March 8, 2016

Name: Participant #:

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**2016**

#### North Carolina FFA

### Farm Business Management – **JUNIOR DIVISION**

###  Career Development Event

***Section I: Multiple Choice (100 points)***

There are 20 questions on this section of the event. Please check carefully to see that you have **four (4)** pages including this cover page.

Read each question carefully. Mark your answer for each question on the provided Scantron form. Each question is worth five (5) points. You have **30 minutes** to complete this section of the event.

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in cooperation with

Department of Agricultural and Extension Education

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North Carolina State University

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1. Goods that are purchased and brought into the U.S. from a foreign country are known as:

 a. tariffs

b. imports

 c. exports

 d. customs

2. A farm business’s goals are:

 a. statements about how you will increase sales of a crop

 b. specific plans to plant and harvest a crop

 c. specific steps that must be taken to get where you want to be

d. broad statements that show where you want to be after some period of time

3. The law of demand states that, holding other things constant:

 a. as price rises, demand will rise

 b. as price rises, demand will decline

 c. as price falls, quantity demanded rises

 d. as price falls, quantity demanded declines

4. Which of the following is an opportunity cost of owning and operating farm ground?

 a. the lost rent

 b. the lost soil

 c. labor

 d. equipment cost

5. A projected cash flow statement for a business shows future:

 a. non-cash needs

b. cash inflow/outflow

 c. cash profits

 d. cash projects

6. Which type of cost **DOES NOT** vary with short-run changes in production for a business firm?

a. fixed

 b. opportunity

 c. marginal

 d. labor

7. A business firm owner and risk taker is often called:

 a. a socialist

 b. a gambler

c. an entrepreneur

 d. a corporation

8. Farmer Smith has more current assets than current liabilities. Her current ratio is

 a. negative

 b. zero

 c. between 0 and 1

d. greater than 1

9. The time value of money concept says a dollar to be received in the future is:

 a. worth less than a dollar to be received today

 b. worth more than a dollar to be received today

 c. worth the same as a dollar to be received today

 d. dependent on the value of one’s time (i.e. wage rate)

10. A farmer who purchases crop insurance would typically be trying to protect himself/herself against:

 a. price risks

 b. basis risks

c. production risks

 d. health risks associated with producing crops

11. Niche marketing generally means the sale of:

 a. niches

b. a specialized product to specific buyers

 c. a product during a very limited time frame

 d. a general product that is sold similarly by a large number of other sellers

12. The specific price at which a put option buyer has obtained the right to sell is called:

a. the strike price

 b. the premium

 c. the basis

 d. the price floor

13. The right, but not the obligation, to sell futures contracts at a specified price is known as:

 a. a call option

 b. a short futures position

c. a put option

 d. a long futures position

14. A breakeven price is one that covers:

 a. fixed costs

 b. future costs

 c. variable costs

d. total cost

15. After fertilizing and planting, the costs of seed and fertilizer would normally be

considered:

 a. a variable cost

 b. a depreciable expense

c. a sunk cost

 d. an opportunity cost

16. Deposits at U.S. commercial banks are insured by

 a. the U.S. Federal Reserve

 b. the New York Stock Exchange

c. the Federal Deposit Insurance Corporation

 d. the Chicago Mercantile Exchange

17. On an agricultural producer’s balance sheet, which of following contains only current liabilities?

 a. principal due within a year on five year loans, cleaned home grown wheat seed

 b. accrued interest, calves that died within the last year

 c. a broken water pump, amount owed to the implement dealer for machinery parts

d. amount owed to the elevator for feed, principal due within a year on loans with a
 term of seven years

18. On an agricultural producer’s balance sheet, which of following contains only current assets?

 a. tractor, cow/calf pairs, $500 in cash

 b. barley seed, fertilizer, pole barn

c. feeder calves, corn silage, balance in checking account

 d. water well, wheat in a bin, herd bull

19. Which of the following **DOES NOT** directly affect a rancher’s net return per cow?

 a. protein supplement falling costs

 b. market price for the calves at weaning

 c. pounds weaned per exposed cow

d. interest paid on equipment loans

20. In 2007, Chicago Mercantile merged with which one of the following exchanges?

a. Chicago Board Trade

 b. New York Board of Trade

 c. Coffee, Sugar, and Cocoa Exchange

 d. New York Futures Exchange

**End of the *multiple choice section* of the 2016 NC FBM Junior CDE**