

2012 State FFA Farm Management Test

Part 1

(Please mark all answers on the Grademaster card using a #2 pencil)

1. In western ND the direct cost of raising Spring Wheat on cash rented land has doubled from 2006 to 2011. What rate of inflation does this equate to?
 - a. 50%
 - b. 14%
 - c. 12%
 - d. None of the above

2. Sunflower grown in western ND on cash rented land in 2011 yielded 12.5 cwt. per acre. The value of sunflower seed was \$26.60 per cwt. The direct cost per acre was \$225 per acre and the overhead cost was \$34 per acre. What is the closest answer to the net income per acre?
 - a. \$ 41
 - b. \$ 7
 - c. \$ 74
 - d. -\$4

3. Using the above information on sunflowers, what was the break even yield per acre on the crop?
 - a. Cannot be calculated based on info given
 - b. 10.8
 - c. 12.5
 - d. 9.7

4. Also using data from sunflowers above, what is the BE price?
 - a. 20.70
 - b. 5.90
 - c. 17.80
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5. Pasture cost for beef cattle has been increasing over the past year. Grazing land can be rented by the per acre cost for the season, or sometimes is paid for by the AUM (animal unit month) which is a cow grazing for a month's time. What is the least expensive way given this info: the pasture rents for \$12 per acre? You are allowed to graze 45 cows for 5.5 months. Cow owners must keep fence adequately repaired. The pasture consists of 600 acres. Pasture rent can be paid on an Aum basis at \$ 25 per AUM. There is good water for cattle on the 600 acres.
 - a. Least expensive is to pay by the acre in this case
 - b. Least expensive is to pay by the AUM in this case
 - c. Cannot determine best method based on info given.

6. What results in higher \$ of net Farm Income (NFI)

- a. a farm grossing \$500,000 with a net income ratio of 10%
- b. a farm grossing \$ 300,000 with a combined operating expense ratio. Interest exp ratio and depreciation expense ratio of 90%

A farmer's balance sheet shows the following:

Total Current Assets	\$152,150
Total Assets	990,900
Total Current Liabilities	89,500
Total Liabilities	330,300

7. What is his current ratio?

- a. .59
- b. 1.70
- c. 2.17
- d. 3.69

8. What is his debt to asset ratio?

- a. .27
- b. .33
- c. .46
- d. .59

9. What is the total of his term liabilities?

- a. \$62,650
- b. \$177,800
- c. \$240,800
- d. Cannot be determined from data given

10. What is his net worth?

- a. \$660,600
- b. \$901,400
- c. \$1,143,050
- d. Cannot be determined from data given

11. How much does he have invested in real estate?

- a. \$990,900
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12. A farmer has a long term loan with a fixed interest rate and amortized annual payments. With each annual payment the farmer makes, what would the amount of principal in each successive installment paid normally do?
- Decrease
 - Increase
 - Remain the Same
 - None of the Above
- 13.. For the coming year's wheat crop, a farmer projects that his direct expenses will be \$162 per acre and his overhead expenses will be \$46 per acre. He also projects that that he will bale the straw, which will return \$12.50 per acre; and he will receive \$7.50 per acre in government payments. At a price of \$8.00 per bushel, what yield does he need to breakeven?
- 25.50
 - 26.75
 - 27.25
 - 28.5
- 14....The USDA farm bill currently in force expires after the 2012 production season.
- True
 - False
15. The primary responsibility of the Risk Management Agency (RMA) is to:
- Provide long range weather forecasts for agricultural producers
 - Regulate livestock feeding operations
 - Administer crop insurance programs
 - Regulate stock and commodities markets
16. A balance sheet can only be prepared for the beginning or ending of a fiscal year.
- True
 - False
17. The cost of buying fertilizer to be applied to next year's crop appears on the balance sheet as a:
- Current liability
 - Long term asset
 - Prepaid asset
 - Fixed asset
18. The value of farmland should be reported on the balance sheet under the category:
- Current assets
 - Long term liabilities
 - Intermediate assets
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19. Net worth can also be termed:
- Owner's equity
 - Net income
 - Working capital
 - Operating income

