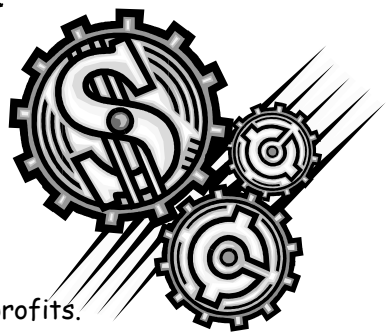
Career & Financial Management

Lesson 12.1 Review (Pages 330 to 337)



True/False

Indicate whether the sentence or statement is true or false.

____ 1. A public corporation's stock is traded openly in stock markets.

____ 2. Corporations must pay dividends to stockholders regardless of profits.

____ 3. Stockholders can lose personal assets when the business fails.

____ 4. Preferred stockholders take less risk than common stockholders.

____ 5. Income stocks usually pay no dividends to investors.

____ 6. Growth stocks reinvest profits so the business can grow and expand.

____ 7. Preferred stock pays dividends before common stock.

____ 8. Most investors consider stock purchases as long-term investments.

____ 9. Many financial Internet sites allow you to follow stock prices.

____ 10. Par value is an assigned, arbitrary dollar stock value.

____ 11. The largest stock exchange in the United States is the American Stock Exchange.

____ 12. Market value and par value are the same dollar amount.

____ 13. Return on investment is based on gains on the sale of stock without commissions.

Multiple Choice

Identify the letter of the choice that best completes the statement or answers the question.

____ 14. Which of these statements is true about common stock?

a. There is no risk.
b. Dividends are assured.
c. Each share has voting privileges.
d. There are no dividends on common stock.

____ 15. Assigning your voting right to someone else is known as a ____.

a. Dividend
b. Cumulative right
c. Proxy
d. Participating right

____ 16. How are stocks of well-known companies classified?

a. Growth
b. Blue chip
c. Cyclical
d. Defensive

____ 17. What has an effect on stock value?

a. The company
b. Interest rates
c. The market
d. All of these