization to limit the course of actions: This strategy is very popular — stack the cards to make one alternative clearly right and remove all risk.  
answer: (d) stack
- A9 Information: Some information gathered is not valid — decisions are often made first and information sought to support the solution, or much of the information gathered is irrelevant to the decision-making.  
answer: (c) irrelevant
- A10 False alternative: This attempts to box the decision-maker into a corner from which there is no escape except to accept the alternative.  
answer: (a) box

*System Development Life Cycle*

- A1 As Russel Kay tells it, once upon a time, software development consisted of a programmer writing code to solve a problem or automate a procedure.  
answer: (d) upon
- A2 Nowadays, systems are so big and complex that teams of architects, analysts, programmers, testers and users must work together to create the millions of lines of custom-written code that drive our enterprises.  
answer: (a) custom
- A3 The system development life cycle models work well when automating the activities of clerks and accountants, but they don't work nearly as well when building systems for knowledge workers — people at help desks, experts trying to solve problems, or executives trying to lead their company into the Fortune 100.  
answer: (a) knowledge
- A4 The waterfall model assumes that the only role for users is in specifying requirements, and that all requirements can be specified in advance; unfortunately, requirements grow and change throughout the process and beyond, calling for considerable feedback and iterative consultation.  
answer: (c) iterative
- A5 The fountain model recognizes that although some activities can't start before others — such as you need a design before you can start coding — there's a considerable overlap of activities throughout the development cycle.  
answer: (b) overlap
- A6 The spiral model emphasizes the need to go back and reiterate earlier stages a number of times as the project progresses; it's actually a series of short waterfall cycles, each producing an early prototype representing a part of the entire project.  
answer: (d) reiterate
- A7 In the rapid application development model, initial emphasis is on creating a prototype that looks and acts like the desired product in order to test its usefulness.  
answer: (d) prototype
- A8 The incremental model divides the product into builds, where sections of the project are created and tested separately.  
answer: (d) incremental
- A9 This approach will likely find errors in user requirements quickly, since user feedback is solicited for each stage and because code is tested sooner after it's written.  
answer: (d) solicited
- A10 The synchronize and stabilize method combines the advantages of the spiral model with technology for overseeing and managing source code; this method allows many teams to work efficiently in parallel; this approach was defined by David Yoffie of Harvard University and Michael Cusumano of MIT.  
answer: (c) parallel

*Database Management Systems*

- A1 An organisation uses a computer to store and process information because it hopes for speed, accuracy, efficiency, economy etc. beyond what could be achieved using clerical methods; the objectives of using a DBMS must in essence be the same although the justifications may be more indirect.  
answer: (a) essence
- A2 Early computer applications were based on existing clerical methods and stored information was partitioned in much the same way as manual files.ed  
answer: (b) partitioned
- A3 But the computer's processing speed gave a potential for relating data from different sources to produce valuable management information, provided that some standardisation could be imposed over departmental boundaries: the idea emerged of the integrated database as a central resource.  
answer: (b) integrated
- A4 Data is captured as close as possible to its point of origin and transmitted to the database, then extracted by anyone within the organisation who requires it.  
answer: (c) extracted
- A5 However many provisos have become attached to this idea in practice, it still provides possibly the strongest motivation for the introduction of a DBMS in large organisations.  
answer: (d) provisos
- A6 A DBMS gives some protection against change by taking care of basic storage and retrieval functions in a standard way, leaving the applications developer to concentrate on specific organisational requirements; changes in one of these areas need not have repercussions elsewhere.  
answer: (a) repercussions
- A7 In general a DBMS is a substantial piece of software, the result of many man-years of effort, but because its development costs are spread over a number of purchasers it can probably provide more facilities than would be economic in a one-off product.  
answer: (d) a one-off
- A8 The points discussed above are probably most relevant to the larger organisation using a DBMS for its administrative functions, the environment in which the idea of databases first originated; in other contexts the convenience of a DBMS may be the primary consideration.  
answer: (c) contexts
- A9 The purchaser of a small business computer needs all the software to run it in package form, written so that the minimum of expertise is required to use it, and the same applies to departments (e.g. Research & Development) with special needs which cannot be satisfied by a large centralised system.  
answer: (d) satisfied
- A10 When comparing database management systems it is obvious that some are designed in the expectation that professional DP staff will be available to run them, while others are aimed at the total novice.  
answer: (b) novice

## TRANS

- A1 The Tax Revenue Anticipation Note (TRAN) is a tax-free bond that is issued on a one-year basis specifically for the purpose of improving cash flow to public entities heavily reliant on sporadic property tax distributions.  
answer: (d) Anticipation
- A2 As a way to attract orders from brokers, some exchanges or market-makers will pay your broker's firm for routing your order to them, perhaps a penny or more per share: this is called 'payment for order flow'.  
answer: (b) flow
- A3 A vertical merger can harm competition by making it difficult for competitors to gain access to an important component product or to an important channel of distribution — this is called a 'bottleneck' problem.  
answer: (d) vertical
- A4 A 19c3 stock is a stock that was listed on one of the national securities exchanges, such as the NYSE, after April 26, 1979, absolving it from SEC rule 19c3, which forbids exchange members from participating in off-board trading.  
answer: (a) absolving it from
- A5 Simple interest is calculated on the original principal only; accumulated interest from prior periods is not used in calculations for the following periods, and this type of interest calculation is normally used for a single period of less than a year, such as 30 or 60 days.  
answer: (c) Simple
- A6 The Fair Debt Collection Practices Act (1977) is a federal law that outlines what information debt collectors can gather on you, and contains specific rules on how debt collectors can communicate with you; these rules are designed to protect you from abuse, harassment, false and misleading tricks and other illegal actions.  
answer: (a) Practices
- A7 Rule 405 is the NYSE codification of 'know your customer' rules, which require that a customer's situation be suitable for any investment being made.  
answer: (c) know
- A8 Personal Injury Protection covers the person named in the policy as the 'named insured', residents of the named insured's household related by blood, marriage or adoption, and passengers or pedestrians; these people will be eligible for medical insurance payments no matter who is at fault in the car accident.  
answer: (b) Personal
- A9 The Special Drawing Right is an international reserve asset, created by the IMF in 1969 to supplement the existing official reserves of member countries; SDRs are allocated to member countries in proportion to their IMF quotas and serve as the units of account of the IMF and other international organizations.  
answer: (b) Drawing
- A10 During the accumulation period of a fixed deferred annuity, your money, less any applicable charges, earns interest at rates set by the insurance company or in a way spelled out in the annuity contract; during the payout period, the amount of each income payment to you is generally set when the payments start and will not change.  
answer: (a) accumulation

*Fire Insurance*

- A1 If insurance data suggests that a serious fire is likely to occur once in 25 years, then the annualized rate of occurrence is  $1/25 = 0.04$ .  
answer: (a) annualized
- A2 Here's something to consider for those of you who may be selling covered calls on stocks you already own: some folks are reluctant to sell covered calls on stocks because they are concerned about having the stock called away from them.  
answer: (a) away
- A3 Indicated yield is the dividend or coupon rate stated as a percentage of the security's present market price: for common stock, it is calculated by dividing its annual dividend by its market price, and for preferred stocks, the contractual dividend is divided by the market price.  
answer: (c) Indicated
- A4 Loans from a foreign parent to a Canadian subsidiary cannot fit within the exemption, so corporations have attempted to structure intercorporate debt in other ways, including 'back-to-back' loans, where cash is loaned from a foreign parent to an arm's length foreign company that then lends to the Canadian subsidiary.  
answer: (a) back-to-back
- A5 The interest earned during the first year is found with the formula for simple interest; if the deposit earns compound interest, the interest earned in the second year is calculated from the total amount on deposit at the end of the first year.  
answer: (b) compound
- A6 A company whose shares are traded on the so-called 'pink sheets' is commonly one that does not meet the minimal criteria for capitalization and number of shareholders that are required by the NASDAQ and OTC and most exchanges to be listed there.  
answer: (b) pink
- A7 When a dealer sells or leases a car, he always receives cash, whether it's directly from the customer, or from a finance company or bank who has loaned a customer the money.  
answer: (a) finance
- A8 The odd lot differential of one eighth or one quarter of a point was one of the ways that the odd lot broker made money, but these days there are no odd lot brokers; small stock trades, whether for 50 shares or 100 shares, are handled by computers rather than by people.  
answer: (b) differential
- A9 Like the 401(k), the 12 b-1 fund is named after a section of a federal law — in this case, the Investment Company Act of 1940; the charge is for marketing and distributing the fund — in other words current investors foot the bill to win new investors.  
answer: (b) b
- A10 The cost of debt capital which has already been issued is the rate of interest (the internal rate of return) which equates the current market price with the discounted future cash flow from the security.  
answer: (b) capital

**Asset Ownership**

- A1 An escrow receipt is issued by an approved depository to a clearing corporation on behalf of an investor evidencing ownership of the underlying call, interest, stock or bond; upon assignment, the depository agrees to deliver the underlying property to the clearing corporation against the aggregate assignment value.  
answer: (b) An escrow
- A2 Because accounts receivable is a use of your company's cash, close attention should be paid to the days receivables; when you find that they are greater than your sales terms, the first step in analyzing your problem is to age your accounts receivable by multiples of your terms.  
answer: (c) days
- A3 An income payment' under a guaranteed income bond contract is treated as a full surrender if it is the final benefit under the contract.  
answer: (d) surrender
- A4 To maintain their exposure to JGBs, investors should arrange to enter a market on open order onto the Tokyo Stock Exchange for its morning session the following business day; as we close positions against the TSE's opening price, using such an order will ensure that there is no loss of price exposure from this procedure.  
answer: (b) on
- A5 High credit is defined as the maximum amount of all loans an individual can have outstanding at one time, beyond which a lender is unwilling to provide additional loans.  
answer: (b) High
- A6 The candlestick techniques we use today originated in the style of technical charting used by the Japanese over 100 years before the West developed the bar and point-and-figure analysis systems; in the 1700s, a Japanese trader in futures discovered that the markets were strongly influenced by the emotions of the traders.  
answer: (a) charting
- A7 The venture division reaches a consensus on whether to pursue the investment further; if the decision is to continue, an investment memorandum is written, summarizing the opportunity and the factors leading to the decision, and if a majority of the subcommittee approves the investment, a commitment is made to the partnership.  
answer: (a) memorandum
- A8 Even if your stock reaches or passes through the limit price, your order may not execute if there are orders ahead of yours at the same price: the orders in line ahead of you must be filled first and there may not be enough stock available to fill your order when its turn comes.  
answer: (c) limit
- A9 An investor who buys mortgage-backed securities provides loans to the homebuyer (or business) as a consequence.  
answer: (d) mortgage
- A10 Non-resident aliens are subject to U.S. tax on U.S. sourced income only and are able to claim benefits of tax treaties.  
answer: (a) aliens

**Option Contracts**

- A1 An option holder is an individual who pays a premium for the right to buy or sell the underlying instrument under the terms of an option contract.  
answer: (c) holder
- A2 Traveler's checks are advertised as being 'safer than cash', because the issuers promise to replace them if they're lost or stolen; however, the reality is often more harsh, because if the issuer decides that you've been negligent, it may refuse to pay up.  
answer: (d) Traveler's
- A3 The price to sales ratio takes the current market capitalisation of a company and divides it by the sales it made in the last 12 months (the market capitalisation is the current market value of a company).  
answer: (c) price
- A4 I, Terry Semel, the CEO of Yahoo! Inc, certify that I have reviewed this quarterly report on Form 10-Q of Yahoo! Inc. and based on my knowledge, the financial statements and other information included fairly present the financial condition, results of operations and cash flows of the registrant for the period presented in this report.  
answer: (c) quarterly
- A5 If a defaulter wants to continue to repay the overdue loans, she can do so by converting the overdue amount into a Flexible Loan, which is actually a rescheduled loan, and a borrower can negotiate the repayment plan according to her capacity to pay.  
answer: (c) rescheduled
- A6 By seasonality, we mean cyclical fluctuations: for example, retail sales tend to peak for Christmas and then decline after the holidays, so time series of retail sales will typically show increasing sales from September through December and declining sales in January and February.  
answer: (d) seasonality
- A7 Collateralized Bond Obligations (CBOs) are investment-grade bonds backed by a collection of junk bonds with different levels of risk, called tiers, that are determined by the quality of junk bond involved; CBOs backed by highly risky junk bonds receive higher interest rates than other CBOs.  
answer: (a) Collateralized
- A8 Procter & Gamble Co. said it will buy the Gillette Co. in a stock swap worth \$57 billion, creating the world's largest consumer products company with 21 brands with \$1 billion to \$5 billion each in annual sales; P&G will pay 0.975 P&G shares for each share of Gillette, valuing the stock at a premium of 18 percent.  
answer: (c) swap
- A9 It's the end of the financial year, so you'll need to start getting your receipts and bank statements in order in preparation for filing your tax return.  
answer: (d) return
- A10 Financial Analysis is the examination of a company's financial statements: internal trend analysis is performed to identify how the company's performance has changed over a period of time, and external comparative analysis is conducted to measure the company's performance relative to its competitors.  
answer: (d) trend

*Erosion and Decay*

- A1 A strategy that might reduce the impact of time erosion is the vertical spread: the combined position of one long option and one short option is less susceptible to the effects of time decay.  
answer: (d) vertical
- A2 Apex is a collateralized loan obligation — a derivative security whose underlying instrument is a commercial loan — that LJM2 has with First Union, which since has been acquired by Wachovia Bank.  
answer: (a) a collateralized
- A3 Should the FRB help bail out billionaire hedge fund managers and millionaire traders — the very people who bought the risky mortgages that led to the current market panic? — that, in essence, is the question swirling around Ben S. Bernanke as he confronts the first crisis of his 18 months as Fed chairman.  
answer: (b) Fed
- A4 There are many different ways to own gold, but one of the most popular gold bullion coins is South Africa's Krugerrand; introduced in 1970, it was the world's first gold bullion coin, and is denominated in ounces of pure gold rather than having a face value.  
answer: (c) Krugerrand
- A5 The maximum loss from a market peak to a market nadir, commonly called the maximum drawdown, measures how sustained one's losses can be.  
answer: (a) drawdown
- A6 A Sponsored ADR is a depositary receipt program established at the discretion of the issuer, which selects the depositary; the depositary's role is formalized in accordance with a Deposit Agreement between the depositary bank and an issuer.  
answer: (c) A Sponsored
- A7 This daily updated chart is your resource for tracking the accumulation unit values of the Investment Division of the New York Life Variable Annuity; for more complete performance including average annual total return, please click on the New York Life Variable Annuity Performance Summary.  
answer: (a) accumulation
- A8 NASHVILLE — The state's strong financial situation had Gov. Phil Bredesen looking forward to his annual meetings with New York bond rating agencies on Wednesday; Bredesen said he hopes the agencies will continue to assign Tennessee a positive outlook.  
answer: (c) rating
- A9 HR carbon and HSLA plate imports totalled 530,789 tonnes valued at \$457.4 million; annualizing YTD import volumes would result in an estimated 579,000 tonnes of imports for all of 2004, which would represent an increase of 64 percent over 2003.  
answer: (a) annualizing
- A10 The Securities and Exchange Commission (SEC) has approved the Philippine Stock Exchange Inc.'s (PSE) backdoor listing rules for companies acquiring the listing status of a listed company; the new rules will provide the necessary guidelines for compliance and will take effect on September 28, 2006.  
answer: (a) backdoor

**Bonds**

- A1 Bondholders have a legal priority to the RTA's local tax revenues, above and beyond any commitment the RTA may wish to make with its subareas that no subarea will pay another subareas' debt; if Sound Transit's bond ratio is prudent, that would present only a modest risk to the subareas not benefited by the bonds.  
answer: (b) ratio
- A2 A simple moving average is formed by computing the average (mean) price of a security over a specified number of periods; for example, a 5-day average is calculated by adding the closing prices for the last 5 days and dividing the total by 5.  
answer: (b) moving
- A3 Comprehensive coverage covers damage to your car if it is stolen, or damaged by flood, fire, or animals; it pays to fix your vehicle less the deductible you choose, and to keep your premiums low, select as high a deductible as you feel comfortable paying out of pocket.  
answer: (a) Comprehensive
- A4 Warning signs of a weakening trend that coincide with a weakening of fundamentals supports the perception that a price trend reversal may occur.  
answer: (d) reversal
- A5 ODOT uses a fuel deescalation clause on projects where fuel usage is in excess of 25,100 gallons, establishing a base fuel price and a monthly fuel price: if the monthly fuel price drops to more than 25 % of the base price, the clause creates a downward adjustment of the fuel pay item.  
answer: (d) deescalation
- A6 The Divisions of Corporation Finance and Investment Management of the SEC provide filers with opinions on filings where they believe the filing could be improved or enhanced; these comment letters set forth staff positions on a particular filing only and do not constitute an official expression of the Commission's views.  
answer: (c) comment
- A7 A drawee bank has no recourse if it pays a counterfeit check; it may never send the item back to the bank of first deposit after the 24-hour deadline.  
answer: (a) drawee
- A8 Bonds are 'escrowed to maturity' when the proceeds of the refunding issue are deposited in an account for investment in an amount sufficient to pay the principal of and interest on the issue being refunded on the original interest payment and maturity dates.  
answer: (a) escrowed
- A9 Many bonds permit the borrower to pay off the bond before its stated maturity date; this called bond is generally bad for the bondholder, because the likely reason for the payoff is that interest rates have declined, so the bondholder will not be able to reinvest the proceeds at the same rate as the original bond.  
answer: (a) called
- A10 A financial adviser is a professional who helps clients maximize their net worth by proper asset allocation, using stocks, bonds, mutual funds and insurance products to meet their needs; many receive a commission, although fee-based planning is becoming increasingly popular in the industry.  
answer: (a) adviser

*Trading Authorization*

- A1 Full trading authorization gives a designated person the power to place orders in an account, request disbursements, and/or to make inquiries concerning the account, such as obtaining account balances.  
answer: (a) Full
- A2 A high flyer is high-priced and highly speculative stock that moves up sharply over a short period; a possible example is the stock of unproven high-technology companies.  
answer: (b) flyer
- A3 Issuance of the securities is usually approved in the authorizing resolution, and sale is usually authorized in a separate document, the 'sale' or 'award' resolution; all such resolutions, read together, constitute the bond resolution, which describes the nature of the obligation, the issuer's duties and the issuer's rights.  
answer: (a) bond
- A4 Managed option income mutual funds buy stocks and sell or 'write' options on them, pocketing the payments, or 'premium'; some funds are already yielding 9%-11%, which is awfully attractive in today's low-yield market.  
answer: (b) income
- A5 Economists have for some time recognized that investment expenditures can result in increases in income much larger than the original investment expenditure: this effect has been named the investment multiplier.  
answer: (c) multiplier
- A6 The nature of that rally is going to be extremely important, because if it's just a dead cat bounce, then I would say we were in for real trouble.  
answer: (a) bounce
- A7 The borrower — the person concerned for taking the real estate by paying a part of the total money on a contract basis — is often called the mortgager; s/he then pledges real property to the lender, which is usually put forward in the shape of a security against the debt for the rest of the value of the property.  
answer: (d) mortgager
- A8 Our full-service brokerage services are geared toward the long-term investor: whether it's for retirement, college planning, building wealth, preserving capital or a combination of requirements, we'll help you with a complete wealth management package, including trading, hedging, private equity, research ideas, and restricted stock.  
answer: (c) full-service
- A9 Many investors react to bad news and sell their TSP stock funds after reading a headline or noticing a big drop in the prices of their TSP funds for the previous day, but chasing the market will often result in lowering your overall return as you sell your stock funds at lower prices based on an immediate emotional reaction.  
answer: (a) chasing
- A10 The price to earnings ratio (P/E) is the most widely quoted number when investors attempt to put a value on a share; you will often see something like "Dodgy.com trades at a forward P/E of 10, making it look fully valued," or "Epic! has a trailing P/E of 30, which makes it look cheap in comparison with other companies in the sector."  
answer: (c) price

**Current Assets**

- A1 A final liquidity ratio, the defensive interval, determines how long a company would be able draw on quick assets to meet its day to day expenses; this can be especially useful when evaluating small technology companies or biotechnology companies that may have strong patents but no significant revenue as yet.  
answer: (a) quick
- A2 A contract cannot be rescinded by one party unless both parties can be placed in the same situation and can stand upon the same terms as existed when the contract was made; the most obvious instance of this rule is where one party (by taking possession, etc) has received a benefit from the contract.  
answer: (b) rescinded
- A3 A property can have multiple loans or liens against it; the loan which is registered with county or city registry first is called the first position trust deed, and the lien registered second is called the second mortgage.  
answer: (b) mortgage
- A4 Chartists evolve rules that depend on technical market indicators only; in contrast, fundamentalists evolve rules that only take fundamental indicators into account.  
answer: (a) Chartists
- A5 A Section 408(k) Plan, available only to companies with 25 or fewer employees, permits a maximum contribution of the lesser of 15% of compensation or \$30,000, and employees have the option of taking the employer contribution in cash, but must then pay income tax on it.  
answer: (d) 408(k)
- A6 A digested security is one held by an investor who is likely to hang onto it for a long time.  
answer: (c) A digested
- A7 With the sale of Chrysler complete, DaimlerChrysler will change its stock symbol on Frankfurt and New York exchanges this week; starting Thursday, the automaker's stock ticker will be changed from DCX to DAI on the DAX-30 index of companies in Frankfurt and on the New York Stock Exchange.  
answer: (d) symbol
- A8 The first tax roll prepared for the territory bears the date of October 6, 1800, and the names of only twelve taxable dwellers within the Holland Purchase appear on it; the hamlet cannot have been of much consequence to the collector of taxes, for the total amount he could collect there under that assessment was \$4.55.  
answer: (d) roll
- A9 The cost of equity capital decreases because of globalization for two important reasons: first, the expected return that investors require to invest in equity to compensate them for the risk they bear generally falls, and second, the agency costs that make it harder and more expensive for firms to raise funds become less important.  
answer: (a) capital
- A10 Option grants usually have vesting periods; companies usually set a three to five year period, which means that a grant of 3,000 options with a three year period will give you the right to purchase a thousand shares of the company's stock over each of the next three consecutive years.  
answer: (d) vesting

*The FRB*

- A1 The consensus view at the start of the quarter was that the U.S. economy would slow and the FRB would ease interest rates, but this view shifted gradually toward a neutral Fed bias, and in fact the FRB made no move to increase or decrease rates in the period.  
answer: (a) bias
- A2 "It would be good to have a steady stream of income of three quarters of what I made when I was working," says William Gentry, associate professor of economics at Williams College, "but annuitizing is not the only way to have a financially secure retirement without a company pension or some other type of defined-benefit plan."  
answer: (a) annuitizing
- A3 The development and introduction of Long-term Equity Anticipation Securities by CBOE in 1990 added a whole new range of options possibilities, many suited for conservative stock investors; Index LEAPS let you trade, hedge or invest in the 'entire' stock market or select industry sectors for a time that can be measured in years.  
answer: (c) Anticipation
- A4 Note, however, that the Positive Volume Index is not a contrarian indicator: even though the PVI is supposed to show what the not-so-smart-money is doing, it still trends in the same direction as prices.  
answer: (a) Positive
- A5 Federal Stafford loans, first disbursed July 1, 2006, are fixed-rate, low interest loans available to undergraduate students attending accredited schools at least half time; they are the most common source of college loan funds.  
answer: (d) Stafford
- A6 The Acid-test ratio measures the ability of a company to use its near cash to immediately extinguish its current liabilities; this ratio indicates a firm's capacity to maintain operations as usual with current cash or near cash reserves in bad periods.  
answer: (a) Acid
- A7 Under the backup withholding rules, the business or bank must withhold on a payment if you have given the payer an incorrect or no taxpayer ID number, or if the IRS has notified the payer to start withholding on interest and dividends because you had not reported all of your interest or dividend income in prior years.  
answer: (b) backup
- A8 ABX Air, Inc. acknowledged the receipt of an unsolicited indication of interest from ASTAR Air Cargo Holdings, LLC to acquire all of the outstanding shares of ABX Air for \$7.75 per share in cash; no formal offer has yet been made.  
answer: (c) indication
- A9 During this time, Mizuho Sec. placed a cancel order for the sell order, but because a system irregularity existed that became apparent during such extraordinary circumstances, the order was not processed, and executions continued to be sequentially completed without interruption.  
answer: (a) cancel
- A10 A payment-in-kind security is a bond which pays interest in the form of additional bonds, or preferred stock which pays dividends in the form of additional preferred stock.  
answer: (b) in

## Vehicle Coverage

- A1 Comprehensive insurance covers vehicle damage or loss from fire, theft (except by an employee or member of your household), vandalism, falling or flying objects, malicious mischief, lightning, windstorm, earthquake, hail, impact with animals or missiles, riot, civil commotion, and rising water.  
answer: (b) Comprehensive
- A2 Financial capital is things that have value but do not do anything by themselves; they are used to pay for things because there is always more of it and people always want it.  
answer: (b) Financial
- A3 Back in 1993, the lumber market found itself trading limit up for several days; traders that were short lumber futures at that time were unable to buy back their contracts in order to exit the market.  
answer: (c) up
- A4 In the universe of cyberspace the demand for efficient consumer transactions has lead to the establishment of digital money, an electronic replacement for cash; it has been defined as a series of numbers that have an intrinsic value in some form of currency.  
answer: (a) digital
- A5 The bill of exchange is a written order by the drawer to pay money to the payee; bills of exchange are used primarily in international trade, and are written orders by one person to his bank to pay a specific sum on a specific date sometime in the future.  
answer: (d) drawer
- A6 Your average cost of unds is not an absolute indicator of your bank's profitability, but you can use it to spot unhealthy trends, and if you are able to lower costs compared to prime, you may have an advantage that you can exploit by offering loan prices lower than your competition.  
answer: (a) funds
- A7 Estate planning is the process by which an individual or family arranges the transfer of assets in anticipation of death; it aims to preserve the maximum amount of wealth possible for the intended beneficiaries and flexibility for the individual prior to death.  
answer: (a) Estate
- A8 With a non-revolving credit card, you can make charges just as you would any other credit card, but you have to pay your balance in full every month; the most popular such card is American Express.  
answer: (d) revolving
- A9 The capital markets have recognized the tangible benefits to the State's economy of meeting the infrastructure and educational goals of the program and the University's success in implementing them; a milestone occurred in 2002 with the achievement of the high-grade 'double A' credit-rating category from Moody's for its bonds.  
answer: (a) grade
- A10 An individual policy pension trust is a type of allocated pension plan funding arrangement under which plan trustees purchase individual level premium annuity contracts for each member of the plan.  
answer: (d) policy

*The Growth of Business in Asia*

- A1 The rapid growth in manufacturing and trade in Asia has lead to the rise of domestic companies with sizeable Asia Pacific operations in addition to sales in Europe and the US.  
answer: (d) sizeable
- A2 Many larger Asian companies, namely Chinese, Indian, Japanese, Korean and Taiwanese conglomerates, have become global household names.  
answer: (c) household
- A3 On the other hand, there has also been a surge in foreign direct investment in Asia from European and US multinational companies, as they partner in joint-venture arrangements with Asian firms to access local markets.  
answer: (c) partner
- A4 India's R&D industry continues to expand exponentially, confirming India's dominance in the software, technology and business process outsourcing (BPO) arena and expects to control 51% of the global outsourcing market for software and back-office services by 2008.  
answer: (c) exponentially
- A5 Meanwhile, China pales in comparison with only 4.9% of the outsourcing market.  
answer: (c) pales
- A6 The intricacies of China's regulations drive many foreign businesses to base their regional treasuries in Singapore or Hong Kong, while Malaysia and China are looking to attract companies to set up onshore SSCs.  
answer: (b) intricacies
- A7 Interaction with local banks in Asia is unavoidable, but some local banks are not able to send Swift messages such as the MT940 or the MT942 and this can make it difficult to obtain good visibility of cash flows and account balances.  
answer: (d) visibility
- A8 However, this is becoming increasingly rare as local Asian banks are rapidly adopting foreign bank standards; especially, with foreign banks buying into local banks, the transfer of technology is homogenizing standards, albeit within each country.  
answer: (b) homogenizing
- A9 Meanwhile, global banks are aggressively staking their claim in the Asian financial markets; they are lobbying for central banks to introduce standardised regulations.  
answer: (c) staking
- A10 According to Clinton Lee, regional advisor and director at ABN AMRO's Transaction Banking, a common denominator among most Asian countries is their absorption rate of newer technologies to accelerate the pace of organisational change.  
answer: (a) denominator

*Communications Problems in Disasters*

- A1 One of the most consistent observations about disasters is that communication is inadequate; an in-depth 1986 study suggests that this is a continuing problem.  
answer: (c) continuing
- A2 One crucial type of information that needs to be shared is that related to a determination of the priority of needed disaster countermeasures and, therefore, resource allocation.  
answer: (b) allocation
- A3 Research on disasters suggests that many communications problems are 'people' problems, rather than equipment problems; communication equipment may be in short supply, but more often than not a physical means of communication is available.  
answer: (d) supply
- A4 Examples of 'people' problems in communication include the 'Robinson Crusoe syndrome', or 'we're the only ones on this island'.  
answer: (d) Robinson Crusoe
- A5 Organizations are accustomed to operating autonomously and fail to change this approach in disasters where multiple organizations are involved and are dependent on one another; each person gives priority to the information needs of his own organization rather than that of the overall response effort.  
answer: (d) autonomously
- A6 Terminology and procedures used to exchange information vary among different organizations; there is a hesitancy to depend on other organizations, often due to lack of trust or familiarity, or due to political, jurisdictional, and personal disputes.  
answer: (a) disputes
- A7 The importance of pre-disaster contact helps to explain a seemingly paradoxical observation made in a number of disasters, that smaller communities with fewer resources tended to coordinate their disaster responses better than larger, more urban areas.  
answer: (a) paradoxical
- A8 Unfortunately, the urgency of the disaster situation often precludes the time necessary to exchange preliminary information on-the-spot.  
answer: (b) precludes
- A9 The result is that, unless preliminary contact has been addressed before the disaster, there is a reluctance to depend on the activities of other organizations and a failure to coordinate and communicate with them.  
answer: (b) reluctance
- A10 When one is dependent on other team members, particularly in life-threatening situations, he needs to feel confident in their competence and reliability, and developing this level of trust often requires pre-incident contact over a period of time.  
answer: (d) threatening

*Electronic Commerce (2)*

- A1 Electronic commerce is an emerging model of new selling and merchandising tools in which buyers are able to participate in all phases of a purchase decision, while stepping through those processes electronically rather than in a physical store or by phone (with a physical catalog).  
answer: (a) stepping
- A2 Electronic commerce is coming of age: electronic sales in a recent quarter are double those of the entire previous year.  
answer: (a) of age
- A3 In some instances, companies create electronic-commerce capabilities out of a fear of falling behind competitors or as a result of the general momentum to expand the use of an existing Internet presence.  
answer: (a) momentum
- A4 But the primary value proposition is the prospect of increased revenue from new markets and creation of new, lower-cost, electronic-distribution channels.  
answer: (d) prospect
- A5 From a customer's perspective, the purpose of an electronic-commerce system is to enable that customer to locate and purchase a desired good or service over the Internet when the customer is interested in making the purchase; its function is no more or less than providing a virtual store.  
answer: (d) virtual
- A6 From a merchant's perspective, the key function of an electronic-commerce system is to generate higher revenues than the merchant would achieve without the system.  
answer: (d) without
- A7 The benefits to the service provider of hosting electronic-commerce services include enablement revenue for helping clients develop electronic-commerce offerings (Web sites, catalogs, storefronts) for the customer's hosted offering.  
answer: (a) enablement
- A8 In this scenario, the home shopper still needs Internet access and an access device, but the service provider could provide any or all of the remaining components on behalf of the merchant.  
answer: (b) device
- A9 The electronic-commerce platform chosen by the service provider must support a variety of tasks: the creation of a standard environment for storefronts and advertising sites, the provision of a secure transaction environment, the authorization of credit and clear payments, and the provision of billing systems.  
answer: (b) clear
- A10 Many small- and medium-sized businesses are struggling with the high cost of entry to electronic commerce: creating a complete on-line selling environment can require considerable time, money, and technical expertise.  
answer: (d) entry

*IT Project Failures*

- A1 According to M Bronte-Stewart, IT projects have a bad reputation for going over budget and schedule, not realising expectations and for providing poor return on investment (Clegg et al, 1997; Keil et al, 1998; Fielding, 2002; The Register, 2002; Jaques, 2004).  
answer: (d) realising
- A2 Planning and organising projects, selecting suitable software and hardware, and designing effective websites are important business decisions, yet firms often do not take adequate precautions or advice before making leaps of faith, spending large sums of money on inappropriate, unwanted or badly implemented IT systems.  
answer: (c) leaps
- A3 Many large IT systems contracts are in dispute or have been suspended: a project to replace the British Army, Navy and Air Force inventory systems with a single system was brought to a halt after 130m had been spent.  
answer: (a) brought
- A4 The more IT projects are seen to go wrong, the more the public learns to expect problems and delays, the more developers may think that much of their work is likely to be a waste of effort, and the more those holding the purse strings may view any IT project as a worry and probably a poor return on investment.  
answer: (c) purse
- A5 IT staff can become cynical, lose goodwill and fail to accept or follow the advice of managers: for all these reasons we should be looking for ways to reduce the incidence and effects of failure.  
answer: (a) cynical
- A6 The OASIG (1996), a DTI-supported special interest group concerned with the organisational aspects of IT, interviewed a group of leading researchers and consultants who between them had over 900 years of professional work in the field, and were drawing on the experiences of over 14,000 organisations.  
answer: (c) drawing
- A7 The report to the UK's Economic and Social Research Council published the following disturbing findings on the eventual outcomes of IT projects: 80% to 90% do not meet their goals, 80% are delivered late and over budget, and 40% fail or are abandoned.  
answer: (d) disturbing
- A8 The report went on to suggest some of the main reasons why IT projects seem to fail; one is that the Management agenda is too limited in that most IT investments are technology led and the main investment motive is only to cut costs.  
answer: (d) led
- A9 It is alarming that significant numbers of IT projects still fail to deliver benefits on time, within budget and to expectations; a great deal of the 24 billion or so being spent on IT each year in the UK (BCS 2004) is being wasted.  
answer: (c) to
- A10 One way to improve this situation is to carry out a risk estimation exercise that gives a standardised template, so that the process can be discussed and focussed on important characteristics; results can be compared and users can build up an expertise of experience in evaluating projects' potential for success.  
answer: (d) template

