

Overview

This event provides recognition for FBLA members who demonstrate an understanding of and skill in basic agribusiness concepts and procedures.

This is an individual online test.

Competencies and Task Lists

<http://www.fbla-pbl.org/docs/ct/FBLA/agribusiness.pdf>

Website Resources

- CASE: Curriculum for Agricultural Science Education
<http://www.case4learning.org/curriculum/introduction-to-afnr/>
- National FFA Organization
<https://www.ffa.org>

AGRIBUSINESS SAMPLE QUESTIONS

1. Succession planning refers to:
 - a. planning to raise a new variety of soybeans that have not be tried before
 - b. planning for next year's success of the business
 - c. planning to move the business to the younger generation
 - d. planning to increase the size of the farm business

2. Calculate the depreciation of a new tractor that Fred Farmer has purchased. Purchase price is \$169,000, the salvage value is estimated to be \$44,500, and Fred expects to own the tractor for 10 years and average 650 hours per year. What is the hourly economic or management depreciation?
 - a. \$4.50
 - b. \$44.50
 - c. \$19.15
 - d. \$40.50

3. Which one of the following would improve profitability of a farm business?
 - a. buy more equipment to keep ahead of the neighbor
 - b. use credit cards for purchasing supplies
 - c. increase farm earnings and reduce farm costs
 - d. get another loan to have more cash

4. A drought in South America will:
 - a. increase the chance for rain in the United States
 - b. decrease the amount of snow that falls in the Rocky Mountains
 - c. increase demand for U.S. grain
 - d. decrease the price of U.S. grain

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5. Which one of the following is **not** a deductible cost to an agricultural business?
 - a. machinery depreciation
 - b. principle paid
 - c. wages paid
 - d. the value of raised livestock

 6. Buyers and sellers in the futures market who do **not** raise or use the commodity they are trading in are called:
 - a. forward contractors
 - b. speculators
 - c. risk managers
 - d. hedgers

 7. Farm Financial Standards Council promotes uniformity of farm financial records for the purpose of:
 - a. analyzing farm production characteristics
 - b. fair comparisons between all farms
 - c. fair comparisons between farms in foreign countries
 - d. analyzing competitive advantages

 8. A farmer purchases 750-pound feeder steers for \$1.18 per pound and plans to sell the steers at 1300 pounds. The farmer estimates the total cost of gain to be \$0.80 per pound. The nearest breakeven price when the steers are sold at 1300 pounds is (round to the nearest cent):
 - a. \$1.12/pound
 - b. \$0.92/pound
 - c. \$1.02/pound
 - d. \$1.18/pound

 9. What percent moisture should corn silage be harvested at for optimum feed quality?
 - a. 55–60 percent
 - b. 24–32 percent
 - c. 45–50 percent
 - d. 75–80 percent

 10. Which one of the following can influence the value of crop land?
 - a. interest rate of the mortgage
 - b. national gross farm income
 - c. a mortgage on the land
 - d. what it produced last year

 11. For every dollar spent on food in the United States how much gets back to the farmer?
 - a. \$0.67
 - b. \$0.19
 - c. \$0.07
 - d. \$0.53

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12. Four sections of land are how many square miles?
 - a. 1 square mile
 - b. 3 square miles
 - c. 4 square miles
 - d. 2 square miles

 13. If you are going to raise your own replacement heifers, when calculating a cow-calf enterprise budget you should:
 - a. include the cost of purchased replacements, as well as the costs associated with developing the home raised heifers
 - b. include annual depreciation expense for raised heifers as a cost in the enterprise budget
 - c. exclude cull cow sales from the income section of the budget projections
 - d. reduce the number of heifer calves sold to reflect the number of heifers retained

 14. A cost of production which varies as additional units of production are added and includes such items as seed, fertilizer, supplies, medicine is called a:
 - a. total cost
 - b. opportunity cost
 - c. fixed cost
 - d. variable cost

 15. Which one of the following is **true** about cooperatives?
 - a. There is no manager in a cooperative.
 - b. Cooperatives are incorporated.
 - c. Voting is the same as other businesses.
 - d. There is no board of directors in a cooperative.