20. Current loans are loans that are scheduled to be repaid within:

- a. Four months
- b. One year
- c. Five years
- d. Six months

21. Which of these assets is the most liquid?

- a. Crop inventory
- b. Cash
- c. Calves
- d. Prepaid assets

22. Which of the following is the best measure of liquidity?

- a. Income Statement
- b. Statement of Cash Flows
- c. Balance Sheet
- d. Debt to Asset Ratio

23. Asset turnover is a measure of:

- a. Efficiency
- b. Liquidity
- c. Solvency
- d. repayment capacity

24. A positive change in cash flow accompanied by a negative change in working capital could be the result of:

- a. Large owner withdrawals for family living
- b. Term debt payments in excess of cash on hand
- c. Cash expenses exceeding cash income
- d. Reduction of inventories to generate cash flow

25. An increase in depreciation expense will affect:

- a. Net cash flow
- b. Working capital
- c. Net farm income
- d. Gross farm income

26. The debt to asset ratio measures:

- a. Liquidity
- b. Solvency
- c. Efficiency
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27. Deposits at commercial banks are insured by

- a. the Federal Reserve
- b. the Treasury
- c. the FDIC
- d. the Chicago Mercantile Exchange

28. Initially, the general price level is 100. If, 6 months later, the general price level is 102, the annual inflation rate has been

- a. 2 percent
- b. 4 percent
- c. 5 percent
- d. 12 percent

29. The largest slice of the federal budget goes for

- a. Social Security, Medicare and Medicaid
- b. farm program payments
- c. interest on the national debt
- d. goods and services
- e. business with consumers and government

30. The king of a truly competitive market is the

- a. supplier
- b. producer
- c. factory
- d. consumer

31. The price of land depends on

- a. its productivity
- b. the price that its products command
- c. the demand for it
- d. all of the above

32. Trade quotas reduce total volume of imports

- a. but have no effect on prices charged in the domestic market
- b. but may lead to lower prices in domestic markets
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33. In reality our system of supply and demand is often not allowed to regulate itself. Which of the following usually interferes with the system?
- consumer's
 - producer's
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34. A purely competitive industry is characterized by
- no single seller with any control over price
 - a single seller
 - much advertising
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35. Which of the following are types of business organizations according to the legal system?
- proprietorship, partnership, and corporation
 - monopoly, pure competition, and oligopoly
 - retail, wholesale, and service
 - primary, secondary, and tertiary
36. In Western ND, year 2011, the direct cost for Spring Wheat per acre was \$160. The total overhead expenses were \$ 27. The average yield per acre was 36 bushels. What was the break- even price per bushel?
- \$ 3.69
 - \$ 4.44
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 - \$6.00
37. On an agricultural producer's balance sheet, which of following contains only current assets?
- Tractor, cow/calf pairs, \$500 in cash
 - Barley seed, fertilizer, pole barn
 - Feeder calves, corn silage, balance in checking account
 - Water well, wheat in a bin, herd bull
38. If you were to hedge your wheat in the futures market you would:
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39. Net farm income is determined by:

- a. Cash inflows less cash outflows plus inventory change (can be positive or negative) less depreciation
- b. Cash Farm income less cash farm expenses plus inventory change (can be positive or negative) less depreciation
- c. Your tax preparer

40. If I purchased some farm land for \$1,500/acre, the real estate taxes were \$5/acre and I received 80\$/a cash rent what would my net return/acre be?

- a. 5%
- b. 1875%
- c. 5.33%

41. I weaned my calves and they weight 500# and I could get \$600 if I sold them, how much would I need to receive per pound (round to the closest \$.01) to breakeven if I fed them up to 800# and the cost per # of gain is \$.75 (dad is paying for all other expenses)?

- a. \$.75
- b. \$.94
- c. \$1.03
- d. \$1.28

42. Working Capital is

- a. Assets minus current liabilities
- b. Assets minus liabilities
- c. Current assets minus current liabilities

43. The old crop insurance term APH stands for

- a. Actual production history
- b. Actual planted history
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44. Direct payments from the government

- a. Are paid directly to you no matter what the yields or prices are
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48. The ideal place to produce is when marginal cost = marginal return.

- a. True
- b. False

49. A current ratio is not as important on what type of farm:

- a. Grain farm
- b. Grain and Livestock Farm
- c. Dairy Farm
- d. It makes no difference

50. Bonus depreciation can be used on what assets:

- a. All Assets
- b. Used Assets
- c. New Machinery Purchased and Buildings
- d. Real Estate Purchased

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