*Enterprise Resource Planning*

- A1 David Caruso, director of enterprise applications research for AMR Research Inc, explains that although pundits, vendors, and buyers alike frequently invoke the concept, ERP backbone is likely one of the most misunderstood terms in the software industry.  
answer: (d) invoke
- A2 In general, people view ERP backbone in one of two ways: in terms of the applications included in the suite, or as the system's underlying architecture or plumbing; both views have merit, but current development activity indicates a trend toward the latter model as the dominant theme over the long term.  
answer: (c) plumbing
- A3 During the past several years, many buyers have made system selections to reduce overall systems ownership costs: they standardize on a single technical platform to ease the maintenance burden and reduce required modifications.  
answer: (a) burden
- A4 Typically, these systems will form a shared services model that a corporation will deploy consistently across the organization, but beyond the shared services, many site-specific requirements become evident as CIOs analyze the unique requirements of manufacturing plants and the disparity of their information system needs.  
answer: (b) disparity
- A5 Most organizations would prefer to purchase all business applications from a single provider, but the fact of the matter is that many of them must look beyond the offerings of ERP vendors.  
answer: (b) fact
- A6 Frequently, global organizations must integrate successful plant-level ERP systems, localized applications such as payroll systems tailored to a country's specific legal requirements, and complex problem-solving systems such as advanced planning systems.  
answer: (c) tailored
- A7 Also, additional third-party applications for specialized needs such as transportation, distribution, and scheduling are common; integrating applications in this way, of course, is called building a 'best-of-breed' solution.  
answer: (c) breed
- A8 As an alternative to the single vendor, some companies will consider their business application requirements on a piece-by-piece basis.  
answer: (c) piece-by-piece
- A9 In any case, the overarching theme is to select the strongest application or best functional fit for how a business manager might want to run a given business function or process.  
answer: (a) overarching
- A10 For IT managers, the quest for the best solution is analogous to a search for the Holy Sepulchre.  
answer: (d) Sepulchre

**No Free Lunch**

- A1 The most important principle upon which to premise an investment philosophy is to recognize that there is no free lunch — all investing involves trade-offs; for every perceived reward, there is some associated risk, whether perceived or not.  
answer: (d) philosophy
- A2 The Dow Jones Industrial Average is a price-weighted index of 30 blue chip stocks.  
answer: (d) weighted
- A3 A limit-on-close order is a type of limit order to buy or sell shares near the market close only if the closing price is trading better than the limit price.  
answer: (c) on
- A4 If you have defaulted on a debt in the past and you have either reached a compromise with a creditor to settle your debt, or the creditor has deemed the debt to be non-collectable and has stopped attempts to recover, you may receive a Cancellation of Debt (1099-C) form from the IRS.  
answer: (a) a Cancellation
- A5 Rescission is an equitable remedy that wipes out the existing contract and restores the parties to their prior situation; it can occur as a result of innocent or fraudulent representation, mutual mistake, lack of legal capacity, an impossibility to perform a contract not contemplated by the parties, or duress and undue influence.  
answer: (c) Rescission
- A6 Starting from the spot month to the most distant month option series of the same underlying strike price and call/put type, if the fixing price is smaller than or equal to the fixing price of the preceding option series, it will be adjusted to a value not lower than the fixing price of that series.  
answer: (a) distant
- A7 This Plan provides for the issuance of non-statutory stock options which are not intended to qualify as 'incentive stock options' within the meaning of Section 422 of the Internal Revenue Code of 1986; it is an employment incentive for persons of experience and ability and whose services are considered valuable.  
answer: (c) statutory
- A8 April 1996 amendments to Regulation T of the Board of Governors of the Federal Reserve System delegated authority to option exchanges to set option margin requirements in their rules, provided such rules are approved by the Securities and Exchange Commission.  
answer: (d) margin
- A9 The market portfolio concept is important in a variety of financial theories, including Modern Portfolio Theory (MPT); according to the MPT, investors should concentrate on choosing portfolios based on overall risk-reward concepts, rather than focusing on the attractiveness of individual securities.  
answer: (c) market
- A10 To calculate the quick ratio, take the current assets and subtract the inventory; what you are left with are the items that can be converted into cash immediately; then, divide the result by the current liabilities.  
answer: (c) quick

*Stock Priority*

- A1 Second-preferred stock is a preferred stock issue that has less priority in claiming dividends and assets in liquidation than another issue of preferred stock.  
answer: (a) Second
- A2 Diluted earnings per share were calculated according to IAS 33.24 by dividing net income by the average number of shares outstanding, less treasury stock and include the effect of outstanding options, taking into account the share price at the balance sheet date.  
answer: (c) Diluted
- A3 In order to become a stockbroker, a person must pass the General Securities Representative Exam (also known as the 'series 7 exam').  
answer: (d) stockbroker
- A4 The standard U.S. individual tax return is Form 1040, and U.S. citizens and residents who realize gross income in excess of a specified amount (adjusted annually for inflation) are required by law to file Federal income tax returns (and pay remaining income taxes if applicable).  
answer: (c) individual
- A5 The net book value of an asset will never fall below the salvage value (the estimated value of the asset at the end of its useful life), meaning that once an asset is fully depreciated, no further expenses will be taken during its life.  
answer: (b) depreciated
- A6 A trend line is a straight line that connects two prominent peaks or troughs in the price action of an underlying tradable; no other price action must penetrate the line between the two start points, and in this way it marks a support or resistance area where price has turned and has not been violated.  
answer: (d) trend line
- A7 So-called vetoing stock is between voting and nonvoting stock; its holders may vote only on specific questions or on some corporate matters, but not on the election of the board of directors.  
answer: (c) vetoing
- A8 A Bear CD pays the holder a fraction of any fall in a given market index.  
answer: (a) A Bear
- A9 A CUSIP number, whose system is owned by the American Bankers Association and operated by Standard & Poor's, consists of nine characters and identifies most securities, including stocks of all registered U.S. and Canadian companies, as well as U.S. government and municipal bonds.  
answer: (a) A CUSIP
- A10 MON SEP 10, 2007: The Fed may not touch the fed funds rate out of concern that a cut could feed inflationary pressures and weaken the dollar; instead, Fed policy-makers might offer up more of the same medicine they did on August 17, when they surprised markets by cutting the less-used discount rate.  
answer: (a) funds

## LIFFE

- A1 The London International Financial Futures and Options Exchange (LIFFE, pronounced 'life' as in 'human life', and never 'liff-eee') was the name of a futures exchange based in London, prior to its takeover by Euronext in January 2002; Euronext subsequently merged with the NYSE in April 2007.  
answer: (c) International
- A2 A power of attorney is your legal permission for another adult to act on your behalf; the permission can be granted for a specific, limited purpose and period of time or for much broader purposes (such as handling all of your financial affairs) and an unquantified period of time (such as until your death).  
answer: (c) A power
- A3 From the day the S&P 100 index options started trading on the Chicago Board Options Exchange on March 11, 1983, the new market, now known in the trade by its ticker symbol OEX, became a phenomenon for several reasons: for one, no other options or futures have become so popular in so brief a time.  
answer: (a) S&P 100
- A4 Acquisition cost is the total cost of obtaining a property, equipment or client; when used in reference to a property or equipment it includes incentives, discounts, and closing costs but excludes sales tax, and in terms of obtaining a new client it refers to promotion costs such as list rental fees and direct-mailing.  
answer: (a) Acquisition
- A5 Through backward integration, Midas Touch ensures that customers get their value for money; this practice has been introduced to exercise control over fabric procurement and manufacturing activities, and it also ensures that all Midas Touch products gain a consistent quality and are not delayed in delivery.  
answer: (b) integration
- A6 With aid flowing in from the West, Ukraine is in a position to pay market rates for the Russian natural gas it consumes, President Vladimir Putin said; the politically-driven decision is also good economics, with Ukraine competing with other export routes and consumers for the best deal rather than by courting favors from Moscow.  
answer: (b) market
- A7 The process for a bond swap is as follows: DOA prepares the new replacement bond/note for an amount that equals the current outstanding amount of the EIF loan; several minor changes are made in the original bond/note language to reflect the final loan amount and the replacement of the original bond/note.  
answer: (d) swap
- A8 The Profit & Loss from a long or short option position held to expiration is a function of underlier value at expiration; it can be depicted with a graph, which is called a payoff diagram.  
answer: (a) payoff
- A9 Although most firms have only one type of common stock, in some instances a multiple capital structure is used to meet the special needs of the company; small, new companies seeking funds from outside sources frequently use different types of common stock.  
answer: (d) structure
- A10 David M. Walker, Comptroller General of the United States, is the nation's chief accountability officer and head of the U.S. Government Accountability Office (GAO), whose mission is to help improve the performance and assure the accountability of the federal government for the benefit of the American people.  
answer: (c) Comptroller

*Producing the Goods*

- A1 The Cost of Sales includes costs that can be attributed to producing the goods or providing the services of the entity; these costs may be fixed or variable costs, and disclosure of information about them in conjunction with revenue from the sale of goods provides information about the entity's gross margin.  
answer: (d) Sales
- A2 Our quality and diverse deal flow comes from our community of members — venture capitalists, sponsors, incubators and universities, who invest in investment opportunities that focus on any segment with high growth opportunity; at our meetings, the presenting entrepreneurs have exposure to 100 potential investors.  
answer: (b) deal
- A3 The search for government revenue in fiscally tight times tempts legislators to raise revenue by imposing unusually high excise taxes on cigarettes, liquor, gambling, etc; this type of charge, often called a sin tax, appeals to voters who view it as a way of discouraging consumption of certain objectionable products.  
answer: (c) sin
- A4 The owner's drawing account is considered as more like an expense account, since when you take money out, you charge that account; it is a contra account, working against your owner's equity account — you charge it when you take equity out of your business.  
answer: (b) drawing
- A5 The Estate Tax is a tax on your right to transfer property at your death; it consists of an accounting of everything you own or have certain interests in at the date of death — the fair market value of these items is used, not necessarily what you paid for them or what their values were when you acquired them.  
answer: (d) Estate
- A6 When coupled with a stock's current price, a readily available piece of information, the 52-week high, explains a large portion of the profits from momentum investing; nearness to this figure dominates and improves upon the forecasting power of past returns (both individual and industry returns) for future returns.  
answer: (d) 52-week
- A7 This statement of financial condition was prepared in accordance with accounting principles generally accepted in the US, which require management to make estimates and assumptions that affect the amounts reported in the statement for the period presented; actual results could differ from management's estimates.  
answer: (b) condition
- A8 To compensate for lost income from delinquent taxpayers, county governments offer tax sales at public auctions.  
answer: (d) sales
- A9 The high-low index is calculated by dividing the weekly number of stock highs and lows by the number of total issues traded; a 10-week moving average is applied to smooth out the swings.  
answer: (a) index
- A10 Whether you're searching for buy-to-let or an auctioned repossession, you could find your investment property here; we list houses, flats and apartments all over the UK that can offer potential from full redevelopment through to buy-to-let.  
answer: (b) investment

*Shareholder Liability*

- A1 As a shareholder in a limited company, if it were to become insolvent (equivalent to bankruptcy in the US) you would only be liable to contribute the amount remaining unpaid on the shares (usually zero, as most shares are issued fully paid).  
answer: (a) limited
- A2 The idea of the price-earnings ratio is that it tells you how many years you would have to wait to get your money back on your investment; if, for example: Goodco's current share price is 1.08 and the EPS is 6p, its P/E is 18 — this means that if you buy a share, and its EPS stays at 6p, you will 'get your money back' over 18 years.  
answer: (d) ratio
- A3 The amount of the penalty-free withdrawals that you can take from your IRA varies considerably, depending on which of the three IRS-approved methods you use to calculate the withdrawals; these three methods are 1) the life expectancy method, 2) the amortization method, and 3) the annuity factor method.  
answer: (a) annuity
- A4 A chattel mortgage is a security over movable articles of property held by the lender giving the lender recourse against the property in the event of default by the borrower.  
answer: (b) A chattel
- A5 A nonaccredited investor is a wealthy, sophisticated investor who does not meet SEC net worth requirements but requires less protection because of large financial resources; only 35 such investors can be included per investment.  
answer: (b) A nonaccredited
- A6 The company will want to make sure it has sufficiently reserved shares of equity to compensate and motivate its workforce, but while a large option pool will make it less likely that it runs out of available options, size is taken into account, and can effectively lower the true pre-money valuation.  
answer: (b) pool
- A7 When you're searching for stocks with high dividend yields, one quick check you should always make is to look at the company's payout ratio, which tells you what percentage of earnings management is doling out to shareholders in the form of dividends: if the number is above 75%, consider it a red flag.  
answer: (a) payout
- A8 In Nomura's Equity Research Department, some 60 analysts in Japan follow listed companies, analyzing their corporate value and making judgments regarding their current and future value as investments; other activities include meetings to provide timely information to domestic and foreign institutional investors.  
answer: (b) Research
- A9 We have had a fair number of couples requesting second-to-die insurance to make sure funds are available for a child with special needs for their care and financial security after the death of both parents.  
answer: (c) second
- A10 A quick turn is the purchase and sale of an investment held for only a very brief period of time, such as in day trading, fix-and-flips, contract assigning, and contract flipping.  
answer: (d) turn

*Data Mining*

- A1 Data mining, the extraction of hidden predictive information from large databases, is a powerful new technology with great potential to help companies focus on the most important information in their data warehouses.  
answer: (a) predictive
- A2 Data mining tools estimate future trends and behaviors, allowing businesses to make knowledge-driven decisions.  
answer: (a) driven
- A3 The automated, prospective analyses offered by data mining move beyond the analyses of past events provided by retrospective tools typical of decision support systems.  
answer: (d) retrospective
- A4 Data mining tools can answer business questions that traditionally were too time-consuming to resolve; they scour databases for hidden patterns, finding information that experts may miss because it lies outside their expectations.  
answer: (d) scour
- A5 Data mining derives its name from the similarities between searching for valuable business information in a large database — for example, finding linked products in gigabytes of store scanner data — and mining a mountain for a vein of valuable ore.  
answer: (d) vein
- A6 Both processes require either sifting through an immense amount of material, or intelligently probing it to find exactly where the value resides.  
answer: (b) sifting
- A7 Data mining tools sweep through databases and identify previously hidden patterns like anomalous data that could represent data entry keying errors.  
answer: (c) anomalous
- A8 The technique that is used to perform these feats in data mining is called modeling, and this act of model building is something that people have been doing for a long time, certainly before the advent of computers or data mining technology.  
answer: (b) advent
- A9 If someone told you that he had a good model to predict customer usage, the first thing you might try would be to ask him to apply his model to your customer base, where you already knew the answer.  
answer: (a) base
- A10 With data mining, the best way to accomplish this is by setting aside some of your data in a vault to isolate it from the mining process; once the mining is complete, the results can be tested against the isolated data to confirm the model's validity.  
answer: (d) vault

*Ukraine Banks*

- A1 Dmitry Shishkin of Standard Bank is positive that there will be a resolution to the political stalemate in Ukraine: the two opposing sides, the President and the Parliament, are looking to reach a compromise.  
answer: (c) stalemate
- A2 They are being pushed in that direction not only by the weariness of the people on the streets, but also by businesses that back the respective sides and which are growing increasingly impatient about the possible negative impact on the Ukrainian economy arising from political uncertainty.  
answer: (d) (none)
- A3 A walk to Independence Square in Kiev revealed that sporadic groups of young people on the square (very remotely resembling anything politically motivated) are greatly outnumbered by bustling crowds in the huge modern shopping centre occupying two floors underneath the square.  
answer: (d) bustling
- A4 Not surprisingly, international markets have so far showed remarkable resilience in the face of the political developments in Ukraine, very much to the irritation of many local players who were hoping to make a quick profit on an expected drop in asset prices.  
answer: (b) resilience
- A5 The most likely resolution of the political standoff would be a behind-the-scenes agreement between the President and the ruling coalition, leading to an election approved by the Constitutional Court.  
answer: (c) scenes
- A6 Given the tightness of the sovereign credit (the spread gap between 10-year Ukrainian and Russian CDS is just 5 bps wider than it was prior to the President's decree), there is little attraction in directional trades.  
answer: (d) sovereign
- A7 Ukraine has relatively few Eurobonds, and the bulk of them are issued by banks.  
answer: (a) bulk
- A8 Alfa Bank (Ukraine) is part of the Russian financial and industrial concern Alfa-Group; this Ukrainian bank cannot only rely on the support of its parent company in Russia, but is a rapidly growing and profitable entity in its own right.  
answer: (c) concern
- A9 UkrSibBank is the third-largest bank in Ukraine, with a controlling 51% stake held by BNP Paribas; the remaining 49% belongs to two Ukrainian businessmen, who also hold substantial stakes in the country's metallurgical and chemical industries, the backbone of Ukrainian export.  
answer: (a) backbone
- A10 According to its financial plans for 2007, Ukraine will borrow about US\$1.2bn externally; this has not been done so far as the political turbulence has put these plans on hold.  
answer: (d) turbulence

**A Brief History of DSS**

- A1 Information Systems researchers and technologists have built and investigated Decision Support Systems (DSS) for approximately 40 years; D.J. Power's paper chronicles and explores the developments in DSS from the model-driven DSS in the late 1960s to the implementation of Web-based DSS in the mid-1990s.  
answer: (b) chronicles
- A2 Different people perceive the field of Decision Support Systems from various vantage points and report different accounts of what happened and what was important (cf., Arnott & Pervan, 2005; Eom & Lee, 1990b; McCosh & Correa-Perez, 2006; Power, 2003; Power, 2004a; Silver, 1991).  
answer: (d) vantage
- A3 In retrospect, a major historical turning point was Michael S. Scott Morton's (1967) dissertation field research at Harvard University; Morton's study involved building, implementing and then testing an interactive, model-driven management decision system.  
answer: (d) retrospect
- A4 Fellow Harvard Ph.D. student Andrew McCosh asserts that the concept of decision support systems was first articulated by Scott Morton in February 1964 in a basement office in Sherman Hall, Harvard Business School in a discussion they had about Morton's dissertation.  
answer: (c) articulated
- A5 The pioneering work of Dantzig, Engelbart and Forrester influenced the feasibility of building computerized decision support systems; in the 1960s, they developed the first hypermedia-groupware system called NLS, which provided for on-screen video conferencing and was a forerunner to group decision support systems.  
answer: (d) forerunner
- A6 In 1960, J.C.R. Licklider published his ideas about the future role of multiaccess interactive computing in a paper titled 'Man-Computer Symbiosis'; he saw close man-computer interaction as enhancing both the quality and efficiency of human problem-solving, and his paper provided a guide for computer research to follow.  
answer: (a) Symbiosis
- A7 In 1974, Gordon Davis published his influential text on Management Information Systems; he defined a Management Information System as 'an integrated, man/machine system for providing information to support the operations, management, and decision-making functions in an organization'.  
answer: (c) influential
- A8 In 1979, John Rockart of the Harvard Business School published a ground-breaking article that led to the development of executive information systems (EISs) or executive support systems (ESS); Rockart developed the concept of using information systems to display critical success metrics for managers.  
answer: (a) breaking
- A9 Donovan and Madnick (1977) classified DSS as either institutional or ad hoc: the former supports decisions that are recurring, while the latter supports querying data for one time requests.  
answer: (a) ad hoc
- A10 Finally, Sprague and Carlson's (1982) book 'Building Effective Decision Support Systems' was an important milestone: it further explained the DSS framework of data base, model base and dialog generation and management software, and provided a practical overview of how organizations should build DSS.  
answer: (d) milestone

*Prepaid Cards*

- A1 James Le Brocq of Alliance & Leicester Commercial Bank says that prepaid cards (or stored-value cards) have been in existence for some years, with the US leading the way in finding applications in both the private and public sectors.  
answer: (d) stored
- A2 The European prepaid market is currently only in its infancy, but this is set to change with the number of cards in circulation estimated to grow at over 110% a year for the next four years.  
answer: (c) infancy
- A3 It is predicted that by the end of 2010 the use of prepaid cards across the eurozone will generate 2.3 billion transactions with a 75bn turnover.  
answer: (c) generate
- A4 Prepaid cards represent money on deposit and function in much the same way as conventional debit cards; however, the key difference is that funds are not stored in an account that is directly linked to the card holder, but are loaded onto the card and held at a remote database with a financial services provider.  
answer: (c) loaded
- A5 In this respect there is no actual value stored on the card itself; they do not act as a substitute for cash, so lost or stolen cards can be easily stopped and replaced.  
answer: (c) respect
- A6 Clearly such revolutionary payments technology will have a significant impact on UK corporates, with uses falling into several categories, including expenses, payroll and ad-hoc remittances, as well as customer-based payments such as gifts, refunds and incentives.  
answer: (c) incentives
- A7 In all cases significant benefits accrue.  
answer: (a) accrue
- A8 The advantages of using prepaid cards for employee expense accounts are significant: as well as the general cost savings that are realised in all cases when switching from paper-based payments, employers using prepaid cards can exert significantly more control over expenses.  
answer: (c) exert
- A9 Payments can be ring-fenced by corporate providers, allowing them to limit the scope of where goods and services can be purchased, while a record of all transactions is automatically generated and stored.  
answer: (d) ring-fenced
- A10 Also, employee travel abroad can be easily facilitated as the cards can be loaded with a currency of choice — thus eliminating costs associated with using a debit or credit card outside of its issuing domicile.  
answer: (a) choice

*Object-Oriented Programming Languages*

- A1 Many modern programming languages depend largely or exclusively on the concept of objects: a close syntactic binding of data to the operations that can be performed upon that data.  
answer: (d) syntactic
- A2 In these Object-Oriented languages — C, C#, Java, Eiffel, Smalltalk, Visual Basic.NET, Perl, and many others programmers create classes, each of which defines the behavior and structure of a number of similar objects; then they write code that creates and manipulates objects that are instances of those classes.  
answer: (d) manipulates
- A3 One reason why objects are a powerful programming technique — the reason most often touted in the early literature on Object-Oriented Programming — is that programmatic objects map naturally to real world objects.  
answer: (d) touted
- A4 This mapping between objects in the real world and more abstract code objects encourages programmers to think in the problem domain, rather than in computer science terms.  
answer: (a) abstract
- A5 This benefit has perhaps been overstated, however; unless you're building a simulator of a real-world process, such surrogate 'real-world' objects form just the surface of your system.  
answer: (c) surrogate
- A6 The complexity of your design lies underneath that surface, in code that reflects business rules, resource allocation, algorithms, and other computer science concerns; if you only use objects to reflect the real world, you leave yourself with a lot of work.  
answer: (c) leave
- A7 Coupling refers to the ways in which and degrees to which one part of the system relies on the details of another part: the tighter the coupling, the more changes in one part of the system will ripple throughout the system, while with loose coupling, the interfaces between subsystems are well defined and restricted.  
answer: (b) ripple
- A8 Cohesion refers to the degree in which elements within a subsystem form a single, unified concept, with no excess elements: where it is strong, there is easier comprehension and thus more reliable code.  
answer: (d) Cohesion
- A9 Some Object-Oriented languages are less rigid than others in how much they require you to design around objects, but OO languages certainly support these quality attributes if you take the time to pursue them.  
answer: (a) attributes
- A10 It seems that every new OO language author feels the need to distinguish their language by coming up with new terminology.  
answer: (a) feels

*Optimal Hedging*

- A1 The optimal hedge consists of a position in a single option whose strike price is independent of the level of expense the institution is willing to incur for its hedging program.  
answer: (c) option
- A2 If the journal entries are error-free and were posted properly to the general ledger, the total debit balances should equal the total credit balances, and if they don't, then an error has occurred somewhere in the process; the total of the accounts on the debit and credit side is referred to as the trial balance.  
answer: (d) trial
- A3 A viatical settlement allows you to invest in another person's life insurance policy: you purchase the policy (or part of it) at a price that is less than the death benefit of the policy, and when the seller dies, you collect the death benefit.  
answer: (d) viatical
- A4 Shares of The McClatchy Co. dropped 3.2 percent in trading Monday, falling to a 52-week low; the stock fell 66 cents to \$20.21 in lighter-than-average trading volume, and then it dipped another 6 cents in after-hours trading.  
answer: (c) low
- A5 A Fed pass is a Federal Reserve Board action designed to make more credit available by adding reserves to the banking system.  
answer: (d) pass
- A6 Long market value is the aggregate worth, in dollars, of a group of securities held in a cash or margin brokerage account, calculated using the prior trading day's closing prices of each security in the account; the figure includes most common investment vehicles, but excludes commercial paper, options, annuities and precious metals.  
answer: (c) Long
- A7 Preferred Provider Organization (PPO) plans are the number one choice for millions of Americans: there is freedom of choice among in-network providers, lower out-of-pocket costs (copay only for most in-network office visits) and a strong emphasis on preventive health.  
answer: (d) Provider
- A8 Commodities prices rose across the board in the week that the US Federal Reserve cut interest rates to prop up the domestic economy: crude oil surged to an all-time high and gold hit its highest level in 28 years, while strong demand from China and other developing countries helped boost all commodities.  
answer: (b) board
- A9 Single-stock futures are a way to reap the benefits of a stock's performance without actually owning the stock; one of the advantages they enjoy is that they are cheaper to trade and easier to use for hedging strategies than options.  
answer: (c) Single
- A10 Agilent lived up to the high billing most industry watchers expected in its initial public offering: shares climbed as high as about 50 in morning trading, and yesterday the company raised the price range of the shares coming to the market to \$26 to \$28 per share; the stock priced out at \$30 last night, Merrill Lynch said today.  
answer: (b) out

*Oil Curves*

- A1 "Modest demand growth combined with no significant supply increases has caused oil inventories to decline sharply, creating backwardation in the oil forward curve," said Jeffrey Currie of Goldman Sachs; in such a market, oil for delivery in the near term is more expensive than for later shipment.  
answer: (a) backwardation
- A2 Should securities held in a collective deposit be repaid on the basis of a lottery, the bank shall distribute the drawn securities pro-rata amongst the holders of the securities, whereby it shall ensure that all depositors enjoy an equal treatment.  
answer: (d) drawn
- A3 The Trust provides investors with the opportunity to purchase a security representing a proportionate undivided interest in a portfolio of securities consisting of substantially all of the common stocks, in substantially the same weighting, of the S&P 500 Index, each unit of which is referred to as a Standard & Poor's Depository Receipt.  
answer: (a) Depository
- A4 Many consumers are unaware of the importance of retaining cancelled bank checks, through which account holders have a record of who actually signed the back of the check to redeem its face value; this signature is universally required for resolving countless business transaction disputes.  
answer: (a) cancelled
- A5 When a claimant delays in filing an application for benefits, the antedate provisions may allow the late application to be recognized as having been made earlier than it actually was; the purpose is to allow a claimant to be put in the position he or she would have been in had the delay in filing their claim for benefits not occurred.  
answer: (a) antedate
- A6 The Peer to Patent project allows people to alert the US Patent Office when material is found proving an invention is not new — this pioneering project aimed at improving the quality of patents must be made compulsory if it is to work, according to the project's manager; currently the project is only voluntary.  
answer: (d) compulsory
- A7 The higher the loan amount, the bigger the thud if your loan goes belly up, and reducing the loan-to-value ratio is one way lenders cut their risk; to that end, they generally insist on more than the usual 20 percent down on jumbo loans over \$500,000, requiring you to make at least a 25-percent cash down payment.  
answer: (c) loan-to-value
- A8 If quick growth is necessary, raising money through the sale of stock may provide the best opportunity for fast action; however, wider equity participation implies a dilution of ownership, which may not be acceptable to some business owners.  
answer: (a) a dilution
- A9 The Roanoke Valley ranks consistently lower than the national average, according to the American Chamber of Commerce Researchers Association (ACCRA) Cost of Living Index, which compares groceries, housing, utilities, transportation, health care and miscellaneous goods and services for over 300 urban areas.  
answer: (a) Index
- A10 The US federal income tax system is a 'pay as you go' system: you're required to pay tax over the course of the year rather than waiting until April 15, and the general rule is that you have to pay estimated tax if your withholding doesn't cover 90% of your tax liability.  
answer: (b) estimated

**Futures Contracts**

- A1 CME created the world's first financial futures contracts by introducing futures on seven foreign currencies in May 1972; the original currency contracts included CME British pounds, CME Canadian dollars, CME Deutsche marks, CME French francs, CME Japanese yen, CME Mexican pesos and CME Swiss francs.  
answer: (c) financial
- A2 Capital Cost Allowance may be deducted annually in Canada, which is in no way reflective of the expected useful life of the asset, but is an arbitrary determined amount specified in the Income Tax Act; because it is a deduction from income for tax purposes, CCA acts as a tax shield in the year in which it is claimed.  
answer: (d) shield
- A3 Any purchase where the down payment is less than 20% is considered a high-ratio mortgage, and the mortgage must be insured by the Canada Mortgage and Housing Corporation (CMHC) or Genworth Financial Canada (Genworth).  
answer: (b) ratio
- A4 To vote as a stockholder of record, please click on the vote link above; registered stockholders typically have their shares held in stock certificate form or in book-entry form by IBM's transfer agent, EquiServe Trust Company, N.A.  
answer: (c) of
- A5 A noncompetitive bid is, for a single-price auction, a bid to purchase a stated par amount of securities at the highest yield or discount rate awarded to competitive bidders; for a multiple-price auction, it is a bid to purchase securities at the weighted average yield or discount rate of awards to competitive bidders.  
answer: (b) noncompetitive
- A6 As to Type III securities which are currently defined as securities that "a bank may purchase and sell for its own account subject to a 10 percent limitation, but may neither deal in nor underwrite", the proposal merely redefines it as an investment security that does not qualify as a Type I, II, IV or V security.  
answer: (c) an investment
- A7 A limited discretionary account is an arrangement in which a client has given his/her broker the ability to make certain types of trades without prior consent; such an arrangement is only recommended if the investor has a high degree of trust in the broker's honesty and professional ability.  
answer: (b) discretionary
- A8 In managing a large portfolio with options on different underlying contracts, the volatility risk is of great importance; one tool is a Value at Risk framework to measure and manage that risk, i.e. to estimate a measure in money with a given degree of confidence of how much one can lose from one's portfolio over a given time horizon.  
answer: (d) volatility
- A9 If enough banks and investors become sufficiently reluctant to lend, the 'multiplier effect' will go into reverse: total credit will contract, so bank deposits will contract, so the supply of money will contract, all with the same degree of leverage with which they were initially expanded.  
answer: (d) multiplier
- A10 Option premiums are determined by open outcry in the trading pits of commodity exchanges such as the Chicago Board of Trade, New York Cotton Exchange, Chicago Mercantile Exchange, and the Kansas City Board of Trade.  
answer: (c) premiums

*Financial Records*

- A1 Payroll clerks screen timecards, compute pay by subtracting allotments from gross earnings, close out files when workers retire, resign, or transfer; and advise employees on income tax withholding and other mandatory deductions; finally, they prepare and mail earnings and tax-withholding statements for employees' use in preparing income tax returns.  
answer: (d) Payroll
- A2 The Index of Industrial Production is a fixed-weight measure of the physical output of the nation's factories, mines, and utilities; one of the bigger wildcards in this report is utilities, which can be quite volatile due to swings in the weather.  
answer: (b) Industrial
- A3 Annuity units are the shares you own in variable annuity subaccounts during the period you're receiving income from the annuity; the number is fixed at the time that you buy the income annuity contract, or when you annuitize your deferred variable annuity.  
answer: (d) units
- A4 A tax schedule is a 'statement of supplementary details'; more specifically, it is a form on which you provide information and complete calculations, so that you can transcribe the results onto another form.  
answer: (c) schedule
- A5 The SEC scrapped the so-called quiet period rule, allowing companies poised to sell stock or bonds to promote the securities to investors; the Depression-era rule almost derailed Google Inc.'s \$3.47 billion initial public offering in August after Playboy published an interview with the company's founders.  
answer: (c) quiet
- A6 The NYSE set about clarifying the procedure by which members may acquire securities and pay their employees a commission for reselling them; last week an Exchange committee made ready to listen to the case of any member desiring to engage in the practice politely but correctly called 'secondary distribution'.  
answer: (a) secondary
- A7 The rule is 'one-way': that is, fully diluted earnings per share should exclude those securities whose conversion, exercise, or other contingent issuance would have the effect of increasing the earnings per share amount.  
answer: (a) diluted
- A8 China's central bank Sunday raised the amount banks must set aside in reserves, reducing the money available for lending, in the latest move to rein in the investment boom; the deposit reserve ratio will be raised by 0.5 percentage point to 11 percent starting on May 15, the People's Bank of China said.  
answer: (d) ratio
- A9 The triangle pattern, also called the 'coil', appears in three varieties, ascending, descending, and symmetrical; converging trendlines of support and resistance give all three patterns their distinctive shape, and this occurs, Kahn explains, because "the trading action gets tighter and tighter until the market breaks out with great force."  
answer: (b) triangle
- A10 The CFTC's market surveillance program is intended to preserve the economic functions of futures and option markets by identifying situations that could pose a threat of manipulation and initiating preventive actions.  
answer: (d) surveillance