 16. Assume that the cross-price elasticity of pork for chicken is 1.2. This cross-price elasticity indicates that:
 - a. pork and chicken are complementary goods
 - b. there is no relationship between the demand for pork and the price of chicken
 - c. a 1.2 percent increase in the price of chicken will lead to a 1 percent increase in the price of pork
 - d. a 10 percent increase in the price of chicken should lead to a 12 percent increase in the demand for pork

 17. By USDA definition, an operation may be classified as a "farm" if it:
 - a. generates at least one-half of the household's income in a normal year
 - b. has at least 100 acres of cropland or pasture land
 - c. raises agricultural products (crops, livestock) in a typical year
 - d. has \$1,000 of agricultural sales in a normal year

 18. What would you do if the cash position in a certain month indicated that there would be more expenses than income?
 - a. Change depreciation methods of personal assets.
 - b. Terminate any assets causing the cash flow problem that month.
 - c. Move cash around various banking accounts to hide the problem.
 - d. Use savings, delay expenses, move sales, or borrow money.
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19. In a perfectly competitive market, which one of the following is most **correct**?
- Sellers cannot differentiate their products by advertising.
 - A firm's demand curve is perfectly inelastic.
 - There are many sellers but very few buyers. This means sellers have market power.
 - Sellers can increase their profits by charging a higher price for their goods.
20. For a farm business, it is important to distinguish between variable costs and fixed costs. The definition of variable costs is:
- are not used in the enterprise budget
 - include depreciation, interest, insurance, and taxes on machinery and buildings
 - represent costs that are incurred whether the farm enterprises produces a crop or not
 - represent items that will be used during one production period
21. Two good reasons for keeping farm business records are to:
- know when the farm business is making money and when it is losing money
 - know which farm enterprises are making money and which ones are losing money
 - comply with income tax reporting requirements and to assist in planning and management
 - maximize profit and minimize taxes for the farm business
22. In the long run, a farm business manager should try to cover:
- fixed costs
 - total cost
 - all costs
 - variable costs
23. Precision agriculture requires reliance upon what major technology to be successful?
- ebb and flow hydroponics
 - in vitro fertilization
 - Global Positioning Systems (GPS)
 - high-speed Internet connectivity
24. From an agricultural law perspective, there are two general kinds of property:
- land and buildings
 - owned and mortgage
 - business and personal
 - real and personal
25. The government has set a price floor for milk at \$14/cwt (cwt = 100 pounds), but market conditions indicate that the market equilibrium is \$11/cwt. What effect will the price floor have?
- stimulate establishment of new dairies
 - cause a shortage of milk in the market
 - no effect on the supply of milk
 - cause a surplus of milk in the market

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26. What would be some of the job tasks that would be expected from an accountant at an agribusiness operation?
- Conducts inventory of all business merchandise, ensuring that there is an accurate count of merchandise on hand at all times.
 - Interviews customers to determine the target price of an item or service.
 - Provides auditing services, assistance with tax preparation, litigation support, and financial advice.
 - Oversees a division of an organization, including ensuring payment, vacation time and injury benefits to employees.
27. What level of education is required for most entry level agricultural sales positions?
- an associate's degree (2-yr.)
 - a bachelor's degree (4-yr.)
 - usually there are no educational requirements
 - a high school diploma (K-12)
28. When the U.S. dollar is considered to be weak, the demand for agricultural imports:
- none are correct
 - have no change
 - increase
 - decrease
29. The "best" economic investment benefit to owning farmland is:
- great cash flow
 - that there is lots of flexibility in the investment
 - that it's a beautiful place to live
 - that the investment has long-term capital gains potential
30. To produce any product/service in the short run, which costs must be covered?
- opportunity costs
 - fixed costs
 - total costs
 - variable costs