

Name _____

Chapter _____

2006 STATE FINAL
FLORIDA FFA FARM BUSINESS MANAGEMENT
CAREER DEVELOPMENT EVENT
PART I--MULTIPLE CHOICE

100 Points

1 Hour

Directions:

1. The first part of the contest is multiple choice questions. Place your answer to each question on this sheet (which you may separate from the questions). You should have 25 questions. Please take a minute to be certain your exam is complete. This is your responsibility.
2. Each multiple choice question is worth 4 points. For each question select the one, best answer from among the choices.
3. You may use a calculator.

Multiple choice answers:

1 _____	6 _____	11 _____	16 _____	21 _____
2 _____	7 _____	12 _____	17 _____	22 _____
3 _____	8 _____	13 _____	18 _____	23 _____
4 _____	9 _____	14 _____	19 _____	24 _____
5 _____	10 _____	15 _____	20 _____	25 _____

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*****KEY*****

1. On an income statement the cost of owning a piece of equipment (tractor) is allocated as:
 - a. amortization.
 - b.* depreciation.
 - c. depletion.
 - d. cost of goods sold.

2. Which of the following is NOT considered a current liability?
 - a.* accounts receivable.
 - b. the interest and principal due this year on the real estate mortgage.
 - c. accounts payable.
 - d. taxes due this year.

3. The future value one year from now of \$100 invested in a savings account earning 12% (annual rate) compounded monthly is:
 - a. \$112.
 - b. $\$100(1.12)^{12}$.
 - c.* $\$100(1.01)^{12}$.
 - d. \$88.

4. Which one of the following would be expected to lead to the largest increase in market equilibrium quantity, all other things the same?
 - a. Increase in demand and decrease in supply.
 - b. Decrease in demand and increase in supply.
 - c.* Increase in demand and increase in supply.
 - d. Decrease in demand and increase in supply

5. The amount of money deposited by buyers and sellers of futures contracts to insure performance is a/an:
 - a. down payment.
 - b.* margin.
 - c. option.
 - d. strike price.

*****KEY*****

6. The AgFirst Farm Credit Bank is:
- a. a lending agency of the U.S. Department of Agriculture.
 - b.* a farmer owned lending cooperative in the Mid-Atlantic and Southeastern States.
 - c. comprised of CoBank and FmHA.
 - d. all of the above.
7. Which of the following is a widely used liquidity ratio?
- a. net working capital.
 - b. inventory turnover.
 - c. debt ratio.
 - d.* current ratio.
8. What type of firms generally has the highest proportion of inventory to total assets (inventory makes up a higher percentage of total assets)?
- a.* retailers.
 - b. wholesalers.
 - c. manufactures
 - d. financial.
9. Which of the following costs are for one unit of output?
- a. average fixed cost
 - b. average variable cost
 - c. average total cost
 - d.* all of the above
10. A ratio showing the number of units of production generated per unit of resource (or input) is:
- a. a liquidity ratio.
 - b. a leverage ratio.
 - c.* an efficiency ratio.
 - d. a profitability ratio.

11. What profit measure is calculated from an income statement?
- a. gross profit margin.
 - b. operating profit margin.
 - c. net profit margin.
 - d.* all the above.
12. If assets carried on the balance sheet at historical cost have a market value which exceeds historical cost, then on the balance sheet:
- a.* net worth will be understated.
 - b. net worth will be negative.
 - c. assets will be overstated.
 - d. net worth will be overstated.
13. At low interest rates the:
- a. demand for credit is low.
 - b. demand for credit is high.
 - c. quantity of credit demanded is low.
 - d.* quantity of credit demanded is high.
14. A summary of the financial situation for a business at a period of time, such as at the end of the year, is a/an:
- a.* balance sheet.
 - b. income statement.
 - c. cash flow statement.
 - d. benefit-cost ratio.
15. If a business is insolvent, its debt to asset ratio is:
- a.* greater than 1.
 - b. equal to 1.
 - c. less than 1.
 - d. zero.

16. The basis of a futures contract reflects:
- a. time differences.
 - b. location differences.
 - c. quality differences.
 - d.* all the above.
17. An example of an annuity is:
- a. the interest portion of an amortized loan payment.
 - b. the principal portion of an amortized loan payment.
 - c.* an amortized loan payment.
 - d. none of the above.
18. The process of estimating the market value of an asset or group of assets (such as a farm), is:
- a. appreciation.
 - b.* appraisal.
 - c. accrual accounting.
 - d. book value.
19. Monetary policy is the deliberate:
- a. manipulation of international trade agreements.
 - b.* adjustment of the money supply and interest rates with some economic impact intended.
 - c. adjustment of the national income data for price level changes.
 - d. adjustment of government spending and taxes with some economic impact intended.
20. The branch of economics that deals with the economic behavior of individuals, either producers or consumers is:
- a.* microeconomics.
 - b. macroeconomics.
 - c. freakonomics.
 - d. unit economics.

21. In the evaluation of an investment, a lower discount rate, ceteris paribus, implies a:
- a. lower present value.
 - b.* higher present value.
 - c. lower internal rate of return.
 - d. higher internal rate of return.
22. The annual interest payment promised by the U.S. Treasury to buyers of Treasury Bonds is the:
- a. yield to maturity.
 - b. current yield.
 - c. bond rate.
 - d.* coupon rate.
23. An operating loan with the local bank would be classified as an asset of:
- a. the farm and a liability for the bank.
 - b. the farm and a liability of the Federal Reserve.
 - c.* the bank and a liability of the farm.
 - d. the farm and an asset of the bank.
24. The retained earnings account on an income statement measures:
- a.* all undistributed profits earned over the life of the firm.
 - b. all undistributed cash held over the life of the firm.
 - c. all dividends paid to owners over the life of the firm.
 - d. cash on hand.
25. FIFO stands for
- a.* first-in, first out.
 - b. fixed-income, fixed operating.
 - c. fast-in, fast-out.
 - d. first-interest, final-option.

End of Part I

Results will be posted on www.fred.ifas.ufl.edu/FLFFA/fbm

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