*Market History*

- A1 On Monday of last week, the Dow Jones Industrial Average hit a record high while declining stocks overwhelmed advancing stocks by a two to one margin; that ominous divergence has never occurred in the past 75 years of market history and as a consequence, we are moving to a full bear market defensive mode.  
answer: (a) bear
- A2 To ensure that seats on the NYSE are used properly, the preparation and approval of an ABC agreement between the brokerage firm that provides the financing for the seat and the employee of the company who purchases the right to use the seat is vital, and it must be meet the qualifications established by the NYSE.  
answer: (b) an ABC
- A3 Trading was halted for more than three hours yesterday at five New York futures and options exchanges because of an electrical short in some damaged cables; to combat the problem, officials at the Commodities Exchange Center improvised a temporary solution, and all five exchanges are expected to open as usual on Monday.  
answer: (b) Commodities
- A4 When a Federal Call occurs traders have a number of days to bring the account balance or margin back to a less leveraged position, or the brokerage will be forced to liquidate positions to an acceptable level.  
answer: (a) Call
- A5 In the next few days, if these news reports have any credibility, I would think that a counter bid would be coming through, but I do not think the Tatas should be in a hurry to raise their offer until we see any real competition — at current valuations, it is fair because without the deal stock, it is worth much less.  
answer: (a) deal
- A6 Price Value of a Basis Point refers to the change in the price of a bond if the yield changes by 1 basis point (0.01%).  
answer: (d) Value
- A7 From time to time a small business, especially one performing contracting services, will be asked to bond his work in advance; simply put, this is a third party obligation promising to pay if a vendor does not fulfill its valid obligations under a contract, a financial guarantee that he will honor the business contract.  
answer: (a) bond
- A8 A judgment in an action to quiet title is binding and conclusive on all persons known or unknown who were parties to the litigation and who have a claim to the property.  
answer: (c) quiet
- A9 At expiry of the contract, the sellers of the future can deliver any bond with this residual maturity at a predetermined price, so only one of the bonds contained in the basket, the cheapest-to-deliver, tends to be chosen.  
answer: (b) cheapest
- A10 Nonbusiness bad debts must be totally worthless to be deductible, becoming worthless when the surrounding facts and circumstances indicate there is no longer any chance the amount owed will be paid.  
answer: (b) bad debts

*The UAE*

- A1 The UAE has gained much media attention lately as a leading marketing and trans-shipment hub for multinational companies serving the Middle East and North Africa.  
answer: (a) attention
- A2 Overall, nearly US\$72.3bn in goods were imported in 2006, most flowing from India, followed by China and Japan.  
answer: (b) flowing
- A3 By year's end, the US expects to claim nearly a 20% share of the UAE's import market.  
answer: (b) claim
- A4 The UAE is a Federal Sovereign State, formed in 1971, consisting of seven emirates — Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Quwain, Fujairah and Ras Al Khaimah — and governed by the Supreme Council of the Federation, which is made up of their seven rulers.  
answer: (b) emirates
- A5 A contracting party to GATT since 1964, the UAE joined the World Trade Organization (WTO) in 1996.  
answer: (c) party
- A6 The main federal legal instruments on investment in the UAE are the Commercial Companies Law and the Trade Agencies Law and these laws contain provisions limiting and regulating the participation of foreign investors in the UAE domestic economy.  
answer: (b) provisions
- A7 Specifically, the Trade Agencies Law designates that importing and distribution activities are reserved for exclusive UAE 'agents'.  
answer: (a) exclusive
- A8 However, a significant portion of trade moves through the UAE's free zones (22 in late 2005) where foreign investors can enjoy 100% ownership, operate in a tax-free environment and be exempt from the licensing, agency, and national majority-ownership obligations that apply in the domestic economy.  
answer: (d) enjoy
- A9 Recently, changes have been made to the scope of the Trade Agency Law and reforms are being actively discussed such as adoption of competition legislation, structural reforms, and further liberalization of the services sector.  
answer: (c) scope
- A10 The financial sector is developing rapidly, in part through the creation of financial free zones such as the Dubai International Financial Center, a financial free zone regulated by Dubai and home now to more than 100 financial services and associated companies.  
answer: (c) home

*Supply Chain Reengineering*

- A1 A supply chain can be defined as a network of autonomous or semiautonomous business entities collectively responsible for procurement, manufacturing and distribution activities associated with one or more families of related products.  
answer: (a) collectively
- A2 Different entities in a supply chain operate subject to different sets of constraints and objectives.  
answer: (c) to
- A3 However, these entities are highly interdependent when it comes to improving performance of the supply chain in terms of objectives such as on-time delivery, quality assurance, and cost minimization.  
answer: (a) assurance
- A4 As a result, performance of any entity in a supply chain depends on the performance of others, and their willingness and ability to coordinate activities within the supply chain.  
answer: (c) willingness
- A5 A global economy and increase in customer expectations regarding cost and service have influenced manufacturers to strive to improve processes within their supply chains, often referred to as supply chain reengineering (Swaminathan, 1996).  
answer: (d) strive
- A6 Supply chain reengineering efforts have the potential to impact performance in a big way.  
answer: (d) way
- A7 Often they are undertaken with only a probabilistic view of the future, and it is essential to perform a detailed risk analysis before adopting a new process.  
answer: (d) probabilistic
- A8 In addition, many times these reengineering efforts are made under politically and emotionally charged circumstances.  
answer: (a) charged
- A9 As a result, decision support tools that can analyze various alternatives can be very useful in impartially quantifying gains and helping the organization make the right decision (Feigin, An, Connors, & Crawford, 1996).  
answer: (a) impartially
- A10 Benchmarking solutions provide insights into current trends but are not prescriptive; this leaves simulation as the only viable platform for detailed analysis for alternative solutions.  
answer: (d) viable

**Global Information Systems**

- A1 An information system can be defined as a set of interrelated components working together to collect, store, retrieve, process, and disseminate information for the purpose of facilitating planning, control, coordination, and decision making in businesses and other organisations (Laudon & Laudon, 1993).  
answer: (d) retrieve
- A2 Therefore, a global information system is an expansion of an information system that operates across geographical and time boundaries.  
answer: (b) boundaries
- A3 In addition, Palvia et al. have also defined the global information system as "a computerised system which supports the business strategy of a multinational organisation and deals with components of the international market as a single market and not as individual markets" (Palvia et al., 1992).  
answer: (c) supports
- A4 In a traditional business information system, the set of interrelated components are usually referred to as hardware, software, data, processes, and people (Shelly, 2001); however, it is necessary to consider a few additional components that are significant to information systems in the global context.  
answer: (a) context
- A5 Functional architecture specifies all business functions covered in a global information system and defines important concepts and relationships among the components (Treese & Stewart, 1998); it is needed to allow flexibility for the development of the system in the future.  
answer: (d) specifies
- A6 In a global environment, computer systems no longer consist of a single large computer servicing an organisation's needs; instead, multiple computers are used to manage and process information, and ideally, the various computers should function and be managed as a single system with the processing distributed across the computers.  
answer: (a) across
- A7 The essential components of network architecture are compatible hardware and software; by analogy with the telephone system — for two households to communicate, they must use telephones that operate on the same electrical principles, with the same cabling system (hardware), and speaking the same language (software).  
answer: (b) analogy
- A8 The design of any network architecture is often based upon the OSI (Open Systems Interconnect) seven-layer network model (Day and Zimmermann, 1983) that was codified by the International Standards Organisation.  
answer: (b) codified
- A9 Groupware technology is technology designed to facilitate the work of groups; this technology can be applied to communicate, cooperate, coordinate, solve problems, compete, or negotiate.  
answer: (d) facilitate
- A10 Although management seems to be a political perspective, the organisation could be in trouble if there is no proper management scheme that oversees the operation of the GIS; global information system management can be seen as the bridge for closing the gaps between the global information system and the global business strategy.  
answer: (a) bridge

*Information Security*

- A1 The US Nuclear Regulatory Commission must protect classified and sensitive unclassified non-safeguards information (SUNSI) related to U.S. government programs for the physical protection and safeguarding of nuclear materials or facilities to ensure that such information is protected against unauthorized disclosure.  
answer: (b) disclosure
- A2 The lowest level of classified information is Confidential; the next higher is Secret, and the highest is Top Secret. Confidential and Secret information will also be either NSI or RD and may be marked C-NSI or S-RD, for example.  
answer: (b) next
- A3 Classified information at the NRC is of two types: National Security Information classified by an Executive Order, whose compromise would cause some degree of damage to national security; and Restricted Data classified by the Atomic Energy Act, whose compromise would assist in the design, manufacture or utilization of nuclear weapons.  
answer: (c) damage
- A4 Some classified material at NRC and at the facilities it regulates is classified by other government agencies, and the NRC is not empowered to declassify such information without the permission of the originating agency.  
answer: (b) empowered
- A5 Access to classified information requires a personnel security clearance (NRC 'Q' or 'L') equal to or higher than the level of information and a need-to-know.  
answer: (b) need
- A6 Procedures for obtaining an NRC facility security clearance for entities regulated by the Commission are contained in 10 CFR Part 95; procedures in 10 CFR Part 25 apply to persons who may require access to classified information related to a license or to a certificate, or to an applicant for a license or certificate.  
answer: (d) entities
- A7 NRC contractors who require access to classified information are subject to security terms and conditions as specified in contractual commitments.  
answer: (b) contractual
- A8 Safeguards Information is a special category of sensitive unclassified information authorized by Section 147 of the Atomic Energy Act to be protected; while SGI is considered to be sensitive unclassified information, its handling and protection more closely resemble the handling of classified Confidential information.  
answer: (d) resemble
- A9 Sensitive unclassified non-safeguards information (SUNSI) is information that is generally not publicly available and encompasses a wide variety of categories (e.g., personnel privacy, attorney-client privilege, confidential source, etc.)  
answer: (b) encompasses
- A10 Information about a licensee's physical protection or material control and accounting program for special nuclear material not otherwise designated as Safeguards Information or classified as National Security Information or Restricted Data is required by 10 CFR 2.390 to be protected in the same manner as commercial or financial information.  
answer: (a) designated

*Turkish Banking*

A1 Last year was a good year for the Turkish economy, which has proven to be resilient against monetary readjustments that in the past would have caused problems; the present government, tied up with the upcoming elections and the EU accession talks, still manages to master inflation rates and maintain economic growth objectives.

answer: (b) accession

A2 Due to ongoing legislative and budgetary efforts, a reassuring International Monetary Fund (IMF) report and a cautious but positive Organization for Economic Co-operation and Development (OECD) report on corporate governance were obtained, according to Paul Wouters of Bener Law Office.

answer: (a) reassuring

A3 Foreign direct investment is improving and on the local financial markets, several new international players have established themselves (amongst others, Fortis and Dexia); these firms import the required energy, knowledge and expertise, new types of financial instruments and will enhance competition and innovation.

answer: (d) players

A4 Such incentives are much needed by the comparatively inexperienced local financial markets (both conventional and Islamic) that — sometimes also hindered by reluctant regulatory bodies — struggle to innovate.

answer: (a) incentives

A5 Dubai Islamic Bank encountered a setback in trying to acquire MNG Bank (transaction value estimated at US\$160m), but Kuwait-based The International Investor (TII) succeeded in taking over Adabank (formerly owned by the UZAN group) for a total of TL45.1m (US\$32m).

answer: (d) setback

A6 Adabank had been seized by the Banking Supervision and Regulation Agency (BDDK) in July 2003 as part of the Imar Bank investigations and was put up for public tender by the Saving and Deposits Insurance Fund (TMSF).

answer: (d) tender

A7 Kuveyt Turk was in the newspapers several times last year with important Murabahah financings; it is rumoured that it will redress its balance sheet and — depending on market conditions — could be a candidate for an IPO in 2008-2009.

answer: (c) redress

A8 In May 2006 Bank Asya conducted probably the most successful IPO in Turkish history: US\$150m raised for 20% of the shares, valuing the bank at US\$800m, with US\$7.5bn offers, making it 50 times oversubscribed.

answer: (d) oversubscribed

A9 Aside from these Participation Banks, a growing number of Islamic finance houses now have a presence in Turkey; institutions such as Amlak Finance, Dubai Bank and the National Bank of Kuwait have established representative offices or formed partnerships in order to take an active role in the development of the sector in Turkey.

answer: (c) presence

A10 In December 2006, the Qatar-based Doha Bank joined the league by officially opening an office in Istanbul; this followed the strategic alliance between Dubai Bank and Turkey's Daruma Corporate Finance to co-operate in structuring, executing and distributing Shariah compliant corporate finance and merchant banking services.

answer: (d) Shariah

*Hedge Fund Operational Risk*

- A1 As of 2006, assets under management of the hedge fund industry totaled US\$1.2 trillion; with this rapid growth in the number and diversity of hedge fund managers, investors must understand the importance of conducting a thorough due diligence assessing the overall merits of a particular manager.  
answer: (b) due
- A2 Mike Rasmussen of Capricorn explains that previously the major focus has been on only understanding the investment strategy; however, increasing inflows of institutional capital and the growing numbers of well-publicised fraud cases has led to sophisticated investors addressing the operational risk behind their investment.  
answer: (a) addressing
- A3 Regulators and investors alike are paying more attention to hedge funds, as this relatively new asset class is growing at a tremendous pace with keen interest from the retail investor to public pension plans.  
answer: (c) keen
- A4 Therefore it is equally important to understand the investment strategy that seeks risk-adjusted returns, as it is to identify the operational risk that negatively exposes your investment.  
answer: (c) exposes
- A5 With the tremendous scope of differing strategies that are currently available, investors need to understand where possible weaknesses such as weak controls, poor providers and lacking internal information may lie: each one of these factors if they are not monitored or resolved can result in a drag on performance.  
answer: (a) drag
- A6 When making an investment decision, you should be well informed on the quality of the hedge fund manager and take comfort that sufficient attention has been given to operational as well as investment issues.  
answer: (a) comfort
- A7 It is important that a hedge fund has a chief operations officer whose dedicated function is to address all operational issues of the hedge fund. the primary reason for this is that the trading manager should be responsible for producing alpha, not the day-to-day running of the business.  
answer: (a) alpha
- A8 It is essential to understand how a hedge fund has established the internal controls that regulate trading; hedge funds with prime brokers, for example, understand the efficiency of 'best execution' practice with straight through processing capabilities to limit manual interaction.  
answer: (c) execution
- A9 Additionally, there needs to be a clear segregation between those responsible for trading and trade reporting, to limit the possibility of trade discrepancies.  
answer: (d) segregation
- A10 With the expanding number of hedge funds and financial opportunities available to investors, understanding the operational risk of any investment must be examined; however, bear in mind that from a universe of 9,000 hedge funds, the top 100 account for nearly two thirds of the entire industry's US\$1.2 trillion in assets.  
answer: (a) bear

*Traffic Estimation and Prediction Systems*

- A1 Intelligent transportation could be seen as a high-tech search for the road less traveled.  
answer: (c) traveled
- A2 It strives for improved traffic flow to ensure safer, quicker, less expensive, and more energy-efficient travel.  
answer: (d) strives
- A3 Many intelligent transportation systems (ITS) are being designed to better manage traffic on frequently used roads to reduce congestion and achieve these goals.  
answer: (a) congestion
- A4 Inside cars, navigational systems with display panels are intended to guide drivers around heavy traffic and help them avoid accidents.  
answer: (b) heavy
- A5 Traffic management technologies are designed to communicate with drivers on busy interstate highways through navigational systems and variable message signs.  
answer: (a) variable
- A6 The Federal Highway Administration (FHWA) initiated a Dynamic Traffic Assignment (DTA) research project to develop advanced software tools that will be used to address complex traffic control and management issues in the information-based, dynamic ITS environment.  
answer: (a) initiated
- A7 Under the DTA project, ORNL's Energy Division, along with researchers at both the University of Texas at Austin and MIT, are developing real-time Traffic Estimation and Prediction System (TrEPS) software tools; the goal is to help traffic management centers (TMCs) anticipate and avert traffic problems.  
answer: (a) avert
- A8 TrEPS uses traffic surveillance data in conjunction with advanced traffic models to estimate and predict traffic network conditions and to generate guidance for travelers.  
answer: (b) conjunction
- A9 "The typical operations of traffic management centers tend to be relatively reactive in nature," says Bill Kn, ORNL program manager for intelligent transportation systems at the National Transportation Research Center (NTRC).  
answer: (c) nature
- A10 "Using real-time traffic data from road sensors monitoring the number of cars and their speed, TrEPS predicts traffic conditions in the near future; thus, it could help TMCs become more proactive by alerting them to control measures that lead to poor traffic flow."  
answer: (c) lead

*The Risks of Technology*

- A1 Technology has given us constant, real-time access to vast amounts of data; it has powered the capital markets to extraordinary heights (and depths) and made ordinary products, such as phones, cameras, televisions and computers, do extraordinary things.  
answer: (a) powered
- A2 Yet, warns Bruce Lynn of The Financial Executives Consulting Group, there is a darker, riskier side to technology: did it contribute to the dotcom debacle?  
answer: (a) debacle
- A3 And what about its role in the ongoing meltdown of the mortgage-backed securities markets now (2007) affecting the US, Germany and France?  
answer: (c) meltdown
- A4 Treasury professionals spend many hours making cash, debt or investing decisions by setting various control limits and using the latest tenets of portfolio management.  
answer: (d) tenets
- A5 It is possible that treasury's ability to perform these tasks in the future is being jeopardised by the very tool being used to reach those decisions, namely technology.  
answer: (b) jeopardised
- A6 Does the use of more technology 'black boxes' simply shift risk from one area (market or credit risk) to another (operations) because some systems do not play well with others or because IT resources to fix these issues become available only after a problem is discovered?  
answer: (a) black
- A7 Are the tools we use (i.e. technology) really to blame or does the fault lie with the tool's operator because what is being produced does not address the issue at hand?  
answer: (a) at
- A8 The various systems vendors would have you believe that more technology is better; every treasurer is promised that s/he will be able to call up large amounts of data from the company's servers or data warehouses, analyse it, and then distribute reports via email around the world before anyone's coffee becomes cold.  
answer: (b) coffee
- A9 What appears to be forgotten in the pursuit of technology is the issue of the 'weakest link': not all systems will be up to date all of the time, they speak different 'languages', and they may be missing data and/or contain errors.  
answer: (d) weakest
- A10 In this age of web-based, real-time information, the combination of new systems with old can create unacceptable levels of operating risk, especially for senior managers responsible for certifying that their company has well-established financial controls, that they have examined them and that they work.  
answer: (d) work

*Risk in the FX Market*

- A1 The average volume in FX markets is around US\$2 trillion, which poses a formidable challenge to developing and maintaining robust cross border currency settlement process; a robust cross-currency settlement process is therefore a need of the day.  
answer: (b) a formidable
- A2 The Group of 10 (G-10) have identified issues in the riskless settlement of cross-border and multi-currency FX transactions, and thanks to their efforts, efficient settlement systems have since evolved that today try to address specific FX risks by incorporating risk mitigation processes.  
answer: (d) mitigation
- A3 These provide a comfort level to the participants in global FX markets, according to K. Shivram and G. Ramaswamy of Cognizant Technology Solutions.  
answer: (b) comfort
- A4 FX trading and settlement poses many forms of risk, but it is the settlement risk that most needs to be addressed: the dollars involved in settlement risk are huge, a large bank having almost three times the exposure to settlement risk that it has to credit risk.  
answer: (d) exposure
- A5 FX settlement risk clearly has a credit risk dimension: whenever a party cannot make its payment of the currency it sold conditional upon its final receipt of the currency it bought, it faces the possibility of losing the full principal value involved in the transaction.  
answer: (a) dimension
- A6 FX settlement risk also includes a liquidity risk: if a party does not receive the currency it purchased when it is due, it would need to cover and finance this shortfall until its counterparty honored its obligation.  
answer: (b) honored
- A7 The FX market is also unique in comparison to other financial markets in that it is a 24-hour market.  
answer: (d) that
- A8 The final settlement of a currency is effected in the financial centre of that currency's home country; for instance the final settlement of the US dollars happens in New York as the final settlement of pounds sterling happens in London.  
answer: (c) effected
- A9 Differing time zones, market open and close timings, and settlement deadlines in various geographies emanate another risk called the Herstatt risk.  
answer: (b) emanate
- A10 Due to time zone differences, several hours can elapse between a payment being made in one currency and the offsetting payment being made in another currency, and between these times, a counterparty may have paid in funds, before it receives funds the counterparty defaults.  
answer: (a) elapse

*IFRS Adoption*

- A1 According to Richard Keys of PwC, the second wave of International Financial Reporting Standards (IFRS) has two facets.  
answer: (b) facets
- A2 The first is the new troop of countries that are adopting these international accounting standards, following in the footsteps of Europe and Australia in 2005.  
answer: (c) footsteps
- A3 The second is the new and revised collection of standards that will be implemented in 2009.  
answer: (b) implemented
- A4 IFRS has already become the de facto international language of accounting.  
answer: (a) de facto
- A5 International Financial Reporting Standards are already the basis for accounting in over 100 countries worldwide and the International Accounting Standards Board (IASB) anticipates this total will increase to 150 by 2011.  
answer: (a) anticipates
- A6 Relatively recently, we have heard announcements that countries such as Canada, Korea, Japan and India will adopt full IFRS by 2011; China too is riding the IFRS wave and is committed to convergence with IFRS.  
answer: (c) riding
- A7 The Ministry of Finance has undertaken an extensive project along this road, culminating in the adoption of new Chinese accounting standards that bring about substantial convergence with IFRS, and further work on full convergence continues.  
answer: (d) culminating
- A8 These moves have exerted significant pressure for change on the US market.  
answer: (b) exerted
- A9 Within the last few months, the SEC has been consulting about removing the requirement for foreign entities listed in the US to reconcile their IFRS accounts to US GAAP; by 2009 and possibly earlier, most expect full IFRS to be acceptable in the US without the need for this costly process.  
answer: (d) reconcile
- A10 The SEC has also sought views on whether to give US companies the option of using IFRS instead of US GAAP, and it is probably only a matter of time until this idea becomes a reality.  
answer: (c) matter

### Converting Free Reserves

- A1 Bonus shares are issued to the existing shareholders by converting free reserves or share premium account to equity capital without taking any consideration from investors; as a result, liquidity in the stock increases, and Effective Earnings per share, Book Value and other per share values stand reduced.  
answer: (b) Bonus
- A2 The Times has learnt that NTL, the US-listed \$5.64 billion cable operator, has held talks with City financiers; it has been persuaded by UK bankers of the benefits of a secondary listing on the London exchange after its expected merger with Telewest.  
answer: (a) secondary
- A3 First take the ending balance on your bank statement, then enter all of your outstanding checks and deposits; if your register matches the calculated amount, your checkbook is balanced.  
answer: (b) checkbook
- A4 In any period, cash used in financing activities related to common stock repurchased may differ from the comparable change in stockholders' equity, reflecting timing differences between the recognition of share repurchase transactions and their settlement for cash.  
answer: (b) equity
- A5 We will automatically increase the face amount of insurance under this policy from time to time to reflect increases in the Consumer Price Index (CPI); we will not require evidence of the insured person's insurability for these increases, but the increases will be subject to the terms of this cost-of-living rider.  
answer: (c) rider
- A6 Supposedly, top-bracket tax breaks will result in more jobs being created, higher wages for the average worker, and an overall upturn in our economy — this is at the heart of the infamous trickle-down theory.  
answer: (d) trickle
- A7 When a dealer bank purchases Treasury securities in a quarterly Treasury bond auction, it acts as underwriter and distributor; the securities are held in the bank's trading account assets portfolio, and often resold to other banks, and to private investors.  
answer: (b) a dealer
- A8 On the surface, ethical investing seems a no-brainer for anyone with a modicum of social conscience: "We won't invest in companies that sell tobacco products, or firms that use nuclear power," explains David Shuttleworth, vice president of marketing and sales for Canada's largest family of 'green' mutual funds.  
answer: (b) ethical
- A9 A business can realize a financial leverage gain by making more EBIT (earnings before interest and income tax) on the amount borrowed than the interest on the debt.  
answer: (c) leverage
- A10 Some managers of big portfolios, having sold their losers and taken profits in a few winners, are busy rotating into sectors that they think will star next year — but are any of these stocks attractive to individual investors who care only about profits and not dressing up a portfolio to impress a client?  
answer: (c) up

*Orderly Market Development*

- A1 There can be no assurance as to the prices at which our common stock will trade, if any trading market develops at all; until an orderly market develops in our stock, the price at which such trades may fluctuate significantly and may be lower or higher than the price that would be expected for a fully distributed issue.  
answer: (b) distributed
- A2 Most states and many local governments offer industrial revenue bonds as a way to encourage relocations and expansions of companies that provide good jobs and expand economic opportunities for residents and the community; an IRB is a loan to a company to build or buy a facility or buy land and/or equipment.  
answer: (d) revenue
- A3 When a local or state government has a need for financial support between today and the issuing of a long term bond, the anticipation note helps to fill in the gap; essentially, it is a short term bond that is designed to provide recognition of some sort of debt obligation currently coming due.  
answer: (a) anticipation
- A4 The incremental performance gains now achieved by regularly doubling the number of transistors on a chip, such as a desktop microprocessor, aren't as significant as they used to be: this is the law of diminishing marginal returns, an economic law that states the marginal return on a unit of input decreases as more inputs are added.  
answer: (c) diminishing
- A5 Using market data from 1934 to 1972 and analyzing returns at various levels of predictive ability, results show that to perform better than simply remaining fully invested in stocks, one must be able to predict the market with at least 83% accuracy, an ability extremely difficult for even the best market timer to sustain.  
answer: (c) timer
- A6 The LSE launched techMARK, an attempt to lure high-tech startups to list their shares in the UK rather in the US's Nasdaq or Germany's Neuer Markt; participants aren't limited to online companies, but originate from such sectors as biotechnology and semiconductors as well as software, Internet and fibre-optics.  
answer: (a) high-tech
- A7 The loan should be reclassified from an account receivable to a note receivable in PGE's books, and if payment of the loan does not appear probable within a year, the loan should be reclassified as a noncurrent asset in FERC Account 123, Investment in associated companies.  
answer: (d) a noncurrent
- A8 Book inventory is shown on the financial records and is computed from the initial inventory plus purchases less requisitions or withdrawals; it typically differs from the physical inventory on hand due to shrinkage (loss caused by such factors as evaporation and thefts).  
answer: (b) Book
- A9 The Accelerated Cost Recovery System as a method of asset depreciation was unique in three ways: property class lives were established, calculations were based on an estimated salvage value of zero, and shorter recovery periods were used, resulting in an accelerated write off of capital costs.  
answer: (b) Recovery
- A10 Do you balance your checkbook each month? — banks CAN make mistakes, but even more likely is that you'll make a math error in your checkbook register.  
answer: (b) register

## IPOs

- A1 Initial public offerings (IPOs) are primary distributions by companies that were not publicly traded prior to the offering.  
answer: (d) distributions
- A2 The dollar amount of a depository institution's reserve requirement is determined by applying the reserve ratios specified in the Federal Reserve Board's Regulation D to an institution's reservable liabilities.  
answer: (d) requirement
- A3 In order to create a candlestick chart, you must have a data set that contains open, high, low and close values for each time period you want to display; the hollow or filled portion is called the 'body', while the long thin lines above and below the body represent the high/low range and are called 'shadows' (or 'wicks' and 'tails').  
answer: (a) candlestick
- A4 Workers in single-employer plans who switch employers end up with smaller retirement checks because their pension from the first employer is frozen and they must start over earning retirement benefits.  
answer: (c) single
- A5 Condemnation is the process of taking private property for public use through the power of eminent domain; when private property is taken by the government, the owner is entitled to receive just compensation.  
answer: (b) Condemnation
- A6 A tax swap is an investment strategy designed to allow you to take a tax loss in your portfolio while at the same time adjusting factors such as credit quality, maturity, etc. to better meet your current needs and the outlook of the market.  
answer: (c) swap
- A7 A transaction is dilutive if it increases the number of shares outstanding for a corporation, and for this reason, a transaction is also said to be so if it reduces earnings per share, since the denominator of this ratio is the number of shares outstanding.  
answer: (a) dilutive
- A8 Even though the mutual fund investor is not legally bound, a voluntary accumulation plan may have some requirements, such as a minimum number of purchases per year or a minimum annual investment amount; the investor should be aware of this, and decide whether an open account might be more suitable.  
answer: (d) a voluntary
- A9 Investors must ask, "What am I paying for and what should I expect in return as a Genentech shareholder?"; I believe that most prudent long-term investors will conclude that they're paying for a great company, but one that's so fully valued it won't deliver the kind of returns that will make its considerable risks worthwhile.  
answer: (b) fully
- A10 MidAmerica Commodity Exchange, founded in 1868, is the fourth-largest in the US, providing futures contracts, mostly in agricultural products such as pigs, oats and soya beans, and also in precious metals and some financial products.  
answer: (a) Commodity

*Printing Money*

- A1 Most of the federal debt is owed to Americans, and virtually all of it is in dollars, which means that it can be paid off or bought back by the simple device of printing money or, in more sophisticated fashion, open-market operations of the Federal Reserve.  
answer: (b) debt
- A2 While discussing President Ford's WIN (Whip Inflation Now) proposal for tax increases, I supposedly grabbed my napkin and a pen and sketched a curve on the napkin illustrating the trade-off between tax rates and tax revenues, so Jude Wanniski named the trade-off 'The Laffer Curve'.  
answer: (c) Laffer
- A3 CSC, Inc is the 23rd company currently authorized to act as a counterparty to the FRBNY in its open market operations; "Becoming a primary dealer for the Federal Reserve is a complementary extension of Countrywide's emergence as a provider of diverse financial services," said Ron Kripalani, President.  
answer: (c) a primary
- A4 The Standard Industrial Classification has been replaced by the new NAICS, but several data sets are still available with SIC-based data; both SIC and NAICS classify establishments by their primary type of activity.  
answer: (b) Standard
- A5 In securities markets, an active account with a broker shows frequent purchases and sales; such accounts generate commissions (which are charged on purchases as well as sales), and thus they are usually given preferential treatment in differentials on rate of interest charged, for example, on debit balances.  
answer: (a) an active
- A6 Since the investment value of a convertible bond (the value of the bond without the conversion feature) is embedded and is a component of the total market value of the convertible, changes in fixed income determinants may not directly affect its market price.  
answer: (b) investment
- A7 If a business determines that, on the average, 3% of its accounts receivable becomes worthless during the taxable year, the business may deduct 3% and add this amount to its bad debt reserve; however, the Tax Reform Act of 1986 repealed this method for all businesses except certain financial and thrift institutions.  
answer: (d) reserve
- A8 If you're in today's 28% or 31% tax brackets, a muni fund will let you keep more income than a comparable taxable investment, and if you live in a high-tax locale like California, a single-state fund that holds only bonds issued in your state may be an even better choice, provided you understand the risks.  
answer: (d) muni
- A9 The capacity utilization rate represents the percentage of the economy's total plant and equipment that is currently in production; usually, a decrease in this percentage signals an economic slowdown, while an increase signals economic expansion.  
answer: (a) capacity
- A10 The peace dividend is a political slogan popularized by George H.W. Bush and Margaret Thatcher in the early 1990s, purporting to describe the economic benefit of a decrease in defense spending; the term was frequently used at the end of the Cold War, when many Western nations significantly cut military spending.  
answer: (d) peace

*Interest in Common*

- A1 A condominium is an estate in real property consisting of an undivided interest in common in portions of a parcel of real property together with a separate interest in space in a residential, industrial or commercial building or industrial and commercial building on such real property, such as, but not restricted to, an apartment, office or store.  
answer: (a) condominium
- A2 The AEA is an international professional association of estimators devoted to assessing the strengths and weaknesses of programs, policies, personnel, products, and organizations to improve their effectiveness; it has approximately 5000 members representing all 50 states in the US as well as over 60 foreign countries.  
answer: (b) estimators
- A3 Nasdaq is a competing dealer market, different from an auction market in that many market makers use their own capital, research, retail, and/or systems resources to represent a stock and compete with each other to buy and sell that stock; auction markets have only one person, a specialist, in a centralized 'floor'.  
answer: (a) dealer
- A4 The NSW Partnership Act makes provision for limited partnership structures whereby the liability of a partner contributing capital can be restricted to the amount of financial contribution, provided that the person doesn't take part in the management of the business.  
answer: (d) limited
- A5 A droplock security is a floating rate note or bond that becomes a fixed income investment when the rate to which it is pegged drops to a specified level; the adjustments to the interest rate are usually made every six months and are tied to a certain money-market index.  
answer: (a) A droplock
- A6 In addition to protecting debts, insurance is now purchased to provide some income for the surviving family; while this financial needs approach often provides a short-term solution to losing a breadwinner, it seldom replaces all the contributions a breadwinner makes to his or her household.  
answer: (b) needs
- A7 Instead of inputting a volatility parameter into an option model (e.g. Black-Scholes) to determine an option's fair value, the calculation can be turned round, where the actual current option price is input and the volatility is output.  
answer: (a) price
- A8 Inflation can result from a decrease in aggregate supply, whose two main sources are an increase in wage rates and an increase in the prices of raw materials; these sources operate by increasing costs, and the resulting inflation is called cost-push inflation.  
answer: (d) push
- A9 Only if all possible claims are fairly priced will their nature have no impact on firm value; if you know that your stock is being priced at half its fair value by an inefficient market, issuing more of it to new stockholders will not be in the interests of your existing stockholders.  
answer: (d) inefficient
- A10 The average contributions of highly compensated employees cannot exceed the average contributions of other employees by more than about 2 percent; if the HCEs exceed this threshold, the 401k plan could lose its tax-qualified status and all contributions and earnings would have to be distributed to all plan participants.  
answer: (b) compensated

**Credit Risk**

- A1 The credit crisis of 2007 has market participants worldwide paying more attention than ever to the astute management of their risk exposures.  
answer: (b) astute
- A2 No investment, trading counterparty or client is completely pristine and free of risk, says Frank Reiss of Euroclear.  
answer: (b) pristine
- A3 This sentiment has permeated to the short-term cash markets as well, with treasury desks acutely aware that the reluctance of certain banks to lend freely in the inter-bank market is creating caution and apprehension among the most seasoned professionals.  
answer: (b) permeated
- A4 Risk-taking brings profit, but good risk management allow firms to keep it; for example, the growing over-the-counter (OTC) derivatives market involves lots of risk and provides handsome rewards for those that navigate well.  
answer: (c) handsome
- A5 The three foremost derivatives classes — interest rate swaps, equity and credit derivatives — have soared to 327 trillion outstanding according to International Swaps and Derivatives Association figures; however, this meteoric growth has not been matched by adequate attention to operational risks.  
answer: (b) meteoric
- A6 In fact, the rise in OTC derivatives trading and the lack of post-trade standardisation and automation is a cause for serious concern; today, firms grapple with piles of unprocessed transactions, leading to severe breaks in reconciliation, and problems with collateral and exposure management further downstream.  
answer: (c) grapple
- A7 Adding to this operational conundrum is the November 2007 Basel II deadline — guidelines that set out to segregate operational risk from credit risk.  
answer: (d) segregate
- A8 As from 1 November, firms will be required by law to have rigorous risk and capital management measures in place, designed to ensure that banks hold capital reserves commensurate to the risk exposures arising from their lending and investment practices.  
answer: (a) commensurate
- A9 Today's changing market dynamics and the vast sums at stake have rocked the market into greater risk awareness.  
answer: (d) stake
- A10 And as the market knows only too well, dynamics that are not managed can entail untold financial risks.  
answer: (d) entail

