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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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**