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**