*Threat Assessment for Information Assurance*

- A1 The Information Assurance Advisory Council (IAAC) project team was assigned to enable the research to benefit from consultations with IAAC members and to use IAAC as a dissemination channel for the research results.  
answer: (b) dissemination
- A2 Amongst both governments and businesses, there is increasing concern that information security breaches and cybercrime will undermine trust in the new economy and threaten the development of the Information Society.  
answer: (b) breaches
- A3 However, the current information systems security paradigm is a reactive model that involves detection of, and reaction, to attacks once they are underway.  
answer: (a) paradigm
- A4 There is a pressing end-user need to increase warning time so that organisations can take preventive steps to minimise their losses from cyber-attacks.  
answer: (b) pressing
- A5 Due to the need to limit the project to observable open source indicators, the project focused upon one portion of the threat spectrum, namely crackers and hacktivists.  
answer: (a) hacktivists
- A6 The project involved the establishment of a comprehensive regime for monitoring numerous sources of communications about and between threat actors.  
answer: (d) regime
- A7 By fusing technical indicators with a range of indicators based on attacker motives and intentions, the project was able to categorise threat entities, engage in trend analysis and provide some threat course of action prediction.  
answer: (a) engage
- A8 Substantive, positive discoveries were made about the viability of employing early warning methodologies against sub-state cyber-threats but the programme did not attempt to actually predict an imminent attack.  
answer: (a) imminent
- A9 Threat profiling, taking into account motives, intentions, capabilities and behavioural patterns, emerged as one of the most profitable roads in building predictive indicators of sub-state cyber threats.  
answer: (d) roads
- A10 The project proved the concept of building a systematic, repeatable and quality-assured Intelligence Process to collect, collate and analyse open source communications concerning sub-state threat actors.  
answer: (b) collate

*The Role of China in Asia*

- A1 Over the past two decades, China has embarked on a process of development that has taken it at brehtaking speed from a poor, largely rural economy to a global economic force.  
answer: (d) breathtaking
- A2 The sheer size of its workforce and the speed of its transformation have posed enormous challenges for many countries around the world, but nowhere more than in its own backyard.  
answer: (a) backyard
- A3 The challenge is particularly important in Asia because from the point of view of smaller and in some cases more-developed Asian economies, it would be hard not to see China's low-cost labor force and enormous scope for economies of scale as a fearsome competitive threat.  
answer: (a) economies
- A4 At the same time, China offers enormous opportunities as both a partner in production and a huge potential market of more than a billion consumers; other Asian economies may try to seek out markets in China, perhaps in upscale consumer goods likely to be of interest to the burgeoning middle class.  
answer: (b) upscale
- A5 Or other Asian countries may try to 'piggy-back' on China's extraordinary success as a low-cost exporter by integrating production processes through trade fragmentation.  
answer: (b) piggy
- A6 They will certainly try to avoid direct competition with China, and this could involve looking for niches where China is less active and shifting export-oriented industries in those directions.  
answer: (b) niches
- A7 It is also noteworthy that the increased reliance on domestic demand in the less-developed countries does not appear to have been reflected in lower rates of GDP growth in these countries.  
answer: (b) noteworthy
- A8 To the extent that countries are able to use China as a market, China may be becoming an independent engine of growth for the region.  
answer: (a) engine
- A9 To the extent that China is taking market share from other countries, it is also acting somewhat like a steamroller, forcing countries out of some areas of production; however, in the long run the principle of comparative advantage should dominate, and all countries should benefit.  
answer: (d) steamroller
- A10 We examined both macroeconomic and microeconomic data to shed some light on this issue.  
answer: (c) shed

*Latin America's Lack of Competitiveness*

- A1 After 59 months of uninterrupted expansion, investors in Latin America keep pinching themselves and wondering out loud, "When will it end?"  
answer: (b) pinching
- A2 The recent financial market correction felt around the world on the heels of the US sub-prime mortgage crisis brought many a dooms-dayer to the fore with predictions of currency slippage and spiking interest rates, says John Price of InfoAmericas.  
answer: (a) fore
- A3 But Latin America is far less vulnerable than it used to be to contagion, politically-inspired capital flight, or drastic currency corrections; the region will not fall from one fatal blow, but it does risk death by a thousand cuts if it fails to reform itself into a more competitive economy.  
answer: (d) vulnerable
- A4 The reforms of the 1990s have proven their worth in this time of plenty: by shrinking government, professionalizing monetary policy, floating currencies and freeing capital markets, the money entering the region is staying put.  
answer: (c) put
- A5 Even in today's populist social environment, political leaders have made fiscal discipline and conservative monetary policy hallmarks of their economic strategies.  
answer: (a) hallmarks
- A6 Bolivia's president, Evo Morales, hardly a captain of commerce, remarked soon after taking office that "inflation and corruption hurt the poor the most".  
answer: (a) captain
- A7 If Latin America is doing so well, why can't it compete? — even the region's economic darling, Chile, is dropping like a stone in global competitiveness rankings.  
answer: (d) stone
- A8 Return on investment in a country is driven by productivity, and in Latin America, productivity performance is the pits: from 2003 to 2005, Latin American economies, when measured in dollars, expanded by an astonishing 53% but their productivity over the same three years grew by less than 4%.  
answer: (d) pits
- A9 Today's winning industries in Latin America, such as mining (which attracted an impressive 23% of global exploration investment in 2006), metals, energy and agrifood, together provide little impetus to government to keep trade open.  
answer: (a) impetus
- A10 The nail in the coffin for free trade thinking in Latin America could come from a rejection by Washington politicians of proposed trade agreements with Peru, Colombia and Panama.  
answer: (b) coffin

## Herrings

- A1 In the 1950s and 1960s, Norwegian spring-spawning herring (*Clupea harengus*) was a major commercial species, harvested by vessels from Norway, Iceland, Faroe Islands, the former Soviet Union and several European nations.  
answer: (c) harvested
- A2 However, during this period the stock was subjected to heavy exploitation by several European nations, especially Norway, Iceland and the former Soviet Union, employing new and substantially more effective fishing technology.  
answer: (a) heavy
- A3 The annual catch peaked at 2 million MT in 1966; by this time, however, the stock was in serious decline and a complete stock collapse occurred by the end of the decade.  
answer: (a) decline
- A4 Because of the overfishing and poor recruitment, the spawning biomass of the two major herring stocks fell precipitously in 1968 and 1969.  
answer: (b) precipitously
- A5 Finally, with catch levels falling to practically nothing in 1970, a fishing moratorium was declared.  
answer: (c) moratorium
- A6 In its depleted state, the adult population ceased migration and both adults and juveniles remained in Norwegian waters year round; recruitment remained weak throughout the 1970's and it was not until the strong year class of 1983 joined the adult population in 1986 that the stock began to recover.  
answer: (a) depleted
- A7 Until recently the situation was quite chaotic: there was no comprehensive regional agreement about the utilisation of the stock, so Norway, Russia, Iceland and Faroe Islands were able to fish at will within their own jurisdictions, and in international waters the stock could be caught legally by any interested fishing nation.  
answer: (a) chaotic
- A8 In 1995, the Advisory Committee on Fishery Management recommended a total allowable catch (TAC) for the Norwegian spring spawning herring of 513,000 MT, but Norway announced an individual TAC of 650,000 MT; then Iceland and Faroe Islands followed suit and announced their own combined TAC of 250,000 MT.  
answer: (b) suit
- A9 The European Union did not take part in a TAC commitment and continued fishing at near capacity, but in 1997, the EU became a signatory to an agreement limiting the maximum total catch to 1,498,000 MT.  
answer: (c) signatory
- A10 The stock of spring-spawning herring showed great robustness and continued to increase.  
answer: (d) robustness

*Intuitive Bookkeeping*

- A1 Single Entry bookkeeping can be used to account for cash and bank based systems and has the advantage of being simple and intuitive to use, but it will not account for non-cash or non-bank transactions, which have a significant effect on accounts but do not immediately cause a change in the cash or bank accounts.  
answer: (d) Single Entry
- A2 The U.S. Virgin Islands has received its second investment grade bond rating from Standard & Poor's; the announcement by one of the world's leading rating agencies granting its BBB- rating follows the recent announcement by Moody's to grant the territory its BAA3 rating.  
answer: (b) investment
- A3 A market timing strategy increases your potential tax liabilities: if you sell your stocks after two good years in the market, based upon the empirical findings that a bad year is more likely to follow, then you'll have to pay capital gains taxes when you sell your stocks, and over your lifetime as an investor you will pay more in taxes.  
answer: (b) timing
- A4 The first few personnel added to a project will add a lot to productivity, after which there is a diminishing return to a point where this is actually negative and growingly negative for each added person due to the communication and coordination overhead.  
answer: (d) return
- A5 An option pricing curve is a graphical representation of the estimated theoretical value of an option at one point in time, at various prices of the underlying stock.  
answer: (a) curve
- A6 American Funds is a family of 30 mutual funds and the American Funds Target Date Retirement Series with a wide range of investment objectives and a unique approach to investment management.  
answer: (a) family
- A7 The triple bottom pattern is composed of three sharp lows, all at about the same price level: prices fall to a support level, rise, fall to that support level again, rise, and finally fall, returning to the support level for a third time before beginning an upward climb.  
answer: (b) bottom
- A8 A quitclaim deed is a legal document that helps to transfer your share of interest in the property (house, land, mobile home, etc) to another person; while the interest is transferred, no warranty is made that the grantor actually has ownership rights on the property or that the property is free of debt.  
answer: (d) A quitclaim
- A9 The major benefit of having limited risk is that it gives you the ability to stick with an option trade no matter how far the market goes against you, or how volatile the market becomes; there is no margin to pay like in futures and you cannot be stopped out of your position on a minor correction.  
answer: (b) limited
- A10 WebSideStory Investor Relations: Our goal is to present existing and potential investors with an accurate portrayal of the company's performance and prospects; come here to find the latest financial news and information about us, including earnings announcements, webcasts and more.  
answer: (d) Relations

*The National Debt*

- A1 The national debt can be thought of as the accumulated debt the government owes from all those years of borrowing money to pay off the annual federal deficits.  
answer: (b) deficits
- A2 Secondary market refers to the purchase or sale of securities between the time of their initial issuance and before they mature; many money market instruments are sold and bought several times by different investors before they mature.  
answer: (c) Secondary
- A3 There are roughly six main categories of noncurrent liabilities: Long-Term Debt, also known as Funded Debt, Bonds Payable, Obligations Under Capital Lease, Deferred Tax Liability, Pension Liability, and Mortgages Payable.  
answer: (b) noncurrent
- A4 For tax years 2004 and earlier, use the tax tables if your taxable income is less than \$100,000; if \$100,000 or more, use the tax rate schedules.  
answer: (d) tables
- A5 The literature focuses on Chinese and Japanese exchange rate strategies as the origin of the Asian crisis; McKinnon and Schnabl argue that, from 1995 to 1998, the depreciation of the Japanese yen eroded the international competitiveness of its smaller neighbouring countries, which kept pegging to the dollar.  
answer: (c) pegging
- A6 A voluntary contribution is an extra contribution paid in addition to the mandatory contribution a member can pay to the pension fund in order to increase the future pension benefits.  
answer: (d) voluntary
- A7 The AMEX started as an alternative to the NYSE; it originated when brokers began meeting on the curb outside the NYSE in order to trade stocks that failed to meet the Big Board's stringent listing requirements.  
answer: (a) AMEX
- A8 Congress created the Commodity Futures Trading Commission (CFTC) in 1974 as an independent agency with the mandate to regulate commodity futures and option markets in the United States; the agency's mandate has been renewed and expanded several times since then, most recently by the Commodity Futures Modernization Act of 2000.  
answer: (b) Commission
- A9 Stop-and-reverse should be used sparingly, when conditions require it; if your stop loss gets hit, it usually means that the market will go against you for some time before moving back in your direction, so your outlook should be to reinstate your original trade in the original direction, not trade in the opposite direction.  
answer: (c) reverse
- A10 LIFO assumes that an entity sells, uses or disposes of its newest inventory first; using this method to evaluate and manage inventory can be tax advantageous, but it may also increase tax liability.  
answer: (b) LIFO

*Investment in Plant, Property and Equipment*

- A1 Capex is commonly found on the Cash Flow Statement as 'Investment in Plant, Property and Equipment' or something similar in the Investing subsection.  
answer: (a) Capex
- A2 While a Private Investment in Public Equity transaction is marketed to a limited number of investors over a short period of time, a traditional public transaction may require a broader marketing process and, in the case of an add-on offering, the filing of a registration statement with the SEC prior to pricing.  
answer: (d) Equity
- A3 There are two major types of limitations on debt: the first has to do with how long debt problems can show up on your credit reports, and the second is the statute of limitations, which gives creditors a certain time period — in most states, three to six years — in which to sue you over a debt.  
answer: (c) statute
- A4 A CGT asset is an active asset at a time if, at that time: (a) you own the asset and (i) you use it, or hold it ready for use, in the course of carrying on a business; or (ii) it is used, or held ready for use, in the course of carrying on a business by your affiliate, or by another entity that is connected with you.  
answer: (a) an active
- A5 Interest dividends paid by a municipal bond fund may be taxable under the federal alternative tax (AMT) system if the bonds held by the fund are issued to cover the costs associated with certain private activity projects, such as housing projects, hospitals, airport expansion projects, or industrial parks.  
answer: (b) municipal
- A6 The distinction taken in courts of equity is between a title which the court considers to be so clear that it will enforce its acceptance by a purchaser, and one which the court will not go so far as to declare a bad title, but only that it is subject to so much doubt that a purchaser ought not to be compelled to accept it.  
answer: (a) bad
- A7 If you don't specify an exchange code after entering a stock or index symbol, our database will match the symbol with its primary exchange — usually the TSE in Canada or the NYSE or Nasdaq in the United States.  
answer: (c) primary
- A8 The condor takes the body of the butterfly — two options at the middle strike — and splits it between two middle strikes rather than just one; in this sense, it is basically a butterfly stretched over four strike prices instead of three.  
answer: (b) condor
- A9 The insurer of a single life annuity calculates its obligation only until the last regular payment preceding the annuitant's death; because the payments expire when you do, selecting this form of annuity is, in a sense, a bet that you expect to live longer than the average person.  
answer: (b) single
- A10 The husband of televangelist Juanita Bynum denies treating her cruelly and says they have not been continuously separated since June, as her divorce petition alleges; in his counterclaim, Bishop Thomas Weeks also asks for a divorce, but says he and Bynum spent one night together in August that boosted his hopes for reconciliation.  
answer: (a) counterclaim

*Canada Pension Plan*

- A1 The Canada Pension Plan death benefit is a one-time, lump-sum payment made to the contributor's estate; if there is no estate, the person responsible for the funeral expenses, the surviving spouse or common-law partner or the next of kin may be eligible, in that order.  
answer: (a) death
- A2 Municipal bonds are debt securities that states, cities, counties and other governmental entities issue to raise money for such as building schools, highways, hospitals, sewer systems, and other special projects; a primary feature is that the interest is generally exempt from federal income tax.  
answer: (b) Municipal
- A3 A line of credit is an arrangement you can make with your financial institution that allows you to borrow money up to a pre-determined limit; as you pay it down, you can draw on it again, back up to the limit you are allowed.  
answer: (d) line
- A4 Each warrant is exercisable for 1/2 share of common stock at \$0.15 per warrant share, they are only exercisable in even lots (i.e. 2 warrants exercisable at \$0.30 for 1 share of common stock), and are exercisable for a period of three years and expire October 10, 2005.  
answer: (b) even
- A5 This paper examines the empirical relationship between technology and financial structure: it tests whether real flexibility increases debt capacity by lowering default risk or decreases debt capacity by enabling shareholders to risk-shift through risky production strategies or asset substitution.  
answer: (d) structure
- A6 Primary earnings per share (also called fully diluted EPS) takes into account all shares currently outstanding, plus the number of shares that would be outstanding if all convertible bonds and convertible preferred stock (preference shares) were exchanged for common stock (ordinary shares).  
answer: (c) Primary
- A7 In today's Kinder Morgan deal, Goldman has signed something else, something called a 'highly confident letter', which means that Goldman thinks it can most probably find lenders and sell bonds, and will try really hard, but if this proves too difficult, Goldman isn't on the line for the money.  
answer: (b) confident
- A8 Included in foreign denominated debt is a dual currency bond issued in yen, totalling 18,635 million yen (1998: 18,635 million yen), and repayable in US dollars totalling \$150 million US (1998: \$150 million US); the bond has been hedged to \$200 million (1998: \$200 million), and matures on February 29, 2000.  
answer: (b) dual
- A9 Notice what happens by adding a little bit of asset B to the portfolio that consists entirely of A: moving up and to the left on the curve, the return increases and the risk decreases; in modern portfolio theory parlance, asset A must be an inefficient portfolio.  
answer: (d) inefficient
- A10 The important variables on an adjustable rate mortgage are the reset frequency (one year is the most common), the base index (typically Treasury yield that matches the ARM frequency) and spread (typically 250-300 bps) used to calculate the new interest rate, the caps, and the teaser rate (a below-market initial rate).  
answer: (c) reset

*Constituent Companies*

- A1 A market share weighted index is a stock index in which stocks affect the index in proportion to the number of shares outstanding of the constituent companies (i.e. the number of stocks listed) and thus the company with more shares outstanding influences the index more greatly.  
answer: (b) A market
- A2 'Residential mortgage' means an obligation to pay a sum of money evidenced by a note and secured by a lien upon real property containing two or fewer residential units or on which two or fewer residential units are to be constructed and includes such an obligation on a condominium or cooperative unit.  
answer: (d) Residential
- A3 Any agreement that tends to insure an investor his relative price advantage or percentage ownership is an antidilution provision.  
answer: (b) an antidilution
- A4 In the late 70s, Wall Street came up with a scheme by which lenders could make one package of many mortgages and sell these packages to investors, who then traded the securities among themselves: thus was born a bubbling secondary mortgage market.  
answer: (c) secondary
- A5 A company may not have taxable income, but may show book profit either by adopting the straight-line depreciation method or by not debiting capital expenditure on scientific research and development to its profit and loss (P&L) account.  
answer: (b) book
- A6 A nondeductible contribution to a traditional individual retirement account (IRA) typically occurs because an individual participates in an employer retirement plan and has modified adjusted gross income above certain levels.  
answer: (b) contribution
- A7 Flag and Pennant: these two short-term chart patterns are continuation patterns formed when there is a sharp price movement followed by a generally sideways price movement; the pattern is then completed upon another sharp price movement in the same direction as the move that started the trend.  
answer: (c) Pennant
- A8 Owners of a checking account are ultimately responsible for keeping track of their available funds, even though the bank will routinely issue its own accounting statements; some banks will protect account holders by making the proper payments and notifying the owner that an overdraft has taken place.  
answer: (b) checking
- A9 Nasdaq said today that it had scaled back its proposal to reduce the minimum number of shares that can be traded under the commission's new order-handling rules; its original proposal would have reduced the minimum quote size from 1,000 shares to 100 for all 5,540 stocks to be covered by the new rules.  
answer: (d) quote
- A10 Options contracts are sold in lots of 1,000 shares and each contract has a specific strike price; BHP has an option series that expires every month whereas a stock such as Rinker Limited (RIN) may only have options every 3 months.  
answer: (b) series

**IKEA**

- A1 The Sweden-based Inter IKEA Systems BV (IKEA) is the world's largest furniture retailer that specializes in stylish but inexpensive Scandinavian designed furniture.  
answer: (d) stylish
- A2 In addition to furniture, IKEA also sells utility items such as utensils, hooks, clips, stands, etc.  
answer: (d) utility
- A3 IKEA's founder, Ingvar Kamprad, has built an international furniture chain of 226 stores in Europe, Africa, Asia and the US; it has been successful in almost all countries, because of public awareness of the IKEA brand.  
answer: (d) awareness
- A4 IKEA is far more than a furniture merchant; it sells a lifestyle that customers around the world embrace as a signal that they've arrived, that they have good taste and recognize value.  
answer: (b) arrived
- A5 The British design magazine Icon said, "If it wasn't for IKEA, most people would have no access to affordable contemporary design."  
answer: (a) affordable
- A6 The magazine also voted Kamprad as the most influential tastemaker in the world.  
answer: (d) tastemaker
- A7 Kamprad established IKEA in 1943 at the age of seventeen; he came up with the name IKEA by combining the first letters of his name (Ingvar Kamprad), followed by the first letters of the farm and village he grew up in (Elmtaryd and Agunnaryd).  
answer: (c) up
- A8 Kamprad started his business by buying pens, Christmas cards, matches, cigarette lighters, nylon stockings and other items in bulk; he sold these items to the residents of Smaland at a reasonable price, but still made healthy profits.  
answer: (a) bulk
- A9 To save more money, Kamprad would piggyback his packages on the trucks that delivered milk.  
answer: (b) piggyback
- A10 IKEA soon started making money, and in 1945, Kamprad started promoting business through mail order catalogues, as conducting individual sales calls became impossible.  
answer: (d) order

*Global Marketing Strategy Factors*

- A1 Going global has become the economic aspiration of many organizations, according to Jonathan Elimimian, Department of Business and Economics, Johnson C. Smith University.  
answer: (a) aspiration
- A2 It is important to be aware of the fact that the world is so technologically complex and fast changing that it is difficult to identify the current level of global marketing changes facing transitional economies.  
answer: (d) transitional
- A3 We already know that strategic alliances and affinity with different countries worldwide bring new capabilities, capacities, technologies and new strategic business ideas to these new markets.  
answer: (a) affinity
- A4 Economies that are embracing global societal strategies to enter the world market will need to recognize the importance of other countries' social and cultural complexities.  
answer: (b) embracing
- A5 The intricacies of globalization and constant competitive shifts have increased the volatility of corporate posture both in domestic and global markets.  
answer: (d) intricacies
- A6 For now, the playing field is not equal access to global market entry between industrialized nations and emerging economies of the world.  
answer: (a) field
- A7 Everything in the vast arena of globalization favors the industrialized nations, which are wealthy, technologically advanced, creative and determined to dominate the world market.  
answer: (b) arena
- A8 These advanced nations are fully aware of the extra economic and technological power they possess with technologies, information, capabilities, access and knowledge of what the world market is about.  
answer: (a) about
- A9 Global societal strategy will be imperative to all businesses worldwide as the world market is becoming closer due to advanced technological infrastructures.  
answer: (a) imperative
- A10 Most evolving economies will definitely find it difficult to penetrate a global market already dominated by the industrialized nations.  
answer: (c) penetrate

### Cash as a Strategic Asset

- A1 According to Thomas Schickler of JPMorgan Chase Treasury Services, cash, having reached unprecedented levels on the balance sheets of companies around the world and still growing, has been cast in a new light.  
answer: (b) light
- A2 Once considered simply a consequence of business activities, cash has evolved into a strategic asset, valued as a hedge against market volatility and amassed to stay nimble in a world of business opportunities.  
answer: (c) nimble
- A3 This sea change in how cash assets are viewed and treated has implications for corporate treasurers, who are looking to minimise risks, optimise returns, get the most from their cash portfolios and make the most of their own valuable time.  
answer: (c) sea
- A4 The historical market perception was that holding cash would erode shareholder value and, therefore, cash should be quickly deployed, but that's not necessarily the case, especially not today.  
answer: (d) erode
- A5 Today, companies are holding more cash than ever before, and this build-up of cash levels can be attributed to a number of factors, ranging from increased sensitivity to overcapacity following the implosion of the 'Internet bubble' to geopolitical instability.  
answer: (a) implosion
- A6 Throughout the recent cycles in monetary policy and capital market conditions, companies have consistently expanded their cash holdings, but economic cycles alone do not explain the continuing cash build-up, which suggests a fundamental shift in how companies view cash: as an asset class in its own right.  
answer: (c) right
- A7 Recent events in the global capital markets have led to a wholesale reassessment of risk, and emphasised the importance of synchronising the credit and liquidity components embedded in investment alternatives with the needs and risk tolerance of the corporation.  
answer: (c) wholesale
- A8 Corporate treasurers are increasingly considering the trade-off between resources expended and basis points gained, incorporating the cost of execution to determine total economic return.  
answer: (b) expended
- A9 To enhance the return on the overall cash portfolio, corporate treasurers see a greater need to break down the portfolio into different types of cash: frictional cash, the least predictable, to meet daily needs; reserve cash, providing a liquidity cushion; and strategic cash, the most predictable, for discretionary use.  
answer: (d) frictional
- A10 Greater insight into the cash components provides true pricing power, while failure to create sufficient delineation among the components can significantly deteriorate total returns.  
answer: (c) deteriorate

*The Secondary Debt Market*

- A1 "With the credit crunch likely to grow worse before it gets better, what are commercial banks doing in the face of this problem?" asks Kingsley Greenland of DebtX.  
answer: (b) crunch
- A2 Increasingly, the answer is to sell loans in the debt market; powered by electronic trading, the global secondary market is now sufficiently liquid on a day-to-day basis to efficiently dispose of non- or poorly-performing debt, as well as high-quality loans, as part of normal portfolio rebalancings.  
answer: (b) performing
- A3 Loan sales have become a potent weapon because electronic due diligence, trading and closing allow competitive bidding of everything from multi-billion credits to loans or pools of loans as small as US\$1million.  
answer: (d) potent
- A4 As a result, loan sales are now more attractive than the traditional solution of protracted loan workouts; rather than incur the expense and management distraction of sticking with problem assets, it now makes more sense to sell and put the problems behind.  
answer: (d) protracted
- A5 The market's liquidity has translated into strong price execution, which makes a loan sale strategy all the more compelling.  
answer: (b) compelling
- A6 Today, debt can be traded at a fraction of the cost and time compared to the traditional, offline environment because electronic trading has eliminated much of the friction in the process.  
answer: (a) friction
- A7 The high fixed transaction costs that previously suppressed liquidity have largely gone away.  
answer: (d) suppressed
- A8 In previous years, due diligence required investors to make onsite visits to search boxes of loan documents, collateral information, appraisals, operating statements, court proceedings or other underwriting documents.  
answer: (c) due
- A9 If investors decided against making an offer, or another bid was accepted, travel expenses and management time went unrewarded.  
answer: (d) unrewarded
- A10 At electronic trading platforms, investors can now view hundreds or even thousands of pages of loan documents online; reams of documents can be easily searched, and sophisticated financial modeling is built right into the platform.  
answer: (a) reams

*Inventory Management*

- A1 The modern era of inventory management began in 1913 with the publication of a paper by a Westinghouse engineer, Ford W. Harris, on inventory optimization; over the succeeding decades, dozens of new and more elaborate inventory optimization techniques were invented.  
answer: (a) elaborate
- A2 "But suddenly the music stopped," exclaims George Brown of Ewe Lamb Technologies: in the early 1980s, Japanese corporations began hollowing out industry after industry in the United States and Europe.  
answer: (b) hollowing
- A3 From analyses of their successes, one factor was obvious — Japan employed far less inventory in proportion to sales than was considered 'optimal' — and minimization subsequently superseded optimization as the guiding philosophy of inventory management.  
answer: (a) employed
- A4 Minimization dogma says that inventory is the corporate equivalent of 'fat' and should therefore be eliminated; treasury, for its part, was more than happy to endorse this fashionably anorexic philosophy.  
answer: (b) anorexic
- A5 After all, through the magic of the liquid asset cycle, reductions in inventory wonderfully reappear as cash in treasury's coffer.  
answer: (a) coffer
- A6 Minimization's siren song was that 'a corporation can never be too rich or too lean'.  
answer: (b) siren
- A7 A second explanation for the minority's inventory-contentment is almost certainly the misuse of 'nave' ratios (a ratio is said to be nave when it is completely divorced from true corporate objectives and performance).  
answer: (d) divorced
- A8 Most common naive ratios are 'inventory-to-sales' and its reciprocal, 'turns', which can provide a comforting but false sense of accomplishment as their numbers 'improve'; the inherent canard of both is the assumption that less inventory is always better than more.  
answer: (a) canard
- A9 This simply is not true: anyone who experienced the barren shelves of Moscow's Soviet-era department stores, or is told by a barista that there are no more coffee-lids, will attest to the obvious fact that inventory shortages are a major source of customer dissatisfaction, lost sales, and lost profit.  
answer: (a) barista
- A10 The two major failed philosophical opposites, minimization and optimization, happen to nail down the extreme ends of a broad 'feasibility range' for inventory, and by slicing the middle ground into a series of progressive investment options, we can calculate the expected returns, maturities, and risks for each increment.  
answer: (d) ground

**Tax Planning**

- A1 Whether planning for retirement, making an effort to reduce income taxes or maximizing current income, there are many excellent tax-deferred or tax-deductible investment options to consider; in fact, there are many tax-advantaged accounts from which your investment representative can choose, based on your goals.  
answer: (a) advantaged
- A2 Making a payment with a check and then changing your mind can be an expensive proposition: putting a stop-payment order on that check will cost anywhere from \$18 to \$32 at the 10 largest banks surveyed by Bankrate.com.  
answer: (c) order
- A3 In the case of a voluntary liquidation by companies themselves, the companies are solvent and are terminated (and consequently liquidated prior to their dissolution) due to the companies wanting to discontinue operations, for whatever reason.  
answer: (d) a voluntary
- A4 Issues involving salvage value and useful life continued to arise, so Congress enacted IRC 168 in 1981; the Accelerated Cost Recovery System was intended to provide a less complicated method for computing depreciation by eliminating salvage value and specifying recovery periods for various asset classes.  
answer: (b) Accelerated
- A5 For sophisticated investors, our firm, also registered as a Commodity Trading Advisor (CTA), offers a wide variety of investment and trading solutions to suit various portfolios and investment strategies in asset management using commodities, futures and options.  
answer: (c) Commodity
- A6 NetBank, the online bank with \$2.5 billion in assets, has been shut down after investments in risky mortgages defaulted at an alarming rate; customers with \$100,000 or less with the bank will be made whole by FDIC insurance, and those with more will become creditors in the bank's receivership.  
answer: (a) FDIC
- A7 The Power Authority has begun marketing its tax-free bonds for a \$7 billion takeover of LILCO; the investors who stand to gain the most are New York and Puerto Rico residents, for whom the bonds are exempt from local, state and Federal income taxes — a triple exemption for New York City residents.  
answer: (d) a triple
- A8 Most investors are familiar with Level I quotes; these quotes are the ones we're all comfortable with — Bid, Ask, Last trade, Volume, and so on.  
answer: (c) Level
- A9 A Stochastic Oscillator is a momentum indicator developed by George Lane that measures the price of a security relative to the high/low range over a set period of time; the indicator oscillates between 0 and 100, with readings below 20 considered oversold and readings above 80 considered overbought.  
answer: (d) A Stochastic
- A10 After 36 years in the investing business, Roger King has settled on several ways to root out stock bargains, but his favorite among them is to find stocks selling for less than what a buyer of the whole company might pay, the so-called private market value approach.  
answer: (b) private

*Unsecured Debt*

- A1 A debenture is a long-term debt instrument used by governments and large companies and is usually unsecured, in that there are no liens or pledges on specific assets; the advantage to the issuer is that they leave specific assets burden free, and thereby leave them open for subsequent financing.  
answer: (c) debenture
- A2 June 14 Regular Sale: We had a real big run of cows on an active market: overall, the market was steady but uneven on feeding cows; bulls were steady to higher; and heiferettes were strong to higher.  
answer: (a) active
- A3 In Latin America, fiscal policy has not played a relevant countercyclical role: in recession, fiscal policy is typically oriented towards keeping financial solvency under control, while during booms, expenditure tends to expand with the phase.  
answer: (b) countercyclical
- A4 A primary instrument is an instrument whose value is determined directly by markets: stocks, commodities, currencies and bonds.  
answer: (d) A primary
- A5 Financial commentators are beginning to see the Fed's emergency rate cut as 'Bernanke's first big mistake' — instead of holding the line against inflation, the Fed is now bailing out Wall Street; cutting rates suddenly, the Fed has come to the aid of speculators and the financial industry.  
answer: (b) bailing
- A6 A single payment loan involves two transactions: the first occurs when a bank makes a loan and the second when the loan is repaid; these loans are often used to meet seasonal financing needs, as when a toy wholesaler who needs to buy inventory will obtain a loan and repay it after the Christmas season.  
answer: (d) single
- A7 Interest shall accrue at the rate of nine (9) percent per annum on the paid-in capital account of each Partner, as determined from time to time, and such interest shall be paid by the Partnership semi-annually.  
answer: (a) capital
- A8 A triple net lease is an agreement that lets the tenant shoulder all the costs that are related to paying real estate taxes, maintenance, building insurance, and other kinds of fees such as rent; the tenant is also responsible for shouldering expenses for any repairs that need to be done to the property.  
answer: (b) net
- A9 As its name suggests, a conduit IRA is essentially a medium through which a transfer may be made from one qualified plan to another, and if properly structured, money is rolled over tax-free between plans with a temporary layover here.  
answer: (a) a conduit
- A10 When your employer sends your pay to your checking or savings account rather than issuing you a paper check, you're participating in direct deposit; these arrive and are made available to you more quickly than paper checks, and can be automatically divided among different accounts based on your direction.  
answer: (b) direct deposit

