

EVALUATION

Complete the following short-answer question.

1. How does supply affect demand?

2. What would be the opportunity cost for Glen if he bought a farm equipment dealership instead of taking over his grandfather's 500-acre farm?

3. What is the definition of fixed costs?

4. What is the definition of variable costs?

5. What are two examples of fixed costs that an agricultural business deals with?

a. _____

b. _____

6. What are two examples of variable costs that an agricultural business deals with?

a. _____

b. _____

7. What is the difference between gross and net income?

8. Janet's Flowers had an annual gross income of \$70,000. The operating expenses include \$600 in fuel for deliveries; \$1,400 for all utilities; \$15,000 in payroll for part-time help; \$15,000 for all flowers and accessories; and \$2,000 for donations made throughout the year to different organizations. What is the net income for Janet's Flowers?
