

Name _____

Chapter _____

2005 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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1. Mr. Smith, a dairy farmer, just received in the mail a patronage refund check for \$500. From this information you know that Mr. Smith is part of a:
 - a. cooperative.
 - b. limited liability company.
 - c. limited partnership.
 - d. sub-chapter C corporation.

2. On a firm's balance sheet assets are equal to:
 - a. current assets plus current liabilities.
 - b. lender's equity in the firm.
 - c. liabilities plus equity.
 - d. current assets minus current liabilities.

3. An investor would choose the investment which has the:
 - a. lowest internal rate of return.
 - b. highest net present value.
 - c. highest risk.
 - d. lowest risk.

4. Assume upward sloping supply curves and downward sloping demand curves. Suppose there is a simultaneous change in supply and demand which causes you to correctly predict that market price will increase but the effect on market quantity is unclear. There must have been:
 - a. an increase in demand and supply.
 - b. a decrease in demand and supply.
 - c. an increase in demand but a decrease in supply.
 - d. an increase in supply but a decrease in demand.

5. The marketing mix, or the four P's, are price, place, product and:
 - a. planning.
 - b. promotion.
 - c. purpose.
 - d. profit.

6. The seller of a put option on a futures contract may:
 - a. exercise the option.
 - b. let the option expire.
 - c. sell a call option to offset the put.
 - d. none of the above.

7. If we assume that labor is the only variable input and that presently the marginal product of labor is negative, we can conclude that:
 - a. additional labor should be employed.
 - b. less labor should be employed.
 - c. the total product is also negative.
 - d. the firm is making the maximum amount of profit possible.

8. The price of one country's currency in terms of another country's currency is a(n):
 - a. balance of payments.
 - b. exchange rate.
 - c. comparative advantage.
 - d. tariff.

9. A general increase in the level of all prices over time is:
 - a. inflation.
 - b. compounding.
 - c. discounting.
 - d. all the above.

10. When a firm uses outside equity to secure funds to add additional assets to the business, it has:
 - a. secured a new mortgage.
 - b. secured funds from investors or partners.
 - c. used profits earned by the business.
 - d. none of the above.

11. When quantity demanded is greater than quantity supplied, there is:
- a surplus.
 - a monopoly.
 - an oligopoly.
 - a shortage.
12. The amount by which the sale value of an asset exceeds its cost or adjusted cost basis is the:
- amount subject to tax recapture.
 - capital loss.
 - basis.
 - capital gain.
13. A mortgage payment and a coupon payment on a government bond are both examples of:
- items subject to tax recapture.
 - annuities.
 - compounding.
 - perpetuities.
14. The farm has total assets of \$540,000, net income of \$54,000, and net worth of \$108,000. What is the farms' debt to equity ratio?
- 0.10
 - 0.25
 - 0.80
 - 4.00
15. An analysis of the level of output needed to produce just enough revenue to cover fixed and variable cost is know as:
- leverage analysis.
 - break-even analysis.
 - cost minimization.
 - ratio analysis.

16. The internal rate of return is the discount rate that would:
- make the net present value equal to zero.
 - make the net present value positive.
 - is equal to the annual percentage rate (APR).
 - be used by the Internal Revenue Service.
17. The U.S. Treasury borrows money by selling:
- Treasury Notes.
 - Treasury Bonds.
 - Treasury Bills.
 - all of the above.
18. An approach to marketing where consumers are given a strong promotional effort to buy a product is:
- direct marketing.
 - push marketing.
 - pull marketing.
 - niche marketing.
19. The government imposes a maximum price on corn which is ABOVE equilibrium price. You accurately predict that:
- the law will have no economic impact.
 - the law will create a surplus of corn.
 - the law will create a shortage of corn.
 - the equilibrium price will fall to government price.
20. Frank Farmer has just harvested and put in storage 10,000 bushels of corn, to hedge his position he could:
- buy two 5,000 bushel corn futures contracts
 - sell a call option for two 5,000 bushel corn futures contract
 - sell two 5,000 bushel corn futures contracts
 - either a or b

21. The process of estimating the market value of an asset or group of assets (such as a farm), is:
- appreciation.
 - appraisal.
 - accrual accounting.
 - book value.
22. Which of the following will NOT change the current ratio?
- Using cash to purchase equipment.
 - Using cash to payoff a mortgage.
 - Collection of an accounts receivable.
 - Selling land owned by the company.
23. The money that a particular firm owes to a supplier of inputs, such as when a crop farmer owes money to a fertilizer dealer is:
- an account payable.
 - an account receivable.
 - an inventory account.
 - accounting income.
24. If demand is inelastic and price is raised, total revenue will:
- rise.
 - fall.
 - stay the same.
 - none of the above.
25. MPCCI is the abbreviation for:
- Marginal Product Cost Input.
 - Marginal Productivity Crop Insurance.
 - Multi Product Cost Insurance.
 - Multi Peril Crop Insurance.

END OF PART 1