*Life Insurance*

- A1 After his wife was killed in a traffic accident, David was left to bring up their two-year-old daughter alone; the grieving electrician knew he could never replace 29-year-old Sarah, but he hoped that claiming on their dual life insurance policy would help meet the costs of suddenly becoming a lone parent.  
answer: (b) dual
- A2 In 1920, the NYSE established the Stock Clearing Corporation to provide a centralized system to enable the verification of information between brokers in a securities transaction and the subsequent settlement (delivery of certificates in exchange for payment) among members, banks and companies.  
answer: (a) Clearing
- A3 The marketing people claim a range of advantages for funds of funds: less risk than investing in just one or two funds, a diversified portfolio both geographically and among different asset classes without having to buy dozens of funds, and avoiding the headache of constantly monitoring a portfolio.  
answer: (b) funds
- A4 The big advantage of historical cost accounting is that it leads to absolute certainty and it fits in perfectly with the cash flow statement and so there is no doubt about balance sheet amounts; whereas the alternatives, where accountants attempt to take inflation into account, can lead to many problems.  
answer: (b) historical
- A5 An even spread is a position for which the long position and short position have equal premiums, and therefore the investor neither pays nor receives a premium.  
answer: (b) spread
- A6 The fundamentals support \$100 oil because society is happily filling their gas tanks at that price, and the issue isn't geopolitics or speculation, it's pure inelasticity of demand; we have calcified our demand for oil through our massive, and largely not unloadable (due to refinanced mortgages) commitment to suburbia.  
answer: (a) inelasticity
- A7 In order to maintain the status quo, it is necessary to keep tight control on the amount of currency that is made available to the general public; increasing the amount of active money involves the addition of new cash to the economy, not replacing instruments that have been worn down by time and distribution.  
answer: (a) active
- A8 The Nikkei 300 is a market value-weighted index of the 300 major issues selected to represent listed stocks on the first section of the Tokyo Stock Exchange; it uses a weighted average based on capitalizations of component firms that contrasts with the widely followed Nikkei Stock Average, which is an average price.  
answer: (b) market
- A9 The vertical axis of the linear chart shows an equal distance along the axis for each absolute change in price; a stock that moves from \$20 to \$30 shows the same absolute change as an increase in price from \$50 to \$60, even though the move from \$20 to \$30 represents a 50% advance while the move from \$50 to \$60 represents only a 20% advance.  
answer: (c) linear
- A10 The compound annual growth rate of an investment is computed by the formula:  $(Pv / P0) (1/n)^{-1}$ , where Pv = Present value, P0 = Beginning value and n = Number of periods; the result is multiplied by 100 to obtain a percentage.  
answer: (b) compound

*MagicTicker*

- A1 MagicTicker is a stock quote ticker that looks much like the tickers you see on CNBC; it is fully configurable so you can watch just the stocks you want, and you can also input the number of shares you own for all your stocks and watch your portfolio move in real time.  
answer: (b) quote
- A2 For instance, say that, as the trading day opens, this Internet stock is at \$400: As long as the lowest price does not fall \$2.00 from its highest price, your order remains active, and if GOOG is able to reach \$404 without falling \$2.00, the new stop price automatically advances to \$402 (\$404 — \$2.00).  
answer: (d) stop
- A3 Clearly, the terms of the trust made King Jr.'s interest contingent upon whether the trustee chose to make payments to him from the trust income; in other words, unlike a nondiscretionary trust, on the terms of the trust alone, King Jr. had no entitlement to any property of the trust.  
answer: (c) a nondiscretionary
- A4 It is not so long ago that companies would put their pension funds in government bonds or life insurance company annuities; as inflation rose in the 1960s and 1970s, companies found that rising salaries and low fixed-income returns made their retirement plans very expensive.  
answer: (d) pension
- A5 If the exercise price of a warrant or option is higher than the average price of the common shares during the accounting period, the exercise of the warrant or option will be antidilutive.  
answer: (b) antidilutive
- A6 CKD Galbraith is one of the leading estate agencies in Scotland specialising in top quality Scottish residential property from castles to cottages and sporting estates to farm land.  
answer: (c) residential
- A7 Burger King Announces Secondary Offering: Burger King Holdings Inc. announced today that the private equity funds controlled by TPG Capital, Bain Capital Partners and the Goldman Sachs Funds intend to initially offer 23 million shares of Burger King common stock in an underwritten offering.  
answer: (a) Secondary
- A8 The book shares are recorded in the records that are maintained by the agent, so that there is always a permanent record of the value of the shares, and who holds the rights to the shares; however, the actual stock certificates are never printed or forwarded to the investor.  
answer: (b) book
- A9 The BU Foundation is a federally-recognized 501(c)(3) non-profit organization, so gifts to the Foundation are therefore tax deductible to the fullest extent of the law.  
answer: (a) deductible
- A10 You cannot use 1040EZ if you claim the child and dependent care credit; it is a percentage, based on your adjusted gross income, of the amount of work-related child and dependent care expenses you paid to a care provider.  
answer: (b) credit

**Suffrage**

- A1 Voting stock is stock that allows for the right of suffrage with respect to the firm's affairs.  
answer: (d) Voting
- A2 One approach to accounting for depreciation is to use one of the accelerated methods (including the Sum of the Year's Digits and the Declining Balance), which are more conservative and, in most cases, accurate, assuming as they do that an asset loses a majority of its value in the first several years of use.  
answer: (a) accelerated
- A3 Municipal bond insurance protects investors in two ways: occasionally, cities or states that issue debt securities get into financial difficulty and may not be able to pay interest and principal on their debt as scheduled, or rating agencies may lower the ratings on an issuer's securities, causing the market value of its securities to decline.  
answer: (c) insurance
- A4 Washington, D.C., Sept. 27, 2007 — The Securities and Exchange Commission today charged the Federal Home Loan Mortgage Corporation (Freddie Mac) with securities fraud in connection with improper earnings management beginning as early as 1998 and lasting into 2002.  
answer: (d) Mortgage
- A5 Using Level II quotes, an average investor can make a very informed decision as to whether to buy or sell based on this sometimes extensive information about who is willing to purchase or unload a particular stock and for how much.  
answer: (a) Level
- A6 Private Mortgage Insurance (PMI) is extra insurance that lenders require from most home buyers who obtain loans of more than 80% of their new home's value; it protects a lender against loss if a borrower defaults and enables borrowers with less cash to have greater access to home ownership.  
answer: (b) Private
- A7 Financier is a term for a person who handles large sums of money, usually involving money lending, financing projects, large-scale investing, or large-scale money management; the term has upscale and haughty connotations, and the stereotype portrayed by the term is typically of a wealthy and powerful person.  
answer: (b) Financier
- A8 The margin maintenance rules require that the investor's equity (the current value of his stock less the value of the margin loan) stay at a certain level; if the maintenance rules require that it remain at 50 percent, and then the stock value falls below 50 percent, the investor would receive a 'margin call' from the brokerage firm.  
answer: (a) equity
- A9 The balance of payments is an accounting of a country's international transactions over a certain time period; it shows the sum of the transactions (purely financial ones, as well as those involving goods or services) between individuals, businesses, and government agencies in that country and those in the rest of the world.  
answer: (c) payments
- A10 If you are receiving or making payments for a loan or installment sale, but little or no interest is stated on the contract, the Internal Revenue Service assumes a rate of interest based on the published applicable federal rate.  
answer: (b) applicable

*The Markets in Financial Instruments Directive*

- A1 According to Sanjima DeZoysa, Banking & Technology Editor for gtnews, the financial services industry currently faces an unprecedented amount of regulation that have two distinct objectives.  
answer: (b) unprecedented
- A2 The first is the increasingly stringent compliance environment in which firms must prove they have effective controls and processes in place to ensure accountability and an effective corporate governance model.  
answer: (d) stringent
- A3 The second objective is the overarching goal of the regulators, particularly in Europe, to encourage greater harmonisation, competition and customer protection within all financial markets.  
answer: (a) overarching
- A4 This commentary considers some of the most significant regulations affecting the industry and how organisations are currently coping with this.  
answer: (b) coping
- A5 Most EU regulatory work is based on the Financial Services Action Plan; the Markets in Financial Instruments Directive (MiFID) is a fundamental pillar of the FSAP and aims at increasing the range of investment activities that can be passported by firms, making it easier to conduct cross-border business.  
answer: (b) pillar
- A6 One of the main objectives of MiFID is to ensure that all clients have the necessary knowledge and experience to understand the risks involved in a product before investing in it: banks are obliged to ensure that retail clients are informed of potential risks connected with trading financial instruments.  
answer: (c) obliged
- A7 While the aspirations behind MiFID are justified, there has been criticism about the regulators' expectations of the implementation process.  
answer: (b) aspirations
- A8 "More account should be taken of the project management disciplines that are needed if legislation is to be implemented properly without giving rise to undue risks that occur if consequential changes are rushed," insists Paul Richards at the International Capital Markets Association.  
answer: (a) account
- A9 "While MiFID has now come into force, there is still more work to be done in terms of whether firms have dotted the i's and crossed the t's on issues such as documenting procedures and finalising client agreements and consents," says Bernadine Reese, director, financial services group at Protiviti.  
answer: (a) crossed
- A10 In the UK, further policy documents are expected in 2008 from the country's regulatory body, the Financial Services Authority (FSA), and a key issue going forward will be the position of collective investment scheme (CIS) operators in the post-MiFID world.  
answer: (b) going

*Outsourcing in the Banking Sector*

- A1 Santosh Patnaik of the United Bank of India reminds us that the idea of outsourcing has its roots in the 'competitive advantage theory' propagated by Adam Smith in his book 'The Wealth of Nations', published in 1776.  
answer: (c) propagated
- A2 A hundred years ago, the automotive industry was so vertically integrated that the largest car companies owned vast tracts of fields on which they grazed their own sheep to produce wool for use in car seats!  
answer: (d) tracts
- A3 In the 1970s, the industry realised that it simply couldn't be good at everything; it then began to consolidate, converge and sell off those parts of the business that could be better sourced externally, especially where external suppliers could generate greater economies of scale by supplying multiple manufactures.  
answer: (d) generate
- A4 Business process outsourcing involves a third party managing the entire business process, such as accounting, financing, customer support and human resources; BPO is a strategy offering a compelling business value proposition for companies to gain operational efficiency, focus on core expertise, save time and reduce costs.  
answer: (b) compelling
- A5 If one doesn't have the time, money or skill to do the job internally, or if there is a function that is a burden or is detrimentally affecting other parts of the business, outsourcing is worth considering.  
answer: (b) detrimentally
- A6 When companies first started thinking about outsourcing non-strategic functions, such as payroll, facilities management and logistics, their goal was to reduce costs; today, however, there is a far wider range of reasons why these organisations regularly contemplate outsourcing core operations to third-party specialists.  
answer: (c) contemplate
- A7 Since the 1990s, banks have been improving their efficiency ratios by acquiring or upgrading technology, cost cutting and consolidation; but now that further improvements are proving elusive, costs have been trimmed to the minimum and consolidation gains have waned, banks are under pressure to improve earnings.  
answer: (c) elusive
- A8 Outsourcing has thus become a way of moving banks' scarce resources away from trivial operations to value-added services, such as business strategy and execution, new opportunity identification and pricing, business results and interpretation, and M&A planning.  
answer: (d) scarce
- A9 With investor expectations growing day by day, banks are forced to re-examine their core functions; in effect, the distinction between core and non-core is slowly but surely diminishing, thereby increasing the number of functions that could be outsourced.  
answer: (c) slowly
- A10 Outsourcing can be a huge success story but there are challenges; poorly-planned deals have grave shortcomings — companies overestimate the economic benefits, fail to establish the right baseline for price negotiations and performance tracking, or are not prepared to manage the transition and post-deal situation.  
answer: (c) grave

*Risks in the Baltic States*

- A1 The Baltic states have enjoyed years of strong and sustained growth that has raised per capita income, hastening convergence with average EU levels; they have been among the four fastest-growing EU countries since 2001, remarks Edward Parker of Fitch Ratings.  
answer: (c) convergence
- A2 However, Estonia, Latvia and Lithuania are, to varying degrees, facing rising inflation, tightening labour markets, rapid credit growth and substantial current account deficits, indicating that their economies are overheating.  
answer: (b) overheating
- A3 The deterioration in price stability has pushed back the euro adoption timetables for all three countries and Fitch expects inflationary pressures, particularly the requirement to adopt EU excise duties and raise administrative prices, and higher gas import prices, to be sustained in the medium term.  
answer: (c) deterioration
- A4 Furthermore, the Baltic countries' currency pegs and the inflation differential with the rest of the EU contribute to 'perverse' pro-cyclical low real interest rates (as nominal interest rate par has largely been attained), spurring the economic and asset price boom in these countries.  
answer: (d) spurring
- A5 Fast-paced growth and labour emigration have driven unemployment rates to multi-year lows, adding to wage pressures: Estonia, Latvia and Lithuania had unemployment rates of 5.6%, 6.9% and 5.9% respectively at end-2006, all below the EU average of 7.9%.  
answer: (c) paced
- A6 Growth levels far above the EU average have been financed for the most part through the rapid rise of external liabilities, which has fuelled the increase in external imbalances.  
answer: (d) most
- A7 All three countries' gross external debt levels were above the A-range median in both 2005 and 2006; Latvia's gross external debt burden rose to over 100% in 2006, and the proportion of short-term external liabilities is also considerable, raising near-term financing risks.  
answer: (b) burden
- A8 Nevertheless, Fitch believes there are important factors that mitigate the negative pressure that growing external imbalances place on the ratings.  
answer: (d) mitigate
- A9 Crucially, all three Baltic countries have had public external debt levels below 20% of GDP since at least 1993 and all are net public external creditors; low public debt levels, as well as small budget deficits (or a budget surplus in Estonia's case) also allow the Baltic countries scope to cushion any cyclical downturn.  
answer: (d) cushion
- A10 Comparing the Baltic countries' macroeconomic indicators with those of pre-crisis Asia leads to the consideration of whether they are vulnerable to the type of financial market contagion that contributed to the spread of the crisis in Asia.  
answer: (a) contagion

*The Ukraine*

- A1 With a booming economy and financial reformation underway, Ukraine is an increasingly attractive proposition for foreign investors.  
answer: (d) proposition
- A2 After parliamentary elections, Yulia Tymoshenko and Yushchenko's political groups are expected to form a coalition in the next government; even after this outcome, it seems likely there will be regular bouts of political uncertainty, but Ukraine is still booming economically, with GDP rising year-on-year by 7.7%.  
answer: (b) bouts
- A3 Although Ukraine is not a European Union (EU) candidate country, under the leadership of Yushchenko it is looking more towards the EU rather than Russia for its political and macroeconomic model.  
answer: (a) candidate
- A4 The Orange Revolution at the end of 2004 came about as Yanukovich's victory in the presidential election sparked mass protests, resulting in the election re-run that was won by Yushchenko.  
answer: (a) about
- A5 This event elevated Ukraine's global profile and is also seen as the starting point of the real interest shown by foreign investors in the country's financial services sector.  
answer: (a) elevated
- A6 The Ukrainian hryvnia is not yet fully convertible, but is expected to be completely deregulated by the end of 2008.  
answer: (c) convertible
- A7 Domestic and inter-bank payments in Ukraine are made through the real-time settlement system, called the System of Electronic Payments (SEP), which has been in place since the mid 1990s and is owned and operated by Ukraine's central bank, the National Bank of Ukraine.  
answer: (b) place
- A8 Liquidity management remains a great challenge for banks and corporates in Ukraine: cash concentration structures are not regulated by Ukrainian laws and can be treated as inter-company lending, which is the sole prerogative of financial institutions.  
answer: (a) prerogative
- A9 Presently, foreign banks may operate only representative offices or Ukrainian subsidiaries; this will open up more possibilities for the Ukrainian banks to develop new services and products, and to introduce a new advanced format of payments and cash management systems which are in particularly high demand from multinational clients.  
answer: (b) in
- A10 Ukraine is currently in the process of acceding to the World Trade Organisation (WTO) and this will also mean increasing standardisation of the financial environment and will result in a more attractive environment for foreign investors.  
answer: (a) acceding

*The Act of State Doctrine*

- A1 The Act of State Doctrine, a rule of law so old its roots may be traced back to the 17th Century, entered into American jurisprudence in the classic case Underhill v. Hernandez.  
answer: (c) rule
- A2 In an 1892 revolution, General Hernandez expelled the existing Venezuelan government and took control of Ciudad Bolivar, where plaintiff Underhill lived and ran a waterworks system for the city.  
answer: (a) expelled
- A3 Underhill, an American citizen, repeatedly applied to Hernandez for an exit passport, but his requests were refused, and Underhill was forced to stay in Bolivar and run the waterworks.  
answer: (a) applied
- A4 Hernandez finally relented and allowed Underhill to return to the United States where he instituted an action to recover for his detention in Venezuela.  
answer: (b) relented
- A5 In finding for the defendant, a New York Court determined that Hernandez had acted as a military commander, and through this position he had imputed governmental authority.  
answer: (d) imputed
- A6 The Court reasoned that every sovereign state is bound to respect the independence of every other sovereign state, and the courts of one country will not sit in judgment on the acts of the government of another, done within its own territory.  
answer: (c) sit
- A7 In later decisions, the courts expounded on the principals and policies underlying the Act of State Doctrine.  
answer: (c) expounded
- A8 Banco Nacional de Cuba v. Sabbatino stated that although the Doctrine is not implicit in the Constitution, it does have constitutional underpinnings.  
answer: (d) underpinnings
- A9 The court acknowledged an implied separation of powers in Act of State questions, reasoning that sensitive areas of foreign policy were better left to the executive branch.  
answer: (b) left
- A10 After Sabbatino, Congress moved swiftly to curtail the act of state doctrine, but the judiciary has undermined the effort by narrowly interpreting the amendment and continuing to apply the doctrine wherever it does not conflict with a constrained reading of the Hickenlooper Amendment.  
answer: (d) curtail

**Gain in Market Price**

- A1 A gain (or loss) in the market price of an investment is called capital appreciation and is one way for investors to profit from an investment in company; the other is through dividend income.  
answer: (d) appreciation
- A2 Single premium life insurance can also benefit the insured or the purchaser during his or her lifetime: the purchaser can surrender the policy for its cash value at any time, and a few policies guarantee the cash value to be no less than the one-time deposit.  
answer: (b) Single
- A3 Shares were higher in afternoon trade, led by Siemens and BMW, helped by a higher opening to trade across the Atlantic and by investors altering and building their positions on triple witching day — the day on which options, index options and future contracts all simultaneously expire.  
answer: (c) triple
- A4 Section 1.150-1(b) defines the term 'conduit borrower' as the obligor on a purpose investment: for example, if an issuer invests proceeds in a purpose investment in the form of a loan, lease, or similar obligation to another entity and the obligor uses the proceeds to carry out the governmental purpose of the issue.  
answer: (c) conduit
- A5 There are a number of ways or platforms (referred to as 'levels') that Nasdaq uses to provide share price quotes to the public; the main difference between these levels is the extent of information and access provided to the investing, and only NASD member firms which are market makers have the ability to utilize Level III quotes.  
answer: (c) Level III
- A6 The Student Loan Marketing Association is a publicly traded company that is the largest provider of educational loans in the U.S.; it was originally formed in 1972 as a government enterprise but as of 2004 is a completely independent publicly traded company.  
answer: (c) Marketing
- A7 Debenture stock is a stock issued under an agreement that provides for fixed payments at scheduled intervals; in the case of a company's liquidation, it is treated as an equity; investors will not receive payment until all debt is paid.  
answer: (a) Debenture
- A8 From 1997 to 2004, the Program in Applied Economics aimed to promote research addressing salient real-world economic and social issues.  
answer: (b) Applied
- A9 To even up is to close out, liquidate, or cover an open position; it is the elimination or reduction of a current long or short position by making an opposite transaction of the same security.  
answer: (c) up
- A10 If the property is a space rental mobile home park, residential rental property includes the space that is rented by the owner of that space but does not include the mobile home that serves as the actual dwelling if the dwelling is owned and occupied by the tenant and not by the owner of the rental space.  
answer: (d) residential

*Loyalty Discount*

- A1 Hargreaves Lansdown says that thanks to its commission rebating service, you can buy into the 711 most popular funds for nothing and a further 276 with costs of 0.25% or less; it also offers a loyalty discount on the annual management fee, which is available if you invest through its fund supermarket.  
answer: (d) supermarket
- A2 In an asset-based loan, the lender advances funds based on a percentage of the accounts receivable and inventory; ineligible accounts receivables (past due receivables, inter-company receivables, and other lower quality receivables) are not included in the borrowing base.  
answer: (a) ineligible
- A3 A liquid market is an efficient market, because the large number of buyers and sellers ensure prices are set at market levels; investors know they are paying or receiving a fair price when they buy or sell shares or any other investments, as prices aren't distorted by a lack of supply or demand.  
answer: (a) A liquid
- A4 Global Financial data now offers daily close data for US stocks — open a member account today to receive your free daily close data back to 2000, and access historical data back to inception for an additional fee.  
answer: (b) historical
- A5 The counterparty risks from securities trading are either simple credit risks (where the risk is of non-payment) or a combination of credit risk with the risk of a position in a derivative (where the risk is of non-delivery).  
answer: (d) counterparty
- A6 Municipal investment trusts are entities that hold a stake in numerous municipal bonds and then sell shares to the public that represent an interest in those bonds; when the municipal bonds then pay off interest or mature, they pass the income on to their shareholders.  
answer: (d) trusts
- A7 A number of corporations offer commercial paper directly to investors through the Bloomberg Direct Issuer Commercial Paper Auto-Ex offering system; participating corporations allow both dealers and institutional investors to electronically purchase commercial paper with a variety of terms on a fully executable basis.  
answer: (c) Issuer
- A8 Although option writers are frequently referred to as sellers, because they initially sell the option that they create, thus taking a long position in the option, they are not the only sellers.  
answer: (d) writers
- A9 Warren Buffett filters the universe in which he manages capital down to the important and knowable; it is on the basis of the enlightenment which his circle of competence conveys upon his cognition that he seeks to make all of his capital management decisions.  
answer: (c) competence
- A10 Every individual necessarily labours to render the annual revenue of the society as great as he can; he intends only his own security and directs his industry in such a manner as its produce may be of the greatest value, but he is led by an invisible hand to promote an end which was no part of his intention.  
answer: (a) hand

*Invesco*

- A1 The Anglo-American fund management company Invesco has proposed moving its primary listing from London to New York following the recent loss of its foreign private issuer status in the United States.  
answer: (c) primary
- A2 Stocks are tax efficient when you consider that the taxes do not have to be paid until they are sold and you take profits; then you pay short-term capital gains tax if you've held the stock less than a year or long-term capital gains tax if you've held the stock longer, and the difference in these taxes is significant.  
answer: (a) efficient
- A3 Generally speaking, the R-Squared of a manager versus a benchmark is a measure of how closely related the variance of the manager returns and the variance of the benchmark returns are.  
answer: (c) R
- A4 The capital markets continued to be volatile during the quarter, as concerns about sub-prime mortgages, the economy and terrorism ebbed and flowed; by quarter end, bond yields had increased modestly in what can be described as a Bear Steepener (e.g. long rates increased more than shorter rates).  
answer: (b) Bear Steepener
- A5 Genelabs Technologies Inc said it would raise about \$23.7 million in direct financing; the biopharmaceutical company said several institutional investors agreed to purchase about 12.9 million common shares and warrants to purchase about 2.6 million common shares, for \$1.84 a unit.  
answer: (b) direct
- A6 Secondary stock is a stock of a company which is inferior to a blue chip in some way, such as by being lower quality, being higher risk or having smaller market capitalization.  
answer: (d) Secondary
- A7 Instead of a bid and ask price where there is a definable spread, a choice market is one where all trades, whether buys or sells, go through at the same price.  
answer: (a) choice
- A8 To calculate book value per common share: (share capital of common stock contributed surplus retained earnings) / number of common shares outstanding.  
answer: (b) book value
- A9 The controlling shareholder of the company that owns the Chicago Sun-Times offered to give up his control: Conrad Black said he would consider putting into a voting trust his shares of Hollinger Inc, which would put Hollinger in the hands of people independent of Black and not involved in the current litigation against him.  
answer: (d) a voting
- A10 The benefit of a stop-limit order is that the investor can control the price at which the trade will get executed, but the order may never get filled if the stock's price never reaches the specified limit price; this may happen especially in fast-moving markets where prices fluctuate wildly.  
answer: (d) stop

*Convertible Mortgages*

- A1 A borrower is usually required to pay fees to change from a convertible ARM mortgage to a fixed-rate loan, and the conversion can only happen during a specific period of time; it is common to find that this fixed rate is slightly higher than standard fixed rates.  
answer: (a) ARM
- A2 A book-entry security is one that is not available to purchasers in physical form; such a security may be held either as a computer listing on the records of a central holder (as is the case with certain U.S. Government securities) or in the form of a single, global certificate.  
answer: (a) entry
- A3 The Federal Housing Administration has helped millions of Americans secure their dream of homeownership since 1934; it provides mortgage insurance on loans made by approved lenders throughout the United States and its territories and is the largest government-backed mortgage insurer.  
answer: (c) Federal Housing Administration
- A4 Subject to subsection (2), the duty and authority of the drawee institution to pay a cheque are terminated by (a) countermand of payment, (b) notice of the drawer's mental incapacity to incur liability on a cheque, or (c) notice of the drawer's death.  
answer: (b) countermand
- A5 According to ERISA, regulatory and case law requires that retirement plan sponsors and their advisors act for the exclusive benefit of participants and with the skill, care and diligence of a prudent expert.  
answer: (b) expert
- A6 Latin American markets financing on international capital markets boomed in the first quarter of 2000, despite increasing volatility in industrial financial markets; net financing flows picked up in the first quarter of 2000, boosted by improved credit quality, a record of new debt issuance and low amortization payments due.  
answer: (a) flows
- A7 If you are considered to be an active participant in a company plan, and your income is above certain limits, then you cannot take a tax deduction for your traditional IRA contribution.  
answer: (b) an active
- A8 Your company's stock can list on The NASDAQ Stock Market in addition to being traded on your current exchange; NASDAQ launched the highly successful dual listing program in 2004 to offer companies an opportunity to experience its superior market performance firsthand without disruption.  
answer: (b) dual
- A9 In his May 2006 speech, David Walton of the Monetary Policy Committee of the Bank of England commented that "the balance of risks has shifted a little too much to the upside on inflation for comfort, and that, I believe, justifies a small tightening in monetary policy".  
answer: (a) balance
- A10 Accredited Personal Financial Planning Specialists are provided credentials through the Certified Financial Planner Board of Standards; after the examination, the CPA may offer services in personal financial planning, assessing the financial condition of clients and making sure they are utilizing available resources to the best advantage.  
answer: (a) Accredited

*Financial Data*

- A1 A fundamentalist thinks that a corporation's security prices are determined by its future earnings and dividend abilities; besides studying a corporation's financial data, s/he will also examine its industry and how the economy will affect the company's core business.  
answer: (b) A fundamentalist
- A2 If you're looking for adventure in the stock market world, a capital appreciation fund may be just the thing for you; these are high-risk and, you hope, high-payoff funds invested in companies that show high growth potential.  
answer: (d) appreciation
- A3 Employees are usually not pleased when their company carries out a pension reversion plan: by replacing the pension plan backed by the company with a fixed annuity backed by an insurance company, pensioners are no longer covered by the guarantee of the Pension Benefit Guaranty Corporation.  
answer: (c) reversion
- A4 As to their potential marketability, these two species of clams are perceived as being too different from clams currently available on the market; the low response rates and shellfish dealers' unwillingness to evaluate free samples lead us to conclude that it is unlikely that there will be a widespread, mainstream demand for them.  
answer: (c) marketability
- A5 Event risk defies forecasting, though some ambitious minds never stop trying; recall how stunned everyone in the markets was by its ultimate manifestation in modern memory, the terrorist attacks of Sept. 11, 2001, on New York and Washington.  
answer: (c) Event
- A6 In margin trading, brokerage firms loan capital to traders so they may purchase more than they would otherwise be able to; but should the market turn against the trader, and they find themselves unable to liquidate their position, the trader can be left with a debit balance.  
answer: (c) debit
- A7 Contributions to a simple IRA are made up of salary reduction contributions and employer contributions; you, as the employer, must make either matching contributions or nonelective contributions, and may choose either method of making employer contributions on a yearly basis.  
answer: (d) nonelective
- A8 Dual trading is said to occur when an entity sometimes trades as a broker for customers, and at other times trades for its own account; it is quite pervasive throughout the United States securities and futures markets as well as in financial and commodity markets throughout the world.  
answer: (b) Dual
- A9 Securities which are nearly risk-free are sometimes referred to as 'fine paper'.  
answer: (b) fine
- A10 Some businesses avoid double taxation by qualifying for the conduit theory — the incomes from mutual funds, REITs, and limited partnerships are only taxed once because interest, dividends, capital gains, etc are passed through to you; you pay tax on the income, but the business does not.  
answer: (b) conduit

*International Claims*

- A1 There seems to be a mystique that surrounds international accounts, says David Greenberg, Divisional Vice President International Operations Collection Services, ABC-Amega Inc: they're perceived as being difficult to collect and more complicated to handle than domestic claims.  
answer: (d) mystique
- A2 The fact is that while laws may differ somewhat among countries, for the most part they are similar enough to allow for effective disposition, if you know how to proceed.  
answer: (c) disposition
- A3 Since most companies do not have the resources in-house to pursue collection of past due claims outside of their home country, most international claims are placed with commercial collections firms for handling.  
answer: (c) placed
- A4 Because of the unscrupulous collection tactics used in many countries, collection agents are viewed as thugs or gangsters in some areas of the world; as a result, overseas debtors tend to be more wary of 'collectors' and feel obliged to protect themselves from international fraud.  
answer: (c) unscrupulous
- A5 They require documentation that will assure them that the person attempting to collect the claim actually represents the creditor, so sending a copy of the placement form to the debtor can literally open doors.  
answer: (a) doors
- A6 Submit the complete contract to the collection agency together with the terms and conditions; this outlines the legal basis for pursuing the claim and defines the precise entity that contracted with you for the sale; it will also provide valuable information as to the choice of law, forum, or venue for resolving disputes.  
answer: (c) with
- A7 A copy of the purchase order provides valuable, specific details of the sale.  
answer: (c) order
- A8 A clear statement of account, broken into principle and interest, will allow the collection agency to define precisely how you arrived at the figure you've placed for collection.  
answer: (a) broken
- A9 Invoice copies are a wealth of specific information concerning the sale, containing terms of the sale, to whom the goods were shipped, who was billed for the goods, a description of the goods sold, and the method of transport used.  
answer: (d) wealth
- A10 A well-crafted credit application will provide valuable information that can assist the collection agency in pursuing payment; in addition to important banking and reference information, it contains terms, conditions, and on occasion, a signed personal guarantee.  
answer: (a) crafted

*Anti-Fraud Regulations*

- A1 Treasury departments and banks are facing increasing regulatory requirements to minimise financial crime, but how can they balance compliance with the needs of the business and what tools are at their disposal?  
answer: (a) at
- A2 Methods of payment and banking are becoming more sophisticated, as seen in the latest automation, electronic peer-to-peer payment networks and methods of identity authentication, among others.  
answer: (b) sophisticated
- A3 This is a world that is trying to combine the speed of product delivery with security enhancements, so when the regulator imposes tougher standards in the area of financial crime, it is no wonder that some corporates and banks can feel somewhat overwhelmed.  
answer: (d) overwhelmed
- A4 One of the most basic preventative measures for all organisations is to acknowledge the fact that they are at risk from financial crime — that applies as much to a small local company as it does for a multi-billion dollar multinational, says Ben Poole of gtnews.  
answer: (c) preventative
- A5 The risk can sometimes be greater for small and medium enterprises, as they are more likely to operate on very tight margins and will not have a reserve of funds to fall back on if they are affected by fraud.  
answer: (a) fall
- A6 Smaller companies don't often have a qualified IT administrator, which can leave their network open to attack from malevolent outside influences.  
answer: (d) malevolent
- A7 As Barry Schofield notes: "Companies produce newsletters, policy-meeting minutes and so on, filled with project data, details about people, company status updates and other information; although information on a computer can be extremely important, the same piece of information written on a napkin is just as valuable."  
answer: (b) napkin
- A8 As well as taking control of financial crime issues, companies also face a whole slew of government compliance issues and regulations.  
answer: (a) slew
- A9 As new and revised regulations are implemented, it is important that organisations of all sizes keep up to date with what is required of them; if they do not, they can expect to be penalised by the regulator, as well as possibly leave themselves open to fraud.  
answer: (b) leave
- A10 Stung into action by global events such as 9/11, Enron, the dot-com crash and even the current credit crunch, regulators around the world have created a vast amount of legislation that banks and corporates must abide by or face the consequences.  
answer: (c) Stung

*Corporate Espionage*

- A1 Whether it comes from an internal or external source, corporate espionage can hit all corporates hard, especially SMEs where margins are tightest.  
answer: (d) tightest
- A2 Since the primary motivation behind cyber crime switched from mayhem to money, the corporate security stakes have never been higher.  
answer: (c) mayhem
- A3 The protection of data should never be underestimated, as a recent event involving Her Majesty's Revenue and Customs in the UK highlights, where a CD containing confidential details of millions of people went missing.  
answer: (c) went
- A4 Most small and medium enterprises don't believe their company will be targeted; if a company is not in the defence industry or the company is relatively small, the thinking is, they aren't at risk, but this all too common attitude can be any small business' weakness.  
answer: (a) all too
- A5 The nature of a targeted attack means that it is probably going to be aimed at your weakest spot: for example, a laptop or a worker that secretly uses peer-to-peer file sharing programs to download videos.  
answer: (d) peer-to-peer
- A6 It's a struggle to keep track of the status of each computer, and many smaller companies are trying to use complicated and hugely technical enterprise security products that simply weren't designed with them in mind; consequently, corporate espionage is likely to give them even more of a headache going forward.  
answer: (a) headache
- A7 While the 'bad guys' might be getting more sophisticated in their attacks, small businesses have typically failed to keep pace with their defences.  
answer: (b) pace
- A8 But not all espionage is hi-tech wizardry and gadgetry.  
answer: (d) wizardry
- A9 Small businesses urgently need to look at ways of closing up potential holes in their network, such as tools that give them the ability to successfully implement safe computing policies, software rollouts and updates, while offering the necessary ease of use and management.  
answer: (b) holes
- A10 Corporate spies are perfectly happy to get information from the easiest, most overlooked sources, and more often than not, the offender is a disgruntled employee or someone at director level trying to set up as a competitor or give a company's intellectual rights away to a competitor for reward or revenge.  
answer: (c) disgruntled

*Foreign Corrupt Practices Act*

- A1 As a result of SEC investigations in the mid-1970's, over 400 U.S. companies admitted making questionable or illegal payments in excess of \$300 million to foreign government officials, politicians, and political parties.  
answer: (a) questionable
- A2 The abuses ran the gamut from bribery of high foreign officials to secure some type of favorable action by a foreign government to so-called facilitating payments that allegedly were made to ensure that government functionaries discharged certain ministerial or clerical duties.  
answer: (d) gamut
- A3 Congress enacted the FCPA to bring a halt to the bribery of foreign officials and to restore public confidence in the integrity of the American business system, and it was intended to have and has had an enormous impact on the way American firms do business.  
answer: (a) bring
- A4 Several firms that paid bribes to foreign officials have been the subject of criminal and civil enforcement actions, resulting in large fines and suspension and debarment from federal procurement contracting, and their employees and officers have gone to jail.  
answer: (b) debarment
- A5 Following the passage of the FCPA, the Congress became concerned that American companies were operating at a disadvantage compared to foreign companies who routinely paid bribes and, in some countries, were permitted to deduct the cost of such bribes as business expenses on their taxes.  
answer: (b) routinely
- A6 Accordingly, in 1997, the United States and thirty-three other countries signed the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.  
answer: (a) Combating
- A7 The antibribery provisions of the FCPA make it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to a foreign official for the purpose of obtaining or retaining business for or with, or directing business to, any person.  
answer: (c) for or with
- A8 Since 1998, they also apply to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States.  
answer: (c) furtherance
- A9 The FCPA also requires companies whose securities are listed in the United States to meet its accounting provisions.  
answer: (b) meet
- A10 These provisions, designed to operate in tandem with the antibribery provisions of the FCPA, require corporations to make and keep books and records that accurately and fairly reflect the transactions of the corporation and to devise and maintain an adequate system of internal accounting controls.  
answer: (d) tandem

**Security Offers**

- A1 Securities are issued in the primary market by one of the following methods: an offer to the public by an issuer through a prospectus; an offer to specific known persons selected by the sponsors; or an offer in which existing shareholders are offered new securities.  
answer: (c) primary
- A2 On the other hand, hostile takeovers often result in the management being fired anyway, so the effectiveness of a people pill defense really depends on the situation.  
answer: (b) people
- A3 At any given time, a minimum of four different expiration months are available for every optionable stock.  
answer: (c) optionable
- A4 Nonforfeitable benefits cannot be lost by a participant even if the participant terminates service with the employer before qualifying for full retirement benefits; these benefits are determined by applying the years of credited service to the vesting schedule used by the retirement plan.  
answer: (b) Nonforfeitable
- A5 A municipal note is a short-term debt instrument, generally with a maturity of less than one year, issued by state or local government, and repayable from the general fund of the issuer or a defined revenue source.  
answer: (d) note
- A6 A marketable security is a readily tradable equity or debt security with quoted prices, including commercial paper and treasury bills; it is a 'close to cash' asset which is classified as a current asset.  
answer: (b) marketable
- A7 To be accurate, the term liquidation preference should only pertain to money returned to a particular series of the company's stock ahead of other series of stock.  
answer: (d) liquidation
- A8 Most SME businesses looking for venture money aren't going to find big firms interested in what they're doing, and that's where the invisible venture capital market becomes critical; this highly elusive source of financing is very unstructured and largely informal, comprising a diverse set of high net worth individuals.  
answer: (d) invisible
- A9 One objective of inflation accounting is to eliminate the 'money illusion' by reducing the accounts to 'real terms'; the purchasing power or constant dollar method does not meet this general objective.  
answer: (c) inflation
- A10 It is deemed as significant if a security breaks above the resistance level or below the support level: analysts usually interpret this to mean that the security will reach new highs or lows and thus, its historical trading range expands.  
answer: (a) historical

*Eurobonds*

- A1 Paula Perttunen had also talked to her boss about the merits of doing a convertible Eurobond issue, which could cost 34 percent below a straight issue; the problem was that Finnish laws limited the amount of a local firm's equity that could be held by foreigners to 20 percent, and Nokia was already approaching that limit.  
answer: (b) a convertible
- A2 All adjustable-rate mortgage programs come with a pre-set margin, and are tied to a major mortgage index such as the Libor, COFI, or MTA; some banks and lenders will allow you to choose an index, while many rely on just one of the major indices for the majority of their products.  
answer: (a) adjustable
- A3 The debt to the sum of USD 15,000 was caused by the debtor's failure to fulfil the obligations under the independent-work contract dated November, 15, 2005 and the vouchers dated October 21, October 23, November, 11 and November 26, 2005.  
answer: (d) vouchers
- A4 "Beware of Triple Witching Hour": what sounds like a line from a cheap horror movie is actually a warning you are likely to hear four times a year when three speculative derivatives all expire on the same Friday.  
answer: (c) Witching
- A5 For investors looking to minimize their tax bite, there are tax-free bond funds, which invest in municipal bonds (debt offerings from state and local municipalities) whose distributions aren't subject to federal taxes nor taxes in the states and localities that issue the bonds.  
answer: (c) free
- A6 A stop loss is an order to buy (or sell) a security once the price of the security climbed above (or dropped below) a specified stop price; when the specified stop price is reached, the stop order is entered as a market order (no limit) or a limit order (fixed or pre-determined price).  
answer: (c) loss
- A7 Chances are a super sinker bond will be redeemed in its entirety well before the stated maturity date; for instance, if municipal waste comes in slowly — 150,000 tons per year — the counties will have 30 years to pay off the bonds.  
answer: (c) sinker
- A8 Sector funds permit investors to concentrate on a specific investment segment and yet diversify their investments among various issuers; they entail more risk but offer greater potential returns than funds that diversify their portfolios.  
answer: (c) Sector
- A9 A convertible bond is a residual security because conversion of the bond by an investor will result in more shares of common stock outstanding and a reduction in earnings per share.  
answer: (c) residual
- A10 The central idea of the random walk theory is that the market, an aggregate of financial actions by many with their several different purposes and intents, is not inherently knowable; to outperform the market assumes that you understand the market, when actually you are making assumptions.  
answer: (d) walk

*Personal Possessions*

- A1 Almost everything you own and use for personal or investment purposes is a capital asset; examples are your home, household furnishings, and stocks or bonds held in your personal account.  
answer: (a) capital
- A2 The subprime meltdown has been in full swing ever since February 7th 2007, when HSBC (HBC) raised subprime loan loss reserves by 20% and New Century (NEW) announced a net loss for 4Q06 and an accounting probe to determine how big that loss was.  
answer: (c) meltdown
- A3 Like many small business owners, you may find that it's too expensive to pay an accountant to do routine bookkeeping chores; someone in your organization must take on the responsibility of keeping an accurate set of financial records.  
answer: (c) bookkeeping
- A4 These are all cases of the movement of goods irrespective of international sales and purchases, though the movements themselves appear in the international records of imports and exports, and therefore it seems to be assumed, though without any warrant, in the international records of the balance of trade.  
answer: (b) balance
- A5 The value of landscape trees, used for many architectural, engineering, climatic and aesthetic purposes, is normally greater than the dollar value of the marketable wood they contain, and a realistic appraisal of landscape trees is often required to settle legal disputes, damage claims or casualty loss.  
answer: (a) appraisal
- A6 While there are a number of markets that are used for trading stocks, the actual market is concerned with buying and selling tangible goods, and may involve such diverse types of products as crude oil and related products, computer supplies such as memory chips, or basic foods such as grains, sugars, or produce.  
answer: (a) actual
- A7 Subchapter M is that portion of the IRS regulations dealing with the conduit theory, in which investment companies and real estate investment trusts avoid double taxation by passing interest and dividend income and capital gains directly through, without taxation, to shareholders, who are taxed as individuals.  
answer: (c) Subchapter
- A8 The Public Securities Association was the trade association for primary dealers in US government securities, including MBSs; in 1997, they became known as the Bond Market Association.  
answer: (c) Public
- A9 Until Limited Liability Companies came on the scene, businesspersons (other than sole proprietors) had a choice of business entity generally only of corporations or partnerships, involving a tradeoff between limitations on the liability of the owners for debts of the business and tax savings through a single tax on income.  
answer: (b) Limited
- A10 Normally, applying for and receiving a Federal ID Number through the mail takes six to eight weeks, but with online application, your information is e-filed instantly with IRS when you complete the online application form; they will save this information and immediately assign the number to your business.  
answer: (a) ID

**Money Market Performance**

- A1 Money market performance is an annualized historical yield based on the seven-day period ended on said date, annualized in the case of its effective form by compounding the seven-day return, and does not represent actual one-year return.  
answer: (d) yield
- A2 Funded debt is all outstanding bonds, debentures, notes and similar debt instruments of a company payable after one year.  
answer: (d) Funded
- A3 The Glass-Steagall Act created a firewall between commercial banking and investment banking until it was eliminated by the Financial Services Modernization Act of 1999.  
answer: (a) a firewall
- A4 The Nebraska Microenterprise Partnership Fund makes interest-only (or evergreen) loans for lending capital for microlending by micro programs and small community revolving funds; this capital is then loaned to micro businesses.  
answer: (b) evergreen
- A5 Dual-purpose funds have a set expiration date, at which time all preferred shares in the fund are redeemed, giving the common shareholders sole ownership of the fund; the latter then decide whether to liquidate the fund and divide up the proceeds or to convert it to an open-end mutual fund.  
answer: (d) purpose
- A6 With a direct lease, you identify the asset (and negotiate the price) and arrange for the leasing company to buy it from the manufacturer (if new) or the previous owner (if used) to rent it to you.  
answer: (a) a direct
- A7 Asked why she doesn't just pay with cash, Yukako says that she prefers the convenience of a debit card: "It's safer than carrying cash, and you don't have a huge bill to pay at the end of the month."  
answer: (b) a debit
- A8 Country risk will be measured by an index of severity consisting of nine composite indicators, armed conflict, governance and political stability, militarization, population heterogeneity, demographic stress, economic performance, human development, environmental stress and international linkages.  
answer: (a) Country
- A9 The information contained in recorded broadcast of Adobe Systems Incorporated's conference call held on December 14, 2006 at 2 p.m. Pacific Time speaks as of that date; investors should not assume that these comments remain operative at a later time.  
answer: (a) call
- A10 The securities and futures markets have circuit breakers that provide for brief, coordinated, cross-market trading halts during a severe market decline as measured by a single day decrease in the Dow Jones Industrial Average (DJIA).  
answer: (a) circuit

*Natural Resources*

- A1 Commodities like gold, natural gas and similar natural resources are one traditional inflation hedge: demand typically rises for such commodities, raising their prices to the advantage of their investors.  
answer: (c) inflation
- A2 If timberland is destroyed or purloined, or if trees are condemned for public use, the property owner might be entitled to a deduction from his income tax; this kind of loss is termed involuntary conversion.  
answer: (d) conversion
- A3 The liquidation value of a business is equal to the value of its individual assets, assessed as if the entity would cease carrying on business; there are in fact two types, dependent on the time available for the process.  
answer: (c) liquidation
- A4 NASD Rule 2220 states that members must charge their customers fair prices and commissions, while Interpretive Guideline 1220 provides a guide to what constitutes a reasonable mark-up in light of this rule.  
answer: (b) mark-up
- A5 The key difference between municipal revenue bonds and general obligation bonds is that the latter are covered by the full faith and credit and taxing ability of the issuer, while the former are repaid from the income of the project they finance, such as a housing project or a hospital.  
answer: (d) revenue
- A6 Several states have enacted regulations covering power of sale foreclosure in the last few years; however, almost thirty states still have no practical method of nonjudicial foreclosure.  
answer: (b) nonjudicial
- A7 Paying an optional dividend can solve this problem: by offering a stock dividend at a slight discount, investors can perhaps be persuaded to opt for payment in new shares, so that cash can then remain with the company.  
answer: (c) an optional
- A8 If Charles's will indicates that his heirs are to receive their inheritance "per stirpes", his daughter Anne will get half the property and his deceased son Albert's two children will share the other half in equal portions through Albert by right of representation.  
answer: (d) per stirpes
- A9 Alibris, the complete metrology solution provider and The Netherlands' Entrepreneur of the Year in 2007, announced its IPO on Eurolist by Euronext Amsterdam; 55 million euros of newly issued shares will be in the primary offering.  
answer: (d) primary
- A10 Because of the narrow coverage margins of the City's waterworks revenue bonds, any fluctuations in revenue due to inclement weather, etc, may affect the financial performance of the system and cause a reduction in coverage below the rate covenant.  
answer: (d) covenant

*Useful Life*

- A1 The residual value is the sum for which the lessee can purchase the vehicle at the end of its lease term, if s/he decides s/he would like to buy it.  
answer: (c) residual
- A2 After deciding what percent of the portfolio to devote to a sector rotation strategy, the investor then identifies the business cycle to target, and once this is accomplished, he determines which companies will benefit from it.  
answer: (c) rotation
- A3 A bond agreement may also include a sinking fund provision requiring a company to repay a specific number of bonds in specific years or to retire a portion of a bond issue each year until it has been fully repaid.  
answer: (d) sinking
- A4 Stock traders will frequently choose the simple buy-low-and-sell-high, range-limited approach, but as we attempt to choose the next major bottom or top, we may experience the frustration of our trade being stopped out, while the market continues to slightly new lows or highs.  
answer: (c) out
- A5 The manager of a tax-managed fund may intentionally sell some stocks for losses specifically so that these losses can offset future gains or actively sell shares with the highest cost to create as slight a gain as possible — or even a loss.  
answer: (d) a tax-managed
- A6 In the administration of estates for private individuals, the trust company has mostly replaced personal attorneys, because it has the advantage of corporate responsibility and continuous life, proper offices, burglar-proof safes, and specialized employees in each department.  
answer: (d) trust
- A7 A wage assignment permits your creditor to require that your employer deduct funds from your pay check in order to pay your debt, and because it is a voluntary deduction to which you must agree, it can be enforced without a court ruling.  
answer: (a) assignment
- A8 Adjusted Gross Income equals income from taxable sources less allowable adjustments; it is utilized to determine taxable income by deducting personal exemptions plus either itemized or a standard deduction.  
answer: (a) Adjusted
- A9 Its Corporate Financing Committee has reviewed all criteria for qualified independent underwriters and recommended certain amendments to the Board of Governors of the NASD, which has approved them.  
answer: (c) Financing
- A10 Payroll taxes are garnished under the authority of the Federal Insurance Contributions Act; in the first 1935 legislation, the benefit provisions were listed in Title 2 of this law, and that is why Social Security is sometimes called 'the Title 2 program'.  
answer: (a) Insurance

*Personal Guarantees*

- A1 In a limited liability partnership, several individuals or companies share the costs and profits of the business, but their responsibility is restricted to the sum of money they have invested and to any personal guarantees given.  
answer: (c) liability
- A2 The QQQ, also called the 'Cubes', is an exchange-traded fund; it tracks the NASDAQ 100 index, containing the key stocks of the NASDAQ Composite Index quoted each night on the TV news.  
answer: (c) QQQ
- A3 In a Subchapter S corporation, the net profit or loss is deemed distributed to its shareholders, who must include it in their individual tax returns irrespective of whether they actually receive the cash.  
answer: (c) Subchapter
- A4 Actuals form a part of trading in the market: such a commodity is traded for either cash or some other commodity, and this transaction includes an exchange between two or more parties as well as delivery of the goods transacted.  
answer: (a) Actuals
- A5 The firm thinks that the end of the recession is too distant to warrant buying cyclical stocks, so it is buying the secular stocks that are attempting to reduce expenses and manage their way toward recovery.  
answer: (b) secular
- A6 A balanced budget is reached when the government can equate revenues with expenditure over the business cycle; this makes allowance for a deficit during periods of low economic activity, which must nevertheless be matched by a surplus during periods of high activity.  
answer: (a) A balanced
- A7 Under the FRB's Regulation T, a restricted account is not permitted to initiate a debit balance for any reason; buy orders are only accepted if cleared funds are in the account, and this condition holds until 90 days from the date of the transaction.  
answer: (d) restricted
- A8 The committee scrutinizes the state's capital budget, which allocates money for construction and repair of public structures and other long-term investments like land acquisition and transfer, and also includes funds given or loaned to local governments and non-profit organizations.  
answer: (a) capital
- A9 The U.S. Department of Labor statistics that will be published tomorrow by The Springfield Gazette present the civilian unemployment rate as the best measure of the national labor market rather than the overall rate, whose base includes US-based military personnel.  
answer: (a) civilian
- A10 The European Leasing Barometer measures the expectations of leasing professionals in the next six months in consideration of the state of the general economy, the leasing sector and their own businesses, and as such functions as a good confidence indicator.  
answer: (a) confidence

*Fixed-income Investments*

- A1 Investors would not buy bonds if the only incentive were getting their money back after a certain period of time; the income for fixed-income investments is the interest received at a fixed rate, called the 'coupon'.  
answer: (a) coupon
- A2 Slander is difficult to prove, since unlike something in a newspaper or magazine, you cannot brandish a past utterance before a judge; also, settlements are usually smaller, because the spoken word is generally considered less potent than a broadcast or printed word.  
answer: (d) Slander
- A3 Injecting funds into one's account does not automatically settle any invoice or debit note pending against it; the account holder must pay for it manually.  
answer: (d) debit
- A4 An eviction is a legal procedure that a landlord utilizes to remove a tenant from an apartment or other accommodation after he serves the tenant with a Notice to Quit; this latter is normally a single sheet of paper, signed by the landlord or his lawyer, and delivered by a legal officer.  
answer: (b) An eviction
- A5 One of the changes to income tax legislation was the reduction of the marriage penalty on couples who file joint tax returns, by equalizing the deduction for couples and singles, and raising the endpoint of the 15-percent bracket for married couples filing joint returns.  
answer: (d) penalty
- A6 Firm commitment lending is a creditor's formal offer laying out all the terms under which he will lend money to a borrower over a stated time period.  
answer: (b) commitment
- A7 A due bill is an obligation that results when an asset such as a security is sold by a brokerage or bank and payment is received, but the security or other asset has not yet been delivered.  
answer: (b) A due bill
- A8 The trade volume slowed during the decline in prices, indicating sellers were less aggressive; the market reached a position in which traders were unwilling to sell at a lower price while buyers began to lift offers — no dealers were willing to hit the bid.  
answer: (c) hit
- A9 As utilized in this contract, the phrase 'prime account' means an account that is acceptable to you, that has been validly assigned to you, that is less than ninety days overdue, and that complies with our representations and warranties to you.  
answer: (a) prime
- A10 The US Treasury first issued inflation indexed securities in 1996; these instruments protect the holder against inflation and deflation by altering the principal periodically to follow changes in the Consumer Price Index.  
answer: (c) indexed

## SLR

- A1 In a recent press release, the bank said regarding the requirement for maintaining a statutory liquidity ratio (SLR) of Rs 120 crore, it currently holds approved securities to a total of Rs 210 crore.  
answer: (d) liquidity
- A2 Appraisers and assessors of real estate estimate the value of property for a variety of purposes, such as to assess property tax, to confirm adequate collateral for mortgages, to confirm or help set a good sales price, to settle an estate, or to aid in a divorce settlement.  
answer: (c) Appraisers
- A3 'Furthest month' is used in the context of commodities or options trading to refer to the month that is away from the contract's date of settlement.  
answer: (b) Furthest
- A4 A mutual association is a kind of savings association designed so that its board of directors is elected by its members, both its depositors and sometimes its borrowers; it does not issue capital stock, so its members do not share in its profits.  
answer: (d) mutual
- A5 Midway Airlines may be forced into involuntary liquidation because of its lack of financial information filed with the bankruptcy court; the administrator has filed a motion seeking court approval to convert the airline's bankruptcy from Chapter 11 to Chapter 7.  
answer: (b) involuntary
- A6 You should consider a rate lock as insurance that you will receive the loan at the agreed-upon interest rate even if general rates rise; it also shields the lender, since you promise to borrow at the indicated rate even if general interest rates drop.  
answer: (b) rate lock
- A7 A corporation must keep its general ledger or other books of final entry, in electronic or paper form, containing summaries of its year-to-year transactions, along with any special agreements, contracts, etc, that might be needed to understand the entries.  
answer: (a) final
- A8 Direct paper is a cost-effective way for cash-strapped companies to borrow money, because they avoid the fees imposed by brokerage firms; issuing straight to the public is more cost effective, but brokers still dominate the distribution market.  
answer: (c) Direct
- A9 Electron is a story stock in almost every sense — in the six years it was carried from venture capital to the public market, it never made money, but its hydrogen creation system and energy storage developments perch the company atop hydrogen fuel cell technology, the cutting edge of energy management.  
answer: (d) a story
- A10 Bear spreads are useful when a moderate decline in underlying stock or indices is anticipated; when a sharp fall is expected, aggressive strategies like writing calls or buying puts can be utilized to take advantage.  
answer: (c) spreads

**Gray Market Goods**

A1 The problem of grey market goods has been plaguing the judicial system for many years, with judges trying to define trademark and copyright holders' rights.

answer: (c) plaguing

A2 In the case of trademarks, the courts have coalesced around the guideline that goods intended for outside the United States with the US trademark holder's approval, when imported, will be an infringement only if such 'foreign' products differ significantly from the ones sold in the US.

answer: (a) coalesced

A3 What constitutes a 'significant' difference, needless to say, varies among products.

answer: (c) constitutes

A4 For instance, Coke bottles sold in Panama were found significantly different: the Spanish labels did not list the contents, while the packaging and shipping caused the Panamanian bottles to be susceptible to product spoilage and leaking.

answer: (c) susceptible

A5 The Federal Court of Appeals has added a caveat to this guideline, considering that goods don't substantially vary if the trademark holder has allowed foreign-directed goods into the US in a way that all or materially all of the United States sales are not the American version of the product.

answer: (a) caveat

A6 In another case, Elk Corporation brought their case under 21 USC 1209 before the United States International Trade Commission.

answer: (a) before

A7 The Administrative Law Judge of the USITC held in favour of Elk, stating that numerous substantial differences clearly existed between the cultivators sold by Elk in the US and their European models, and included differences in the services offered along with the cultivators.

answer: (b) held

A8 While the respondents gave evidence showing that Elk had authorized sales of these machines in the United States, the judge placed the burden of proof upon them to establish that Elk had approved those sales and that the quantity of sales was material.

answer: (a) burden

A9 In spite of the fact that the respondents had raised the point as a defense, the judge stated that Elk was required to establish a prima facie case that materially all of its US sales conformed to the American version of the cultivator.

answer: (b) facie

A10 That is to say, first Elk needed to establish a United States standard against which the alleged substantial variations of the European model were to be mensurated.

answer: (a) alleged

*The GATT System*

- A1 Our world emerged from the ravages of World War II in 1945.  
answer: (c) ravages
- A2 The challenge then was to reconstruct economic stability in the face of pervasive disorder and enormous dislocation, to regain a feeling of global community and establish a base for future prosperousness and growth.  
answer: (d) pervasive
- A3 The engineers of a new system had to construct from the ground up, and they demonstrated vision and far-sightedness; after fifty years of progress raised on the foundations that they laid then, we now often take for granted that which was new and imaginative at that time.  
answer: (c) up
- A4 The late 1940s was not only about the finish of the most devastating war ever waged; it was also concerned with the control of dangerous economic nationalism and the quest for a new world order.  
answer: (c) waged
- A5 Defending a rules-based system on a daily basis has been greatly assisted by the fact that the system gave primacy to the markets rather than the governments in deciding economic outcomes.  
answer: (b) primacy
- A6 The governments abrogated their responsibility, but concentrated on creating basic conditions for prosperity and promoting liberalization; they considered direct intervention only under circumstances where markets were thought wanting.  
answer: (b) abrogated
- A7 The key idea of the rules-based system is non-discrimination, and this emerged from the conviction that exclusive dealings and in-groups helped stoke those rivalries and conflicts that drove the community of nations into the Second World War.  
answer: (d) conviction
- A8 The patchwork quilt of agreements that had undermined the unity and continuity of interwar economic relations was replaced with unified rules.  
answer: (d) quilt
- A9 And more basically, the non-discrimination principle enshrined universality as a central goal of the trade system, guaranteeing that the GATT system would eventually become a force majeure in the integration of the world's economies.  
answer: (a) enshrined
- A10 Answers for the challenges that governments face today and tomorrow will continue to call for concerted action on a range of fronts.  
answer: (d) concerted

*University Public Relations*

- A1 In the near future, the University of Alaska's Communications Office will play an increasingly pivotal role in the University's success.  
answer: (c) pivotal
- A2 Colleges and universities are currently in competition for students, funds and status with greater ferocity than in the past.  
answer: (b) ferocity
- A3 At the U of A, the Communications Office supplies a wide array of services to the campus.  
answer: (b) array
- A4 Although the U of A's central marketing team is small in comparison to peer universities in the West, these efforts are being realized by a productive, engaged staff.  
answer: (d) peer
- A5 The amalgamation of divergent views, approaches and attitudes into a single comprehensive campus-wide image and message is of the essence.  
answer: (c) divergent
- A6 Significant amounts of time and resources will be necessary to see that these images and messages to the institution's myriad audiences are appropriate, effective and complementary.  
answer: (b) myriad
- A7 Support for these efforts is multi-faceted and need to be appropriately coordinated, and the University of Alaska's comprehensive mission and goals must be kept always in perspective.  
answer: (b) faceted
- A8 The University's first mandate is to give its students an exemplary education.  
answer: (a) an exemplary
- A9 The University also significantly enhances life in the state of Alaska, since it is a major employer, contributes inestimably to its cultural life, and provides stability and economic potential.  
answer: (a) inestimably
- A10 University administrators around the nation are being drawn more and more into public discussion of campus issues; energetic news media, politically-active students and politicized issues can create a public relations debacle for institutions.  
answer: (a) debacle

*Services Marketing*

- A1 Services are primarily intangible and tend to be an experience which is consumed at the point of purchase; they cannot be owned since they quickly perish, and once they have occurred they cannot be repeated in exactly the same way.  
answer: (b) perish
- A2 Marketing personnel often speak of the nature of a service as inseparable from the point of consumption and from the service provider.  
answer: (a) inseparable
- A3 The right of ownership is not extended to services, since we merely experience them; we cannot sell them once they have been consumed.  
answer: (a) ownership
- A4 The Western economies have seen deterioration of the traditional manufacturing sectors and growth of the service economies.  
answer: (c) deterioration
- A5 People are the key element in any service: services are usually produced and consumed simultaneously, and aspects of the customer experience are adjusted to serve the needs of the individual consuming them.  
answer: (c) element
- A6 Many of us can recall a situation in which the personal service offered has enhanced or tainted a vacation, an overnight stay or a restaurant meal.  
answer: (a) tainted
- A7 Every customer facing staff member needs training and development in order to maintain high quality personal service.  
answer: (a) facing
- A8 This training ought to start during induction into the company, which will involve the new staff in the organization's culture for the first time and brief them on operating policies and procedures.  
answer: (c) induction
- A9 The organization must also pay attention to Continuing Professional Development, in which every staff member sees his or her professional career as a lifelong process of training and growth.  
answer: (a) a lifelong
- A10 The disposition and attitude of these service personnel is critically important: the way that complaints are dealt with can mean the difference between keeping and losing customers or between making and destroying the company's reputation.  
answer: (a) disposition

*Marketing Strategy*

- A1 The development of its marketing strategy is critical for a business, because without one, its efforts to draw customers are going to be haphazard and ineffectual.  
answer: (b) haphazard
- A2 The focus of its strategy needs to be on ensuring that its products or services meet customer needs better than do its competitors', as well as on the development of long-term, profitable customer associations.  
answer: (c) meet
- A3 The business should identify whole new markets to target: central to a successful marketing strategy is understanding one's customers and their needs.  
answer: (b) central
- A4 One key to successful marketing is the understanding that both existing and potential customers will fall into specific segments or groups identified by their needs.  
answer: (b) fall
- A5 The focus of a company's strategy ought to be to identify such groups with their needs and then address them more successfully than its competition.  
answer: (a) address
- A6 In this way, the business is able to create a marketing strategy which makes the most of its strengths and then matches them with the needs of the customers it plans to target.  
answer: (c) makes
- A7 If, for instance, a specific customer segment wants quality first and foremost, then marketing efforts aimed at them needs to direct their attention to the business's high quality service.  
answer: (b) foremost
- A8 For maximum efficiency, the business should limit its activities to the methods that it thinks will work best, and thus avoid spreading its marketing budget too thinly.  
answer: (d) spreading
- A9 Often forgotten is the necessity to monitor and evaluate the effectiveness of the marketing strategy; this control helps the company check how it is performing in practice and also helps to inform its future strategy.  
answer: (a) inform
- A10 One simple device is to inquire of each new customer as to how they found out about the company.  
answer: (b) device

*Virtual Economy*

- A1 According to current US tax law, if an individual acquires USD income from a transaction in a virtual economy, a problem may arise as to whether tax is owing on this real-world income; however, if the transaction occurs wholly within the virtual economy, there is no taxable event.  
answer: (c) event
- A2 A best effort offering would probably fail if negative valuation information appeared between filing and offering, because its filing-date price would be too high; on the other hand, a firm commitment offering might be successful if the issuer is willing to lower the price.  
answer: (b) firm
- A3 It is sometimes difficult to distinguish cost-push and demand-pull inflation, which is made worse by the fact that they can interact to cause a wage-price spiral: employees want compensation for higher prices, because they do not want their purchasing power to drop.  
answer: (b) spiral
- A4 When we were young and poor, nothing made us angrier than the rich people who paid no income taxes; we were not alone, and that frustration led to the inception of the alternative minimum tax, designed to keep the wealthy from living tax-free.  
answer: (b) alternative
- A5 Some businesses make goods, others provide a service, and still others distribute goods; the second line of a Profit and Loss Statement is called Cost of Goods Sold, which tells us how much money was spent doing whatever it is that the company does.  
answer: (b) Cost of Goods Sold
- A6 The Federal National Mortgage Association was created under Franklin D. Roosevelt in 1938, when millions of American families were unable to become homeowners or risked losing their houses through the lack of a consistent source of mortgage funds.  
answer: (b) Federal
- A7 A strategic inflection point is a critical juncture in the development of a business, when something fundamental is on the verge of change; this could mean the opportunity of climbing to new heights, or it could indicate the beginning of the end.  
answer: (b) inflection
- A8 REMICs appeal to a wider investor base than traditional mortgage-backed securities because of their flexibility in presenting investment opportunities with different risk vs reward levels and different maturity horizons to investors.  
answer: (d) REMICs
- A9 The NASD suitability rule states that when a financial representative recommends the purchase, sale or exchange of a security, s/he shall have reasonable grounds for believing that it is appropriate for the investor's needs, based on facts disclosed by the latter in respect to his or her other holdings and financial situation.  
answer: (d) suitability
- A10 Actuarial assumptions examine hiring age in order to extrapolate the number of years of service that the employee will likely work, but the City's formula ensures that late hires will not be able to draw a full benefit from the contributions that they have paid into their pension plan.  
answer: (a) Actuarial

*The Best of Both Worlds*

- A1 Through investment in both fixed-return investments and shares, a balanced fund seeks to get the best of both worlds; it is the best bet for investors who wish to profit from the stock market but lack the stomach for volatility.  
answer: (a) a balanced
- A2 An important prerequisite of the perfect hedge is that the portfolio movements are precisely correlated with the movements of the index that underlies it.  
answer: (b) hedge
- A3 CB&Q Railway Corporation announced a new \$3.1 billion capital commitment program; it anticipates investing some \$500 million in facilities and track to expand capacity for customers in agricultural products and coal.  
answer: (a) commitment
- A4 This chart displays the cross rates of ten major world currencies; scan down or across it to find the rate of exchange between any two of these currencies.  
answer: (b) exchange
- A5 We must note that the state owns stock in 52 corporations with a market value of \$150 million which are not on the approved list; these securities were added to its portfolio through spin-offs or mergers of previously owned corporations on the list.  
answer: (d) approved
- A6 A coupon bond pays its holder a specified amount at specified dates until maturity; then its face value is paid at the maturity date.  
answer: (a) coupon
- A7 In the case of a sleeper stock that has an unsuspected earnings potential and a low P/E multiple, its price will probably rise much faster than its profits when investors discover its new horizons, and their purchases will force up the P/E.  
answer: (c) sleeper
- A8 A debit spread is created when the options investor buys a put or call and at the same time sells a further out-of-the-money put or call; this limits the dollar risk and the reward relative to the traditional option purchase.  
answer: (b) spread
- A9 The trust's activities are confined to issuance of the trust preferred securities to investors and to retain the debentures which are purchased from the holding company.  
answer: (d) preferred
- A10 Your Keogh plan must be opened by 1 February 2009 to make a contribution for 2008, and contributions must be submitted by 1 March 2009; however, you can extend the due date to 1 June 2009 if you file for an extension.  
answer: (b) due

*Pending Benefits*

- A1 An ex-all security sale is a case in which the seller reserves to himself the rights to all of its pending benefits.  
answer: (b) An ex-all
- A2 In a mutual insurance company, policyholders who buy a 'participating' product, e.g. whole life insurance, gain entitlement to vote for the board of directors as well as share in declared annual dividends.  
answer: (b) mutual
- A3 The fundamental concept of a trust fund sets a separate legal entity to control financial assets for the benefit of the beneficiary; the individual establishing it is called the grantor.  
answer: (d) trust fund
- A4 Across the street from the NYSE is the Consolidated Stock and Petroleum Exchange of New York, fondly known as the "little board", but disrespectfully referred to by residents as the "morgue".  
answer: (a) little
- A5 Arbitrage houses scout out inefficiencies in the market and mis-priced securities, and then they make trades which produce risk-free profits.  
answer: (c) Arbitrage
- A6 A contract holdback is a provision found in most common law contracts requiring the person hiring the general contractor to retain a certain percent of the payment for a specified period in order to ensure that the subcontractors are paid.  
answer: (a) holdback
- A7 After the preliminary prospectus is filed with the SEC, the company may begin to sell the securities, but during the waiting period, they may make offers only (a) with a summary prospectus adhering to the disclosure requirements, (b) orally, or (c) using a tombstone advertisement.  
answer: (d) waiting
- A8 A listed option is a standardized option contract with terms determined by an exchange and having its trade cleared through a clearing house.  
answer: (b) listed
- A9 A married couple can submit their income tax returns in only 2 ways: (1) as married filing jointly, in which case all their income and deductions are lumped, or (2) as married filing separately, in which case they each account for these items individually.  
answer: (b) jointly
- A10 Fiduciaries may retain without liability for loss any investments authorized when received or made, even though they no longer qualify as such, if they exercise due care in the retention or disposition of these nonlegal investments.  
answer: (c) nonlegal

**Routing Orders**

- A1 To attract brokers' orders, some exchanges pay a broker for routing orders through them; this is called 'payment for order flow', and is one of the ways in which a broker can make money from executing a trade.  
answer: (b) flow
- A2 At the end of March, before Tanaka Inc closes its books, all transactions recorded in the Books of Original Entry (that is, the Sales Day book and the Cash book) are added up and then posted to the General Ledger via journal entries in the General Journals.  
answer: (c) Original
- A3 Hedge funds generally use prime brokers for borrowing money, executing trades and other services, while larger funds use multiple brokers.  
answer: (c) prime
- A4 Arizona resident Bernard Jones filed a class-action lawsuit against Apple, alleging that the iPhone maker violated Arizona's antitrust laws; the suit was filed by Shyster C. Deadlock, the lawyer who has been seeking plaintiffs for this case, on behalf of Jones.  
answer: (a) class
- A5 When restricted securities are acquired, the holder must find an exemption from the Securities and Exchange Commission's registration requirements in order to sell them in the marketplace; Rule 144 permits public resale only if certain conditions are met.  
answer: (b) restricted
- A6 An important part of a confidentiality agreement is the description of the information; the disclosing party is often reluctant to describe this in detail in the contract, fearing that some may be revealed in the contract itself.  
answer: (b) a confidentiality
- A7 The size of the savings deposit required for a secured credit card can vary from a few hundred dollars to several thousand; the line of credit is a percentage of the deposit, and application and processing fees may also have to be paid.  
answer: (c) secured
- A8 Purchasing an index straddle combines the benefits of an index put and an index call purchase, and leveraged potential profits can be considerable if there is a big up or down movement of the underlying index.  
answer: (b) straddle
- A9 The taxable wage base is the total for which the company must pay taxes on behalf of every employee; excess wages are also reported, but they are subtracted from the employee's total wages.  
answer: (d) taxable
- A10 A Direct Participation Program is an investment venture which is designed to pass income and tax losses of the underlying investments through to investors; however, its use as a tax shelter has been egregiously lessened by tax legislation.  
answer: (b) Direct

*Foreign Shares*

- A1 American Depository Receipts were first issued in 1928 to assist investors in the US who wanted to purchase shares in foreign corporations; they are negotiable certificates which evidence share ownership in non-US corporations.  
answer: (a) American
- A2 An activity-based costing system is a model which identifies activity centers in a company and then assigns costs to cost drivers based on the numbers of transactions in the process of providing each product or service.  
answer: (b) costing
- A3 The Federal Open Market Committee is the monetary policy-making body of the FRS: it formulates policy to promote full employment, stable prices, economic growth and a sustainable international payments and trade.  
answer: (d) Open Market
- A4 The State Bank of India will raise a one-year \$90 million foreign currency loan on February 2, 2008; the loan has been fixed at the rate of 27.5 basis points above LIBOR (London inter-bank offer rate) and will be used to finance exports and repay old loans.  
answer: (c) London
- A5 In general, we are required to take a Required Minimum Distribution each year from a Traditional IRA after we reach age 70; it is calculated by dividing the December 31st fair market value of our IRA by a life expectancy factor determined with IRS tables.  
answer: (a) Distribution
- A6 Securities, cash and similar investments may be placed and maintained with a futures commission merchant by a fund in any amounts required to effect the fund's transactions in exchange-traded commodity options and futures contracts.  
answer: (c) merchant
- A7 The sum of the years' digits is a method of accelerated asset depreciation that deducts for greater depreciation in the earlier part of an asset's useful life and less nearer the end of it.  
answer: (a) digits
- A8 The cash income now is the actuarial equivalent of a later and larger cash income that would result from the saving of the present cash.  
answer: (a) actuarial
- A9 The \$175,000 irredeemable bond issued by the commissioners of the sinking fund dated August 1, 1907, bearing interest at six percent payable semiannually, remains in force, constituting a perpetual obligation of the State and the interest thereon a perpetual charge upon its Treasury.  
answer: (a) irredeemable
- A10 Investment performance is of primary importance, but a balanced investment strategy provides a safety net; if my portfolio includes investments in many sectors — real estate, gold, treasury bonds and forex markets — I can weather storms in specific sectors.  
answer: (a) a balanced

*Islamic Financial Staff*

- A1 As the global increase in popularity of Islamic finance continues, this sector faces new challenges, and critical among these is that of hiring and retaining expertise from a finite talent pool.  
answer: (c) pool
- A2 The Islamic finance market worldwide at the end of 2007, measured by Shari'a compliant assets, has been estimated at US\$550 billion.  
answer: (c) compliant
- A3 In the face of this continuing growth, conventional Western financial institutions and governments no longer see Islamic finance and insurance as a novelty but as a valid alternative model for capital growth.  
answer: (c) novelty
- A4 An immediate consequence of this expansion is the paramount need for Islamic financial organizations to strengthen their human capital by attracting skilled staff to help these businesses take advantage of new business opportunities.  
answer: (b) paramount
- A5 The United Kingdom is an excellent example of the exponential expansion of Islamic finance and its constituent parts.  
answer: (b) exponential
- A6 Nevertheless, the US, the UK, and the EU are considered immature markets; not only are they just developing Islamic financial offerings, but they must also sell these products in a market which is still finding its feet.  
answer: (b) finding
- A7 From the recruitment viewpoint, the shifting of experienced workers from one country to another is very similar to the migration of birds to balmier climes during the winter.  
answer: (a) balmier
- A8 Islamic finance is experiencing a bottleneck in which more companies are newly founded and more projects are undertaken than can be adequately staffed with experienced and knowledgeable individuals.  
answer: (a) bottleneck
- A9 All around the world, headhunting is going on in order to attract these coveted workers with salary and benefit gazumping becoming the norm.  
answer: (a) gazumping
- A10 Dutch auctions have often been employed in recruiting specialists, but this problem is becoming serious, with the demand for qualified, experienced candidates consistently outstripping supply.  
answer: (d) outstripping

*Rogue Traders*

- A1 In light of the colossal loss at Society General caused by a rogue trader, banks are examining their control systems in an effort to prevent similar future disasters.  
answer: (a) light
- A2 Banks will certainly start reviewing their internal controls to determine what they have set up to catch events like the SocGen loss.  
answer: (a) catch
- A3 Society General tells us that it has already put in place further controls in order to prevent a recurrence of this particular type of breach.  
answer: (a) breach
- A4 Banking institutions will likely be layering on more bandages and plasters in order to keep their processes functioning.  
answer: (b) layering
- A5 Such efforts will probably prevent a precise replica of the Society General disaster, but it will not likely hinder a similar activity from being executed in a different way.  
answer: (c) replica
- A6 The Francona loss was also the result of an over-zealous trader's effort at cleverness.  
answer: (d) zealous
- A7 The solution put forward to prevent such a recurrence was separation of duties to prevent both back and front office controls from manipulation by the same individual.  
answer: (d) manipulation
- A8 Changes in approach and across cultures is required by financial institution control management; visibility across disparate information technology systems and across myriads of geographically diffuse employee activities is needed.  
answer: (b) disparate
- A9 Possibly, the staff were attempting to manage their assignments beyond their capacity, like a freighter loaded so heavily that it sinks below its Plimsoll line.  
answer: (d) Plimsoll
- A10 Increased understanding by everyone who is involved of end-to-end operational processes is most important.  
answer: (b) end-to-end

*Data Thievery*

- A1 Mistakes can have a huge impact on individuals and businesses, and in a world where data is exchanged, bartered and even stolen at a shocking rate, personal information security has become a top item of public concern.  
answer: (a) bartered
- A2 The Data Protection Act applies to a wide area from security to data processing; it's far-reaching, and it's applied and interpreted in various ways by European Union nations.  
answer: (c) far-reaching
- A3 Because of its broad scope and varied application, regulatory bodies face a difficult task in tracking how businesses handle data; to rectify this, a greater onus must be placed on these organizations to monitor and assess data management and data security.  
answer: (d) onus
- A4 Most companies try to ensure compliance with regulations for safely handling sensitive information, but many don't consider the threat from their own employee practices, whether it is just human error or malicious.  
answer: (c) malicious
- A5 Organizations should at least utilize basic risk management and policies and techniques to protect data from external threat, but the harsh reality is that data can easily get into the wrong hands through employee intent or error.  
answer: (d) harsh
- A6 The effect of the loss of data through the errors of employees is obvious throughout the EU; it has caused loud public outcry and has serious implications of a social and political nature.  
answer: (c) outcry
- A7 The F1 industry was taken aback when the WMSC fined Mercedes \$100 million for using information from Ferrari to construct its own cars; Mercedes's head designer had received data about Ferrari's cars from a Ferrari team member.  
answer: (a) aback
- A8 In Belgium in 2007, a Foreign Ministry official lost a USB stick with the code to the entrance of a Belgian diplomat's house and the names of the guards accompanying the King on his Czech trip.  
answer: (d) stick
- A9 In December 2006, Norton began research into EC business security and discovered that investment in corporate data protection from external hacking is often undermined by lax employee behavior and company failure to adequately communicate its security policy.  
answer: (a) lax
- A10 The complexity of the data protection laws and the paucity of resources dedicated to the government monitoring of compliance have created a quagmire of processes and software, few of which are regulated or checked.  
answer: (b) quagmire

*Cash Flow*

- A1 History is littered with assertions that 'this time the situation is different'.  
answer: (b) littered
- A2 If the dot com revolution severed the relationship of earnings and price, then the take off in credit derivatives created a world in which risk was distributed so thinly that no one would be caught out if the cycle turned.  
answer: (b) out
- A3 Global Public Policy Committee communications leave us in no doubt that the ramifications from the recent market turmoil will be with us for a long time to come, if the billions in losses by some of the leading global financial institutions have not already done so.  
answer: (a) ramifications
- A4 Knowing that the implementation of Basel II (used by banks to align their capital base with economic risk) has consumed hundreds of millions of dollars, it is ironic that even well-capitalized institutions have struggled with a problem as fundamental as liquidity.  
answer: (a) liquidity
- A5 If a company needs profitability, retained as capital to offset any future losses, in order to maintain a viable business, then it also needs cash flow to ride the peaks and troughs of the business cycle.  
answer: (d) troughs
- A6 The reason that some of the most sophisticated financial institutions have been caught unprepared by something as basic to business management as cash lies in several dynamics that have been in play over several years.  
answer: (b) play
- A7 They took several years to materialize, but these dynamics precipitated a series of nearly unprecedented shocks during the early fall two years ago.  
answer: (c) precipitated
- A8 Cash used to fund increased assets and retire obligations as they fall due is at the forefront of this egregious disruption of the market.  
answer: (a) fall
- A9 As cash hoarding begins to prevail, the levels of market cash flow tighten and exacerbate the drop in value of financial instruments; this is a dual hit which only concerted central bank intervention can mitigate.  
answer: (b) hoarding
- A10 The financial models used have been criticized as ignoring the siren voices that predicted a turning of the credit cycle as long ago as May of 2007, so that the stress testing parameters were much too narrow.  
answer: (a) siren

*The Cayman Islands*

- A1 The Cayman Islands are often presented in an unwarranted negative light, but we would like to dispel this image by highlighting the nation's participation in the war against the financing of terrorism and money laundering.  
answer: (a) dispel
- A2 Although they are sometimes still called "the islands that time forgot", the Caymans have advanced considerably from the use of smudges to ward off the mosquitos.  
answer: (c) ward
- A3 Less than twenty years after the opening of the country's first bank, the Misuse of Drugs Law was passed, and incorporated within it is the power to seize and confiscate laundered assets and money from drug trafficking.  
answer: (a) confiscate
- A4 As early as 1989, the Cayman Islands Bankers Association promulgated a Code of Practice, and its member banks were required to abide by it.  
answer: (a) by
- A5 In 2001, in spite of the fact that this Code of Practice and robust due diligence requirements were in place, the Cayman Islands was placed in its first list of Non-Cooperative Countries & Territories by the Financial Action Task Force.  
answer: (c) robust
- A6 A main reason for Cayman's inclusion on this list was the lack of legislative teeth in covering the practices of the industry and the consequent paucity of prosecutions.  
answer: (d) teeth
- A7 The International Monetary Fund in 2006 released its evaluation of the Cayman Island's regulation and monitoring of its financial sector, a report which was based on information gleaned from the IMF's 2005 visit.  
answer: (a) gleaned
- A8 This assessment indicates that, although there is room for improvement, the Caymans appear to be holding their own in the war against illegal money, especially considering the relative newness of their financial institutions.  
answer: (c) own
- A9 It is less easy to purchase an annuity or real estate, establish a company or a trust, or open a bank account in the Cayman Islands than it is in many other jurisdictions.  
answer: (c) an annuity
- A10 The Cayman Islands are extremely pleasant to visit, but we welcome only those who intend to bring and operate legitimate businesses to and within its shores.  
answer: (c) shores

*Wall Street Plunge*

- A1 Some Wall Street people have noticed a drop in non-borrowed reserves in the banking system and wondered if it's a sign of an unusually stringent monetary policy; however, the plunge is just a function of the Fed's money classification in its new term auction facility.  
answer: (b) borrowed
- A2 One time that a company might issue restricted stock instead of options is very early on for top executives or very early hires.  
answer: (d) restricted
- A3 Classified loans are loans that were issued according to the bank's terms but later became questionable in the eyes of the bank's examiners, which sometimes happens when new information is revealed or there is a change in the borrower's circumstances.  
answer: (a) Classified
- A4 The staff of the Tennessee Capital Access Forum assisted Greyhound Movers and Acme in financing their growing businesses with Small Corporate Offering Registrations; Tennessee has taken the \$1 million dollar cap off the SCOR and there is no limit.  
answer: (b) Offering
- A5 The 2009 bonds will be issued in the weekly rate mode, bearing interest at the weekly rate payable on January 1st and July 1st; bondholders can rightfully tender their bonds on any business day with a minimum seven-day notice to the trustee.  
answer: (d) trustee
- A6 The market is expecting a coupon pass by the Federal Reserve Bank, and although this is probably no sign of change in monetary policy, it does present dealers with the opportunity to sell Treasury securities to a ready buyer.  
answer: (a) pass
- A7 Raising debt capital does not involve selling your equity, but rather works by borrowing against it; it is only available to businesses who have something with value which the lender could instantly liquidate.  
answer: (a) capital
- A8 Traders in level 2 generally use an order type called an 'intent', a strong indication of interest, and these are not advertised, but if they find a match they become a firm order: if two intents naturally match, then a trade happens.  
answer: (b) firm
- A9 The law recognizes the efforts of businesses to comply with its demands, but a company must demonstrate that it exercised all due diligence and took all reasonable steps to avoid committing the offense; if it can do so it is entitled to an acquittal.  
answer: (b) diligence
- A10 In order to create a level playing field for share trading on the stock exchange, an ex-date is set: if shares are traded before this date, the selling party must pass on any benefit or dividend to the buying party.  
answer: (b) an ex

*The Uniform Commercial Code*

- A1 As per the Uniform Commercial Code, a person who holds a check endorsed by another is the presumed legal owner; a person who accepts a 3rd party check is a holder in due course and holds the legal title to this instrument irrespective of any prior claim.  
answer: (c) in
- A2 We focus on a previously unexplored but intuitive measure of trading activity: the aggregate daily order imbalance on the New York Stock Exchange; this in either direction, either excess buy or sell orders, reduces liquidity.  
answer: (d) imbalance
- A3 The information ratio is the ratio of the alpha component (that attributable to the manager's luck or skill) of the total investment returns to the standard deviation of these alpha returns.  
answer: (b) information
- A4 A balloon loan is one where the borrower plans to pay off his mortgage or automobile loan in a big chunk at the end after a set number of small regular interim payments.  
answer: (b) balloon
- A5 The initial listing requirements are that a company must exhibit specified minimum thresholds for shareholder and publicly-traded share numbers, stock price, and total market value, and after it begins trading, the company must continue to meet other standards required by the exchanges.  
answer: (c) listing
- A6 At any specific time, there are simultaneous trades in many different calls and puts-- different in strike price and delivery month; option delivery months are typically identical to those of the underlying futures contract.  
answer: (d) option
- A7 If you are married but want to ensure that you are responsible for paying only your own tax, this does not mean that you can go back to using the 'single' rates which were applicable before you got married; instead, each spouse must use the 'married, filing separately' rates.  
answer: (c) married
- A8 Investors must use their intelligence in formulating their financial policies and also in any associated details, including choosing a reputable broker to execute their orders: deal only with the NYSE unless you have compelling reasons to use a nonmember firm.  
answer: (c) a nonmember
- A9 An actuary analyzes the financial consequences of risk, using financial theory, statistics and mathematics to consider possible future events, especially those of interest for pension and insurance programs.  
answer: (a) actuary
- A10 A Tax Deed is normally a perfect title, extinguishing all other encumbrances on the title, such as leases, utility bills, mechanics' liens, and so forth.  
answer: (b) perfect

**Bear Stearns**

- A1 Bear Stearns is the second-largest US prime brokerage firm, and as a part of its business, hedge funds could use their stock holdings to borrow money from BS and then redeploy it in the market.  
answer: (c) prime
- A2 The Capital Consumption Allowance in the Economic Analysis Bureau's National Income and Product Accounts measures the capital depreciation in the economy in the course of a stated period, normally one year.  
answer: (b) Consumption
- A3 A cheap secured loan is basically a personal loan that runs at a lower rate of repayment; part of the borrower's assets are taken as collateral in order to ensure that s/he pays back the loaned sum, especially if s/he has a questionable credit history.  
answer: (d) secured
- A4 The investor called her broker and asked whether he had any negative information about Zenaida; after a few minutes' delay and a glance at Standard & Poor's tear sheet on Zenaida, her broker told her there was none, so she ordered 100 shares of Zenaida stock.  
answer: (c) tear
- A5 Today, Peak Properties Inc announced that it has agreed to direct placement of 2.1 million shares of its common stock with certain advisory clients of American Products, LLC, a Delaware limited liability company, at \$24.63 a share.  
answer: (a) direct
- A6 A rate-improvement loan is a fixed-rate mortgage with a provision which permits the borrower to lower the interest rate if there is a decline in market rates; however, this provision can be invoked only once during the life of the mortgage.  
answer: (c) improvement
- A7 The purpose of an informed consent or waiver form is to advise participants of the foreseen or unforeseen risks of the activity and to ensure that the s/he understands these risks and agrees to assume responsibility for them.  
answer: (d) waiver
- A8 Exchange rate fluctuations affect the USD equivalent of the pound sterling price of British Telecommunications ordinary shares on the London Stock Exchange and are therefore likely to affect the market price of its American Depositary Shares on the New York Stock Exchange.  
answer: (a) Depositary
- A9 The value of a convertible bond results from three components: the value of a straight bond with the same principal and interest, the conversion value of a convertible bond, and time value.  
answer: (d) straight
- A10 A conforming mortgage is a mortgage loan packaged for resale to Freddie Mac or Fannie Mae on the secondary market; not only do such loans have very competitive interest rates, they also have very stringent qualifying criteria.  
answer: (a) conforming

*The Employment Act of 1946*

- A1 Established by the Employment Act of 1946, the Council of Economic Advisers provides the President of the United States with objective economic analysis and with advice on the development and implementation of national and international economic policy.  
answer: (c) Council
- A2 After four years in custody, Mr Patronia was convicted on three terrorism-related counts, the jury delivering its verdict in under 48 hours; what was unusual and blameworthy was the length of time he had to wait for the due process which most Americans take for granted.  
answer: (d) process
- A3 The London International Financial Futures & Options Exchange lost its single biggest source of income — trading in the German Government Bund — in the late 1990s, but by 2001 it had reinvented itself as an electronic exchange, and at the end of 2001, it was acquired by Euronext NV.  
answer: (c) London
- A4 A congestion area is a price level where neither the bears nor the bulls are in total control; the market cannot decide which way it wants to go, so traders often step aside to see what is going to happen next.  
answer: (b) congestion
- A5 Elevated readings in the TED spread indicate increased risk avoidance in the market — investors flock to relatively risk-free short-term T-bills — while Eurodollar futures are more representative of the credit quality of corporate borrowers.  
answer: (b) TED
- A6 The grantor must permanently give up all control and ownership of any property transferred to an irrevocable trust, so this device has small appeal for most taxpayers.  
answer: (b) irrevocable
- A7 Arbitration is an out-of-court dispute resolution process where the disputing parties each present their case to a third party intermediary that examines the evidence and makes a (usually) binding decision for the disputants.  
answer: (b) Arbitration
- A8 The mutual exclusion doctrine rules that interest on municipal bonds is free of federal tax, and in return for this, localities and states cannot tax the interest on federal government securities.  
answer: (c) exclusion
- A9 The ultimate measure of capital efficiency is the amount of returns to investors as a multiple of the capital invested, adjusted by the length of the investment.  
answer: (b) efficiency
- A10 Based on information from Data Diggers, a company which collects and collates stock lending data from custodians and institutions, it is obvious that a rapid build-up in borrowed stock positions is strongly correlated with short selling.  
answer: (a) borrowed

**Retaining Minority Control**

- A1 The distinguishing features of classified stock normally confer an advantage on Class A shares regarding voting power, and it may also involve liquidation and dividend privileges; this system was used more in the 1920s, as a way of retaining minority control.  
answer: (a) classified
- A2 Total Assets less Non-interest-bearing Current Liabilities (NIBCLs) equals Invested Capital; Return on Invested Capital (ROIC) equals Earnings before Interest and Taxes (EBIT) divided by Invested Capital.  
answer: (d) Return on
- A3 The Recording Industry Association of Canada has announced that another 32 individuals have settled copyright infringement suits initiated by the music industry; each of them was charged with illegally downloading over one thousand songs through peer-to-peer networks.  
answer: (d) infringement
- A4 With a rise in prevailing interest rates, new bonds generally offer higher yields to keep pace, so pre-existing bonds with lower coupon rates are now less competitive; on the other hand, when interest rates drop, a pre-existing bond's rate becomes more appealing, driving the price higher.  
answer: (b) coupon
- A5 I regularly get hard-sell emails from debt consolidation organizations offering me low-interest balance-transfer deals for credit card debt or promising they'll give me lower interest rates, reduce my monthly payments — and all I need to do is make 'a single easy payment'.  
answer: (b) consolidation
- A6 The Federal Reserve Bank of New York is one of twelve regional banks; the 'Fed', as this system is often called, is an independent government entity created in 1913 by the US Congress for the purpose of serving as the central bank of the USA.  
answer: (d) Reserve
- A7 His aim is to become the most well-connected gaijin in Japan, an insider in a system in which insider status counts for everything, and Collinson, the CEO of Cripplecreek Holdings LLC, has gambled nearly US\$3.0 billion of his investors' money that his constant networking will pay off.  
answer: (b) gaijin
- A8 After the company fixes the record date, the National Association of Securities Dealers or the stock exchanges set the ex-dividend date, which is normally 2 business days before the record date.  
answer: (a) ex
- A9 At the request of the applicant, a firm quotation may be provided in writing for a specific private works job and must be accepted in writing prior to the job commencement; quotations shall be valid for 60 days, after which time an updated quotation will be provided on request.  
answer: (a) firm
- A10 An investor can own shares of common stock either directly in her name, including shares acquired through demutualization, in which case she is the holder of record, or indirectly through a bank, broker or other nominee.  
answer: (c) of record

*Emerging Markets*

- A1 September events increased uncertainty and investor risk aversion when there were serious concerns about emerging market basics, a global slowdown, and the potential for credit events in specific emerging markets.  
answer: (a) aversion
- A2 In the September 11 aftermath, the average country returns in debt markets rose in a general sell-off to levels last appearing during the Brazilian devaluation, but it has since decreased.  
answer: (c) aftermath
- A3 Against a backdrop of global slowdown, the quality of credit continued weakening, and the average credit quality in the emerging debt markets retreated to its post-Russian-crisis low.  
answer: (a) backdrop
- A4 Although we had spillovers from countries where credit concerns grew, this was contained within specific emerging markets, and generally financing held up reasonably well during this quarter.  
answer: (c) held
- A5 The measures of broad spillover or contagion across emerging markets during the turmoil in June kept considerably under the levels seen in other historical instances of stress.  
answer: (d) contagion
- A6 The near record spike in June bond issues helped raise the quarterly volume to its highest level since the boom after Y2K.  
answer: (a) spike
- A7 Increased expectation of a US economic slowdown, decreased potential for media and technology sectors, and deterioration of credit markets took their toll on emerging markets in the third quarter of the year.  
answer: (b) toll
- A8 In spite of the nearly total drying up of bond issuance, fund raising on international markets maintained itself rather well, aided by a strong loan market and a surge in placements from China.  
answer: (c) up
- A9 Shifting expectations of the relative probability of a 'hard' as against a 'soft' landing scenario for the US economy are liable to maintain volatile markets.  
answer: (c) landing
- A10 As the conditions in equity and bond markets are still choppy, those issuers will continue to exploit windows of opportunity, while the loan market is expected to remain supportive.  
answer: (d) windows

*Public International Law*

- A1 Investment and trade that transcend national boundaries are frequently influenced by public international law issues dealing with the relations among independent states.  
answer: (a) transcend
- A2 When these issues involve conflict between a sovereign state and a private party, the latter could face substantial obstacles to vindicating its rights and defending its interests.  
answer: (c) vindicating
- A3 Since 1958, Sillitoe & Smith have been advisors to the Rule of Law Committee, a committee of legal representatives of American multinationals with an interest in monitoring, answering and shaping the important issues of public international law.  
answer: (b) shaping
- A4 Sillitoe has been working strenuously to cause national governments to be more responsive to the rule of law and to devise better legal protection for parties operating internationally.  
answer: (c) strenuously
- A5 A major concentration of Sillitoe's law practice and a central concern of the RLC has been international claims, specifically those that have arisen from the expropriation of private property by a sovereign state.  
answer: (b) expropriation
- A6 Sillitoe worked with the American State Department to ensure that claims arisen from the Gulf War were handled without undue procedural delay and that funds to pay these claims became available.  
answer: (b) undue
- A7 Such issues are some of the essential elements for maintaining the viability and integrity of the procedures for international claims.  
answer: (b) integrity
- A8 For cases in which a tribunal has been set up to adjudicate an international claim, Sillitoe & Smith have often represented claimants in the processes of preparation, filing, and litigation of their claims.  
answer: (a) adjudicate
- A9 Sillitoe has also filed amicus briefs before the United States Supreme Court and advocated and explained the limitations of international law upon the international assertion of American employment law.  
answer: (a) amicus
- A10 Sillitoe & Smith also have extensive institutional knowledge concerning and experience with the UN Convention on the Law of the Sea, which governs situations involving the sea floor and the high seas.  
answer: (a) high

*Textualism*

- A1 It has long been stated by the US Supreme Court that treaties adopted under the Constitution's Article II are not acts of legislation but instead contracts between nations.  
answer: (b) long
- A2 This analogy with a contract was recently invoked by both dissent and the majority in National Airways v. Aladdin.  
answer: (b) invoked
- A3 However, more and more the treaty jurisprudence of the Supreme Court has borne the mark of 'new textualism'.  
answer: (a) borne
- A4 Justice Powell has strongly argued that rule of law and separation of powers make it necessary that the Supreme Court limit its inquiry in cases of treaty interpretation to the four corners of the agreement.  
answer: (a) corners
- A5 The Supreme Court as a group has not agreed with all aspects of Powell's argument — such as her aversion to using materials from ratification debates in the Senate — but textualism is becoming a big influence in the interpretation of treaties.  
answer: (d) aversion
- A6 A contract has validity only insofar as there has been mutual agreement by the contracting parties to a shared proposition.  
answer: (c) insofar
- A7 An interpreter in a contractual disagreement mostly concentrates on how the two parties understand the contract's terms, but the interpreter of statutes who uses a textualist methodology concentrates on the meanings that neutral third parties ascribe to the terms.  
answer: (a) ascribe
- A8 Between this pair of contending principles in the interpretation of treaties, the contract analogy is the one that should prevail .  
answer: (d) (none)
- A9 The greatest justifications for textualism in interpretation of statutes — more legislative accountability and adherence to Article II, Section 6 of the lawmaking process — cannot be extended to the context of treaties.  
answer: (b) adherence
- A10 Foreign affairs disputes are composing an increasing share of the Supreme Court's docket and US treaty commitments are proliferating, yet it is shocking how unstudied the field of treaty interpretation remains.  
answer: (c) docket

*Technical Regulations and Standards*

- A1 Technical regulations and technical standards acting as non-tariff trade barriers are increasing dangers that developing countries must take seriously, because they can impact on economic efficiency and considerably restrain trade growth.  
answer: (a) impact
- A2 There is an increasing awareness of the potential deterrence to trade presented by differences in national technical regulations and standards, and a lack of awareness of the effect that choice of standards might have.  
answer: (d) deterrence
- A3 As to most of the regulations and standards which are not yet in accord internationally, the optimal choice for developing countries is to adopt those already used by their major trading partners instead of elaborating their own indigenous standards.  
answer: (a) indigenous
- A4 Developing countries should act more forcefully in this arena: a more active and concerted participation in the international standardizing bodies would ensure that new adoptions more closely reflect their needs.  
answer: (c) concerted
- A5 If private sector firms participated more actively in the standardization process in the case of voluntary or non-mandatory standards, it would probably ensure that this happens de facto.  
answer: (a) facto
- A6 Compliance with a requirement to create a national viewpoint would encourage officials of developing countries to put into practice a system of national standards information gathering which would benefit both local and foreign producers and exporters.  
answer: (d) practice
- A7 Collecting and systematizing this information would also oblige countries to become more aware of the choices regarding standards development which they make and impose on their private sector.  
answer: (c) oblige
- A8 In terms of trade facilitation and liberalization, developing countries should push actively for more liberalization in the two major regional integration initiatives, the FTAA and APEC.  
answer: (b) push
- A9 This is because two major experiments in regional integration, NAFTA and the EU, have shown results that go much further in requiring convergence or harmonization of national standards and technical regulations.  
answer: (c) convergence
- A10 In general, regional approaches to removing technical trade barriers have contributed to liberalization within the region and also vis-a-vis third countries.  
answer: (d) vis-a-vis

*Financial Supply Chain Management*

- A1 Many CFOs are not yet convinced that the returns forecasted from Financial Supply Chain Management are commensurate with the investment needed in terms of both the senior management effort and the capital required.  
answer: (b) commensurate
- A2 The present scepticism is not so much about the absolute savings potential but about the time frames for payback and the need to depend on key stakeholders both inside and outside the organization.  
answer: (c) scepticism
- A3 Many multinational corporations respond that FSCM is certainly on their radar, but they just don't have any spare resources because of their other business priorities in 2008.  
answer: (c) radar
- A4 The timing is critical, especially for the procurement people, who want these schemes in place before the time comes to renegotiate contracts with their suppliers.  
answer: (d) (none)
- A5 And for financial institutions, it has been an up-hill battle to enlighten the stakeholders in the client company and convince them to commit money and manpower to its implementation.  
answer: (d) an up-hill
- A6 Nevertheless, financial institutions continue to work hard to get FSCM onto next year's short list of key initiatives for improving business performance.  
answer: (d) short
- A7 The important concern now is how to convince the information silos in procurement, IT, finance and operations to function more effectively together.  
answer: (c) silos
- A8 After this has been accomplished, the next hurdle is their supply-chain partners.  
answer: (b) hurdle
- A9 In times gone by, with relationships guided by letters of credit, a company's suppliers could rely on an established practice to help obtain additional bank funding.  
answer: (b) gone by
- A10 One modern approach is that the buyers work with their banking partners to decrease the cost of finance for their suppliers; they see these reductions as a sweetener to suppliers for extending the terms of payment.  
answer: (d) sweetener

*Distribution Compliance Period*

- A1 A one-year distribution compliance period is imposed on Regulation S shares, restricting them from being traded with US citizens on US markets, following the issue date of the security.  
answer: (c) issue
- A2 In Germany, residents near nuclear installations have been given the right to litigate against them; this precedent requires courts to hear and rule on complaints about authorities not having carefully considered measures for protection.  
answer: (c) litigate
- A3 An investor who buys a put and an equivalent number of shares of the underlying stock at the same time is creating a 'married put' position, which is a hedging strategy whose name derives from an old ruling by the Internal Revenue Service.  
answer: (b) married
- A4 To determine the arithmetic mean, the most common type of average, of a set of n numbers, add up all the numbers in the set and then divide their sum by n.  
answer: (a) mean
- A5 A nonparticipating life insurance policy is one that pays no dividends, so its policyholders don't share in the interest, dividends, or capital gains that are earned on premiums paid by the insurer.  
answer: (b) A nonparticipating
- A6 For tax purposes, capital gains income can be offset only with capital losses, while ordinary income can be offset only with standard tax deductions.  
answer: (c) ordinary
- A7 For consideration received, the Assignor herewith sells, assigns and transfers unto the Assignee the entire right, title and interest in, to and under each Letter Patent, and the Assignor agrees to execute all papers desired by the Assignee for perfecting title of the patents herewith assigned.  
answer: (c) perfecting
- A8 A balloon maturity is usually a later one within a serial issue of bonds and which contains a disproportionately greater percent of the original issue's principal amount.  
answer: (b) balloon
- A9 Clear title means that there is no artisan or tax lien, security agreement, unreleased chattel mortgage or other similar document on record against the aircraft; you may search the records yourself or have this done for you by a title search firm or lawyer.  
answer: (b) Clear
- A10 A sinking fund for the purpose of redeeming preferred shares should be created when they are issued; this should be done by transferring free surplus to a restricted surplus account, which shall be unavailable for dividends.  
answer: (d) restricted

*A Mosaic of Information*

- A1 Securities analysts assemble a mosaic of information in order to come up with investment theses; they provide a valuable service in reaching material conclusions by sifting through information and extracting the bits that may be insignificant to ordinary investors.  
answer: (a) Securities
- A2 Direct purchase programs let investors buy shares without a broker intervening; companies have discovered that these investors are a stabler shareholder base, less likely to participate in day trading.  
answer: (a) Direct
- A3 Straight-line depreciation is just as it infers: the same amount is deducted each year, so if you are depreciating a \$10,000 piece of equipment over 5 years, you would deduct \$2000 a year.  
answer: (d) Straight-line
- A4 Unscrupulous mortgage lenders often lure home buyers with teaser rates without explaining their actual contract rate, which is buried in the paperwork, and the greater the spread between these rates, the bigger the chances of contract shock for unsuspecting homeowners.  
answer: (a) teaser
- A5 First board is the delivery dates on futures contracts established by the Chicago Board of Trade.  
answer: (c) First
- A6 Waiver of premium is a way of insuring the monthly premiums on your life insurance; if you become unable to work because of ill health, payments are made for you until you can return to work, up to a specified age or until the end of the term of your policy.  
answer: (d) Waiver
- A7 In 1971, the American Municipal Bond Assurance Corporation was created to insure against default the principal and interest of municipal bonds; the first issue it insured was a general obligation bond for construction of a medical facility in Alaska.  
answer: (a) Assurance
- A8 A Coverdell Education Savings Account is a custodial account or trust organized or created in the US for the sole purpose of paying qualified education expenses for its designated beneficiary; monies deposited in this account grow tax free until distributed, but contributions to it are not deductible.  
answer: (b) Coverdell
- A9 The Federal Reserve Board took action on the 17th of August to permit banks to line up at the Fed window and turn in sub-prime mortgages at full face value in return for 100% Fed cash, and several hundred billion dollars in dodgy assets were turned over.  
answer: (d) Reserve
- A10 Inheritance Tax can be payable on an estate when a person dies or when assets are transferred to a company or into a discretionary trust, but for most estates no IHT will be payable because they are within the nil rate range.  
answer: (b) Inheritance

*Canadian Retirement Planning*

- A1 One of the most common Canadian investment structures is an RRSP, which isn't a normal investment, but an account allowing an individual to save money for retirement while lowering the income tax.  
answer: (d) an RRSP
- A2 According to the Tax Reform Act of 1993, organization dues that are spent to lobby State and Federal governments are nondeductible for income tax purposes, and the portion so used must be disclosed to members on their dues invoice.  
answer: (b) Reform
- A3 The owner or individual shall pay an annual state ad valorem tax of twenty-nine and one-half cents (\$0.295) for each one hundred dollars (\$100) of value for all real property assessed for taxation.  
answer: (d) valorem
- A4 A bank acting as a mutual fund custodian is required by the Securities and Exchange Commission to keep mutual fund portfolio securities separate from its other bank assets.  
answer: (d) custodian
- A5 Prime paper, which has three Moody's Investor's Service ratings, P-1 through P-3, is the highest quality commercial paper.  
answer: (c) Prime
- A6 In 1909, the 16th amendment to the US Constitution was sent out to all the state legislatures after having been passed by the US Congress; it was necessary for three-quarters of them to approve it in order for it to be ratified.  
answer: (c) ratified
- A7 Bottom fishers Bill Dunmark and Jim Laxter, who invest in financially troubled companies through their \$500 million Silver Fund, have been refinancing or closing deals to invest almost \$300 million in various businesses wobbling under accumulated 1980s debt.  
answer: (b) fishers
- A8 Capital Employed comes from long term liabilities and ordinary shareholders; it is the effective amount of money actually being used for business, irrespective of whether it comes from the owners, creditors or banks.  
answer: (b) Employed
- A9 The most reliable source of economic analysis available is the Asian Image consensus forecast; this publication gives you the essence of research by leading economists from financial institutions such as J.P. Morgan, Goldman Sachs, Citigroup and Deutsche Bank.  
answer: (d) consensus
- A10 The coupon rate does not change over time, but the coupon yield changes and reflects the return the coupon represents based on current market prices for the bond.  
answer: (d) yield

*Financing Your Business*

- A1 With equity financing, your investors may disagree with you on decisions, making it best to sell out and let them have the business; but if you believe in your business idea and don't want to sell out, you should look into debt financing and retain control over the direction of your venture.  
answer: (b) debt
- A2 Performance bonds are securities provided to developers by contractors; they consist of undertakings by insurance companies or banks to pay the employers if the contractors default under their contracts.  
answer: (a) Performance
- A3 Avoid becoming an investment sheep by tracking the movements of the smart money: it is the first to arrive at investment parties when the cover charge is low, and it always buys low and sells high mostly to the sheep, who trade on others' suggestions and on emotion.  
answer: (c) smart
- A4 As a bankrupt, all of one's liabilities and assets are placed in one's bankruptcy estate, which is managed by the trustee in bankruptcy, who organizes the selling of the assets and paying of the creditors.  
answer: (b) in
- A5 A restrictive covenant is a contractual clause that proscribes an ex-employee's competition with his ex-employer or prohibits the ex-employee from taking customers away with him by using information acquired during employment.  
answer: (b) covenant
- A6 To find out which stock and cash dividends you will get when you buy a stock, you should look at two important dates, the date of record and the ex-dividend date.  
answer: (a) ex
- A7 The farther in-the-money or out-of-the-money an option goes, the smaller gamma is.  
answer: (b) gamma
- A8 Big companies often gobble up other companies, intending to blend these acquisitions into their own operations, but holding companies keep the companies that they buy more separate.  
answer: (a) holding
- A9 Classifying forest industry companies as smokestack industry egregiously understates the technological advances in the industry; paper manufacturing is now incredibly high tech, with production guided from monitors located in comfortable control rooms.  
answer: (c) smokestack
- A10 Itemized deductions let you convert otherwise taxable income into non-taxable income (usually up to 2% of your adjusted gross income) if you spend some of your money on tax-privileged items such as local and state taxes, health care, charitable donations, and mortgage interest.  
answer: (b) Itemized

*Unitholders*

- A1 In master limited partnerships, investors buy units instead of shares and are consequently referred to as unitholders; there are two classes of owners — limited partners and general partners.  
answer: (c) master
- A2 If they increase, bank non-performing assets can potentially trigger significant credit losses; they create a serious drag on margin and the bottom line, and they must be financed with equity, borrowings, or bank deposits.  
answer: (a) non-performing
- A3 Certain dispositions are not exchanges or sales, but the Internal Revenue Code includes provisions that deem them exchanges or sales so as to prevent the taxpayer from claiming an ordinary loss on a transaction that should more appropriately be considered a capital loss.  
answer: (d) ordinary
- A4 Mortgages have due-on-sale clauses because lenders need to know who they're lending money to and when the loan will be paid off; they don't want to lend one guy money for a house then find that another guy with lower income or equity or bad credit now has the house.  
answer: (b) due
- A5 The prime rate, which tracks rather closely with other short-term interest rates like the rate for overnight federal funds, is a base or reference rate which financial institutions utilize in setting interest rates for some consumer loans and most commercial loans.  
answer: (c) prime
- A6 Dogpatch emphasizes yield and lack of risk in its investment policy and allows short term investment only in high quality commercial paper bearing the highest rating by at least one nationally recognized rating service.  
answer: (a) service
- A7 In the first quarter of 2006, the US Treasury held its first auction since 2001 for its 30-year or 'long' bond; this bond is favored by investors because they can lock in a safe, enduring interest rate for their portfolio.  
answer: (a) long
- A8 The Bank of Japan provides the markets with securities lending of Japanese government securities held by the Bank as a temporary and secondary source, because liquidity may decline when participants have difficulty obtaining specific issues or face uncertainty over availability.  
answer: (c) lending
- A9 The mutual fund symbol, seen on the internet at any broker's website or at Bigcharts.com, for the Rydex Family of funds is RYURX and for the DAL Family of funds is FUNDX.  
answer: (d) symbol
- A10 Annuitants or employees covered under the Group Life Insurance program are eligible for living benefits if they have been diagnosed as terminally ill with a life expectancy of less than 9 months and have not assigned their insurance.  
answer: (b) living

*The Foreign Corrupt Practices Act*

- A1 During and after the Securities and Exchange Commission investigation in the 1970s, more than 400 US companies admitted to illegal or questionable payments in excess of US\$200 million to foreign political parties, politicians and officials.  
answer: (d) questionable
- A2 These payments ran the gamut from 'facilitating' payments to ensure government officials discharged certain duties to bribery to secure some favorable action by foreign governments.  
answer: (b) discharged
- A3 The US Congress enacted the Foreign Corrupt Practices Act in order to bring a halt to bribing foreign functionaries and restore public confidence in the honesty of the US system of business.  
answer: (a) bring
- A4 A number of companies that bribed foreign officials received large fines, along with suspension and debarment from US government procurement contracting, while some employees and executives went to prison.  
answer: (a) debarment
- A5 After passage of the Act, Congress was worried that US firms were now at a disadvantage to foreign firms, who routinely used bribery and were actually permitted in some countries to use the cost of such payments as business expense deductions on their tax returns.  
answer: (c) routinely
- A6 From 1999, the anti-bribery provisions of the Act have also applied to foreign individuals and companies who take any action in furtherance of such corrupt payments while in the USA.  
answer: (b) furtherance
- A7 The Act's accounting provisions, designed to operate in tandem with its anti-bribery provisions, require companies to keep records that accurately reflect their transactions and to maintain adequate internal controls.  
answer: (c) tandem
- A8 Regarding the basic prohibition against bribery, several elements must be met in order for the act to constitute a violation of the Foreign Corrupt Practices Act.  
answer: (c) constitute
- A9 Persons and corporations can also be penalized if they authorize, order or assist anyone else to violate the anti-bribery provisions of the FCPA or if they conspire to violate them.  
answer: (c) conspire
- A10 It is illegal to pay a third party while knowing that some or all of that payment will go directly or indirectly to a foreign official: the Act forbids corrupt payment through intermediaries.  
answer: (d) intermediaries

*The ICCUCPDC*

A1 The International Chamber of Commerce Uniform Customs and Practice for Documentary Credits governs all letters of credit for international transactions.

answer: (a) governs

A2 The general definitions and provisions of the ICCUCPDC are binding on all parties.

answer: (a) binding

A3 A commercial letter of credit is a contractual agreement between an issuing bank, on behalf of its customer, authorizing a confirming or advising bank to pay a beneficiary.

answer: (a) authorizing

A4 At the request of its customer, the issuing bank opens the letter of credit.

answer: (b) opens

A5 With this, the issuing bank is making a commitment to honor all drawings made under the letter.

answer: (c) honor

A6 In essence, the issuing bank is replacing its customer as the payee.

answer: (d) payee

A7 A letter of credit is a separate and distinct transaction from the contract that it is based on.

answer: (c) distinct

A8 All parties deal in documents and not in goods; the issuing bank is not liable for performance of the underlying contract between the customer and beneficiary.

answer: (a) deal

A9 The beneficiary, when requesting payment, warrants that it has complied with all conditions of the agreement.

answer: (d) warrants

A10 The bank must pay the seller if the latter conforms to the letter of credit.

answer: (d) conforms

*A Strategic Alliance*

- A1 Since the announcement of their strategic alliance, the two businesses are articulating plans to show how their partnership can create new ways for financial institutions to conduct business and engage their customers.  
answer: (a) articulating
- A2 Lenders and banks around the world are facing increasingly penetrated markets, so they are realizing that future gains may depend on their ability to expand the potential and value of their existing customer base.  
answer: (d) penetrated
- A3 "We can put financial institutions on the fast track to new levels of profitability and performance by augmenting our world-class business consultancy with our unique customer insight and predictive technologies," said their vice-president, Akio Shibata.  
answer: (b) augmenting
- A4 Their spokesman explained how this partnership can provide full spectrum partnering opportunities across many decision-making processes, from joint service offerings and integrated implementation to complete outsourcing.  
answer: (d) spectrum
- A5 He said, "This partnership is about NEC embellishing our solutions by spreading Yamashita decision technology to all facets of customer management, engagement and influence."  
answer: (b) embellishing
- A6 Financial institutions will be able to leverage Yamashita technology in new ways because of NEC's solid relationship with its customers' enterprises.  
answer: (c) leverage
- A7 As a result of this relationship, NEC customers will enjoy improvement in long running analytics performance via grid enablement of key applications.  
answer: (b) grid
- A8 "NEC can rapidly carry us into geographies that we have not traditionally served and demonstrate to those financial institutions the value that can be realized from Yamashita's having touched so many transactions in the markets."  
answer: (c) realized
- A9 "NEC offers the caliber of consulting that can help institutions take much greater advantage of Yamashita technology," Shibata said.  
answer: (a) caliber
- A10 Citing an example, Shibata said that the partners are currently working to align fraud detection systems with ATM networks.  
answer: (a) align

*The Physical Supply Chain*

- A1 The reduction of uncertainty in the physical supply chain requires cooperation between trading partners; this uncertainty is reduced incrementally but requires adequate investment from both of the partners.  
answer: (b) incrementally
- A2 During the initial development of integrated supply chains, the more powerful of the partners dictated their requirements.  
answer: (c) dictated
- A3 With, for example, a just-in-time system, timely delivery of components lowered the working capital needed by a powerful customer, while the supplier had to invest heavily to adapt their system.  
answer: (a) a just-in-time
- A4 The system is uncertain for the supplier because the payment receipt date is unknown, yet powerful customers are reluctant to invest in providing a more certain system because it is the supplier that receives the benefit.  
answer: (d) reluctant
- A5 Instead of cooperating in the removal of costs from their supply chain, the customer's finance functions may take an opportunistic approach: payments may be delayed in order to match cash flows or operational processes.  
answer: (b) an opportunistic
- A6 A smaller supplier may also incur higher charges for foreign exchange transactions and cash management services.  
answer: (d) incur
- A7 With regard to the financial supply chain, it has been proving problematic to implement a sure system for invoice input and generation of payment orders.  
answer: (c) generation
- A8 However, in the long run, the process of iterative improvements in the supply chain demands close cooperation.  
answer: (c) iterative
- A9 Instead of apportioning savings to each partner for every investment, the focus is shifted to a more general form of reciprocation.  
answer: (a) reciprocation
- A10 The thrust of the trading relationship can then shift from competition between partners and focus instead upon cooperation within the supply chain and adversarial competition between chains.  
answer: (d) adversarial

*Foreign Currency Risk Management*

- A1 With regard to volatility in foreign currencies, corporate finance people are faced today with having to manage risk on a constantly changing playing field which is fraught with challenges.  
answer: (b) fraught
- A2 Within a regulatory environment recently upset by a spate of financial scandals, the rules of the FX game are now staggeringly complicated, with an increased burden of compliance on financial accounting and reporting departments.  
answer: (d) spate
- A3 This has led to a host of issues regarding operations within most multinational companies, transforming FX risk from what was once considered a departmental concern into a bona fide risk to the whole enterprise.  
answer: (a) bona fide
- A4 This focus on reporting and compliance translates into a shift of resources away from treasury, the traditional steward for management of corporate risk, and into the controller's office.  
answer: (d) steward
- A5 Withdraw those resources and add in the demands on treasurers of a seemingly insatiable corporate appetite for growth through mergers and acquisitions, and we can see why employee turnover in treasury is reaching unprecedented rates.  
answer: (a) insatiable
- A6 Taken as a whole, the stress to which the staff, systems and processes that corporations rely on to protect corporate value from FX volatility are subjected amounts to a perfect storm.  
answer: (d) Taken
- A7 From one viewpoint, currency fluctuation risk is a relatively easy risk to handle: exchange-traded options and forward contracts can lock in exchange rates and protect cash flow and financial statements from the effects of currency swings.  
answer: (d) swings
- A8 There are fundamental problems with the underlying transaction data used by organizations to calculate and manage FX exposure, and one contributor to these data problems is manual accounting processes which lead to persistent, systemic errors.  
answer: (d) systemic
- A9 Frequently, such problems show up in regional offices, where a foreign currency transaction is converted on the fly and entered into the general ledger in the local currency instead of the transaction currency.  
answer: (b) fly
- A10 Solving the problem will require more rigorous training to ensure adherence to proper accounting procedures and a clear understanding of the impact of flawed practices.  
answer: (b) flawed

**Banker's Acceptances**

- A1 Banker's acceptances, bills of exchange and unsecured notes are the major types of straight paper.  
answer: (d) straight
- A2 One key question when choosing and implementing any stock selection model is how long excess returns are produced; identifying a model's optimal holding period or longevity helps reduce portfolio turnover and maximize returns.  
answer: (c) holding
- A3 In order to take advantage of the pain being suffered on Wall Street, Castle Investments is adding 1.2 billion dollars to the war chest it has already amassed; the extra cash will be added to its 2.2 billion dollar 'credit opportunities' fund for investment in distressed assets.  
answer: (d) war chest
- A4 Just as with forecasting the weather, technical analysis doesn't produce absolute predictions of future trends in the market, but it can help investors in anticipating what is likely to happen to prices, especially over the short term.  
answer: (d) technical
- A5 The American option exhibits the same cash flow potential as its international counterparts with the same underlying strike price and date of expiry, but one advantage is that the investor can choose when to exercise his option if he suddenly needs to unload the security.  
answer: (b) American
- A6 The Crash of 1987 stands out as one of the most remarkable 20th century financial events because of its suddenness, the unprecedented extent by which world markets fell — 23 percent — and its total lack of explanation.  
answer: (c) The Crash of 1987
- A7 The Federal Reserve discount rate is the interest rate received by commercial banks and other depository institutions on loans from the regional FRB's lending facility; the rates are the same across all Reserve Banks with the exception of days around a rate change.  
answer: (b) discount
- A8 Many couples now open a joint bank account while keeping their separate accounts: they each pay a specified amount into the former, using this to pay household expenses, while they retain their own financial independence and avoid the use of money as power in the relationship.  
answer: (b) joint
- A9 The firm invested funds in repurchase agreements (short-term obligations secured by government obligations) and master notes (unsecured obligations) issued by banks; both represent money on deposit or accounts receivable contracted in the course of business.  
answer: (c) master
- A10 A real estate investment trust specifically invests in properties producing income and then passes the profits on to its investors as dividends; indeed, it must distribute at least 90% of its profits in order to qualify for preferential tax treatment.  
answer: (c) A real estate

*Non-monetary Services*

- A1 Venture capitalists are often willing to provide non-monetary 'add-on' services to young businesses which they wish to grow, helping gather the management team and prepare the company for its initial public offering, for example.  
answer: (b) add-on
- A2 Ratio analysis is a useful tool for making comparisons between other businesses in your industry and your own; for instance, it can indicate whether your business is collecting receivables too slowly or holding too much inventory.  
answer: (c) Ratio
- A3 Reliable Resources announced that it has closed a bought deal financing of 3.9 million of its common shares at \$11 per share; the underwriters have an option to buy up to 600,000 more shares at the same price to cover over-allotments and for market stabilization purposes.  
answer: (a) a bought
- A4 Capital stock consists of buildings, equipment and intermediate goods not directly consumed and, combined with labor, it produces a flow that yields all the goods and services produced in the economy; 'capital formation' is simply the enlargement of this capital stock.  
answer: (c) formation
- A5 Snowballing is the momentum which sometimes results from rapid business activity increases, and with securities, it is the process by which the exercise of stop orders in an advancing or declining market causes increased upward or downward pressure on prices.  
answer: (c) Snowballing
- A6 In finance, covariance, a statistical measure of the correlation in variations in two different quantities, is used to evaluate the annual return rates for different investments and measure the correlation of the changes in their performance from year to year.  
answer: (a) covariance
- A7 MacLennon Group Ltd accesses international debt markets via its USD 20 billion World Debt Program, a comprehensive borrowing program that involves issuing a variety of instruments in a range of markets.  
answer: (b) instruments
- A8 A warranty deed is a deed which promises the buyer that the seller holds clear, unencumbered title to the property.  
answer: (d) A warranty
- A9 Some dealers in US securities use made-up or dummy CUSIP numbers on the first trading day or until they can update their systems with the actual numbers, but this is a poor solution because many dealers cannot submit prices using them.  
answer: (d) CUSIP
- A10 This bond's issuer normally asks an independent attorney to give an opinion about the terms, call provisions, its taxing authority limitations, the propriety of the physical certificate, etc, but not all munis are issued with this opinion, and these are designated as ex-legal.  
answer: (a) ex-legal

*Manipulative Practices*

- A1 Gathering in the stops is a manipulative practice in which a trader sells a large number of a stock in order to bring down its price to a level where stop orders exist; these are then activated, touching off other stop orders, and the process snowballs.  
answer: (c) Gathering
- A2 Legally, a settlor is one who settles property for the benefit of a beneficiary; in legal systems, a settlor can also be referred to as a grantor, a trustor, or a donor.  
answer: (d) trustor
- A3 With the issuance of capital stock, the Capital Stock account is credited with the issued shares' par value, while the excess (if any) of the market value received over par is credited to the Additional Paid-in Capital account.  
answer: (d) Paid-in
- A4 When a mutual fund sells any holdings, it is required by law to distribute to its shareholders essentially all the gains in capital gains distributions; these, which typically occur once or twice a year, are made primarily for tax purposes.  
answer: (d) distributions
- A5 The annual percentage rate does not affect monthly mortgage payments, which are a function of interest rate and loan term; its purpose is to indicate the true loan cost, preventing lenders from advertising low rates while hiding fees.  
answer: (a) annual
- A6 A living trust is created in order to hold ownership of a person's assets during the individual's lifetime and to distribute them after death; normally, the grantor may serve as a trustee and control those assets even though they are the property of the trust.  
answer: (b) living
- A7 On 5 August 1997, Bill Clinton signed into law the Taxpayer Relief Act of 1997 and the Balanced Budget Act of 1997; the tax law made over 800 changes to the US's massive tax code, affecting nearly every taxpayer.  
answer: (a) Relief
- A8 Real Estate Mortgage Investment Conduits (REMICs) are very complex, but the basic concept is that the cash flow from an underlying pool of whole loans are tranching or sliced up into separate securities with different time-to-maturity horizons and cash flow characteristics.  
answer: (c) Conduits
- A9 Ordinary interest is interest based not on a 365-day year but on a 360-day year, and this can result in a significant difference.  
answer: (c) Ordinary
- A10 Abandoning performance-based compensation is difficult, because some employees always want to contribute more and logically expect more in return, demanding differentiation in salaries.  
answer: (c) performance

*Minimizing Volatility*

- A1 A good way to gain a lot of income with minimal volatility is with a prime rate fund invested in bank loans; banks make these loans to companies as part of leveraged buyout deals and then sell them to mutual funds and other institutional investors.  
answer: (c) prime
- A2 The internationally-accepted transfer pricing standard applied for tax purposes is the arm's-length price; this standard separates tax considerations from economic decisions and promotes international trade and investment growth.  
answer: (a) arm's-length
- A3 A consensus recommendation is a good way to gain a broad view, but it doesn't necessarily offer the best solution for the investor; the criteria used by each analyst may vary, so it should be considered only as an indicator.  
answer: (c) consensus
- A4 Resyndication limited partnerships are partnerships in which new limited partners buy the existing properties in order to receive tax advantages that the old partners can no longer claim.  
answer: (d) Resyndication
- A5 Typically, securities loans are collateralized, reducing the lender's credit exposure to the borrower; the collateral may be a letter of credit, cash, or other stocks, bonds or investments.  
answer: (d) securities
- A6 The direct rollover method of transfer from employer-sponsored plan to employee IRA allows the latter to avoid IRS withholding tax deducted with a distribution by the company plan to the employee, even if the employee intends to place it immediately into an IRA.  
answer: (d) rollover
- A7 The bond's straight value is its value disregarding its share conversion option and based solely on its future cash payments (its maturity value plus coupons).  
answer: (d) straight
- A8 You should invest in mutual funds with a low portfolio turnover ratio, which means that the fund manager does less buying-and-selling and more buying-and-holding, thus making the fund more tax-efficient and helping you in the long run.  
answer: (d) turnover
- A9 The foundation of arbitrage pricing theory is the concept that a security's price is driven by several factors, both company-specific factors and macro factors.  
answer: (a) arbitrage
- A10 Including such names as BMW and Bayer, the DAX 100 is the abbreviation for Deutscher Aktienindex 100, which is a price-weighted index for Germany's top one hundred stocks.  
answer: (d) DAX

*Gold Collateral*

- A1 Congress has mandated that each Federal Reserve Bank must hold collateral, chiefly US securities and gold certificates, which is equal in value to the Federal Reserve notes which the Bank receives.  
answer: (d) notes
- A2 LEAPS (Long-term Equity Anticipation Securities) are options that expire up to three years in the future; calls provide investors a chance to participate in upward movements without outright stock purchases, while puts provide a hedge against a decline in their stocks.  
answer: (c) Anticipation
- A3 City governments issue tax-exempt mutual improvement certificates in order to finance specific public works projects; the cities then assess more taxes on the beneficiaries of these improvements.  
answer: (b) mutual
- A4 The termination statement documents the borrower's fulfillment of a collateralized loan repayment; after the borrower has paid off the loan, the lender no longer has rights of ownership to the assets used as collateral.  
answer: (d) termination
- A5 The minimum distributions from an inherited IRA are calculated on the beneficiary's expected longevity, not that of the original owner; standard single-life or life-expectancy tables are used in determining how much the beneficiary must receive each year.  
answer: (c) an inherited
- A6 An arm's length transaction is one made by parties freely and independently of one another, and without any special relationship, such as one party having complete control of the other, having another deal on the side or being a relative.  
answer: (b) An arm's length
- A7 Even if a prospective homebuyer can prove a steady income source and is not in arrears on any financial obligations, a sufficient level of bank credit to allow approval of a mortgage still depends on the overall financial health of the loan applicant.  
answer: (d) credit
- A8 If an account holder overdraws her account, then the bank has the choice of either paying the amount or not; if it returns the check without paying it, she'll be charged a bounced-check or non-sufficient funds fee, and if it pays, she'll be charged an overdraft fee.  
answer: (b) a bounced
- A9 If you have received a nonperiodic distribution from your qualified retirement plan before the annuity starting date, you can usually allocate only part of it to the cost of the contract; the remainder you must include in gross income.  
answer: (d) a nonperiodic
- A10 PayPal appears to have at last posted a realistic estimate of eCheque clearance time: eCheque emails always defaulted in the past to the US standard of 3 to 4 working days, but from today they have begun estimating a more realistic 7 to 9 working days.  
answer: (a) clearance

*Cyber-criminals and Cyber-crime*

- A1 For the past several years we have seen a big change in cyber-crime; although the sheer number of crimes has risen considerably substantially, that is not the complete story.  
answer: (b) sheer
- A2 Just increasing the quantities of manpower and money that a company throws at this problem is no longer sufficient to keep pace with all the changes.  
answer: (b) at
- A3 Cyber-criminals, along with the cyber-crimes that they perpetrate, are constantly evolving, and our approaches and methods must also change in order to guard our company from this new wave.  
answer: (c) perpetrate
- A4 Only a few years ago, cyber-criminals were primarily young male nerds doing it as an experiment or just for fun; they were not out to profit from their efforts but just wanted to impress their girlfriends or peers.  
answer: (b) out to
- A5 They were not trying to cause major disruptions or steal money; changing the company website logo was acceptable, but crashing the entire system and then extorting money to restore it was unthinkable.  
answer: (c) extorting
- A6 In those days, hackers were just earning bragging rights and boosting their egos; the activity was only a rung or two up the intellectual ladder from train-spotting.  
answer: (c) rung
- A7 Nowadays, the hackers' primary targets are e-commerce websites and their customer databases, and their operations are so slick that stolen data is misused within seconds of its being entered by the unwitting victims.  
answer: (b) slick
- A8 Today, e-commerce's main growth area is in replacing traditional telephone-based or over-the-counter transactions with web-based applications, and of course hackers have latched onto this.  
answer: (a) latched
- A9 Now at the disposal of cyber-criminals are all the resources of organised crime, which knows that police forces globally are woefully under-resourced for attacking internet fraud.  
answer: (c) woefully
- A10 Efforts need to be focused on the building of secure applications that cannot be compromised.  
answer: (c) compromised

*Pushing and Pulling*

- A1 Chesterfield suggests that the traditional hierarchical model of planning which places communications alongside the other marketing mix variables is due for a rethink.  
answer: (c) rethink
- A2 All marketing communication is not elevated to a strategic role, though; a distinction exists between tactical communications supporting individual marketing initiatives and strategic communications that inform all of a company's activities emanating from the highest levels.  
answer: (b) emanating
- A3 Communication is qualitatively different from the other ingredients of the marketing mix; increasingly, the traditional marketing functions of price, product and distribution are hygiene factors, while communications is becoming a higher order tool.  
answer: (a) order
- A4 This is especially true for companies with pervasive brand values, but it likely means a change in how every marketing department sees itself.  
answer: (d) pervasive
- A5 More and more, corporations need to pursue strategic vertical integration, speaking with a single voice from the shop shelf right up to the CEO's office, even though this realignment might eclipse the latter's former preeminent role.  
answer: (a) eclipse
- A6 Push' strategies give incentives to distributors and retailers to stock and push their products, but this metaphor rankles the received marketing wisdom of finding and satisfying a need, not imposing the product on the customer.  
answer: (d) rankles
- A7 On the other hand, pull' strategies utilize consumer-directed techniques like sales promotions and advertising to stimulate demand in an effort to pull the product or the service through the channel to the consumer.  
answer: (d) promotions
- A8 Pull and push strategies are not mutually exclusive; for example, an advertising campaign pointed directly at the consumer will be viewed by intermediaries, which will presumably bolster their confidence in stocking the product advertised.  
answer: (a) bolster
- A9 The likelihood is that a vertically-integrated approach to communications will incorporate a blurring of the demarcation lines between the intermediary and the marketer.  
answer: (a) blurring
- A10 However, the staff responsible for each kind of strategy are likely to work independently in most companies, and this situation is probably the main barrier to effective vertical integration of the sort envisaged by Chesterfield.  
answer: (b) envisaged

*Leisure Services*

- A1 It becomes increasingly important for leisure service agencies to be able to respond to all constituents in their communities as their ethnicities become more diverse.  
answer: (a) constituents
- A2 In order to incorporate changes, the professional leisure service provider needs to re-conceive his idea of the individual and broaden his notions of service delivery.  
answer: (d) notions
- A3 Most observers are now familiar with the important changes in the ethnic composition of the United States.  
answer: (a) composition
- A4 According to 2000 census data, the increase in minority populations was at nearly twice the rate as appeared in the 1980s.  
answer: (c) census
- A5 A good deal of the increase was among people of Hispanic ancestry — a 60% increase from 1980, or 8 million people.  
answer: (a) ancestry
- A6 By 2100, people of color collectively will be the majority in California.  
answer: (a) color
- A7 Irrespective of anyone's reaction to this, such significant changes indicate that a new reality has emerged, with implications for all recreation, park, and leisure service providers.  
answer: (c) Irrespective
- A8 Traditionally, recreation service agencies have functioned from a reductionist viewpoint where individuals were considered to be made up of discrete and identifiable parts instead of holistic entities.  
answer: (b) holistic
- A9 Smithsonian et al (1992) offer an alternative viewpoint: they argue that the individual must be thought of as a total organism with more than only leisure needs.  
answer: (a) argue
- A10 In addition, after the individual has been re-conceived, the repertoire of roles that the professional can then utilize broadens to incorporate more than direct service.  
answer: (d) repertoire

*Niche Marketing*

- A1 Some entrepreneurs think that selling to the widest market is the surest path to success; they are hesitant to go after a market niche because they're afraid that they will lose business by turning away customers.  
answer: (d) turning
- A2 But this 'take all comers' approach is not very effective.  
answer: (b) comers
- A3 It is difficult to stand out if you market your business lacking a set of distinctive prospects in mind.  
answer: (a) stand
- A4 Entering a niche means that you will not be competing with many similar companies on price alone, and if you are selling products or services customized to the needs or predispositions of a specific group of customers, you can frequently charge more.  
answer: (d) predispositions
- A5 The procedure begins with your market research: you should analyze your competitors, your best potential customers, and your ability to serve these customers so well that they will make you their vendor of choice.  
answer: (a) choice
- A6 Market research can be compared to sticking your toe into the swimming pool before you plunge in.  
answer: (d) toe
- A7 After you have learned which customers you want to reach and what their needs are, you can adapt your service or product to match their needs more nearly and craft a message that reflects your customer as well as your business.  
answer: (b) craft
- A8 To decide whether a particular niche is right for your business, ask yourself if you can tailor its identity, services and products to address that market's particular needs.  
answer: (b) tailor
- A9 You should also determine whether your target market is currently underserved.  
answer: (a) underserved
- A10 The more that your business specializes, the more its market will see the value of your products or services because you are speaking directly to their unique situation.  
answer: (d) speaking

*Scandinavian Capital Market*

- A1 In many ways, wider Europe is mirrored in the Nordic region, which is characterized by similarities in language, law and history but has different cultures and currencies.  
answer: (b) mirrored
- A2 The Nordics wanted to create a single regional capital market, but some of its exchanges and post-trading infrastructure providers remained fiercely independent or joined forces with partners outside the region.  
answer: (b) fiercely
- A3 In today's globalized age, issuers and investors both want and need deep, liquid markets operating at the lowest possible cost in the most risk-averse and efficient fashion.  
answer: (b) averse
- A4 Sharing access, expertise, operability, and international mergers and alliances are all becoming realities, but in any kind of innovative cooperation, there are bound to be glitches in delivering tangible benefits.  
answer: (b) bound
- A5 For instance, in Sweden last year, there were bruises to the reputation of the Stockholm Exchange when it took a hammering for technical problems that closed it for most of the business day.  
answer: (a) bruises
- A6 However, such cases are really only minor blips in what is proving already to be a fruitful combination.  
answer: (a) blips
- A7 The decision to sell NCSD, which comprises the central security depositories for Sweden and Finland, is a fine opportunity for participants in these two markets to reach more foreign trading parties and lower international transaction expenses.  
answer: (d) comprises
- A8 Without such harmonization of market practices and consolidation of infrastructure, financial professionals can expect only greater complexities and costs in the future as globalization continues.  
answer: (c) harmonization
- A9 And during turbulent times, cost containment becomes ever more relevant, as we have all come to learn.  
answer: (d) turbulent
- A10 Euroclear has been contributing to process standardization in EU capital markets, and it is also working on converging the multiple-transaction processing platforms which it runs onto one single platform.  
answer: (c) converging