

Agribusiness

1. How many acres are in the SW-1/4 of the NE-1/4 of a section of land and then N-1/2 of the NW-1/4?
 - A. 120
 - B. 160
 - C. 20
 - D. 40

2. The price of pork goes up in the grocery store due to a shortage of pork production in the country. This represents the economic concept of:
 - A. inflation
 - B. supply and demand
 - C. elasticity
 - D. inelasticity

3. Estimated resale value is called
 - A. blue book value
 - B. cost minus depreciation
 - C. wholesale value
 - D. market value

4. Growing economies around the world have resulted in:
 - A. lower demand for gas
 - B. stable gas prices
 - C. lower gas prices
 - D. higher gas prices

5. A decrease in income will lead to a _____ for most goods.
 - A. movement down the demand curve
 - B. leftward shift of the demand curve
 - C. movement up the demand curve
 - D. rightward shift of the demand curve

6. The predominant industry in California that is at least two times as large as the next industry for that state is:
 - A. agriculture
 - B. technology
 - C. energy
 - D. tourism

7. The largest industry in California that is two times as large as the next industry for the state is
 - A. energy

- B. tourism
 - C. agriculture
 - D. technology
8. Farmers markets
- A. diminish local food systems
 - B. attract a very limited variety of shoppers
 - C. have a negative impact on large supermarkets
 - D. encourage agricultural product diversification
9. An increasing number of crops are surviving during adverse weather conditions due to
- A. government subsidies
 - B. crop rotation
 - C. hybrid seeds that resist drought
 - D. conservation
10. The role of price in a free market is all of the following except:
- A. deciding what, when, and how much to produce
 - B. eliminating certain groups of consumers
 - C. limiting quantity demanded
 - D. controlling quantity supplied
11. Pasture land in the Brazos County is selling for \$3,000 per acre. If the value increases 4% per year, what will the value be in 20 years?
- A. \$5,400
 - B. \$6,573
 - C. \$7,800
 - D. \$3,120
12. Ken and Kevin are reviewing their family farm business. Their business advisor tells them one advantage of incorporating their farm business is that it will:
- A. reduce their record keeping
 - B. mean they face double taxation
 - C. mean they have fewer rules and regulations to follow
 - D. limit their liability
13. An example of a cooperative is a
- A. strategic alliance
 - B. joint venture
 - C. bargaining association
 - D. franchise

14. You are offered the chance to manage an agribusiness retail operation located in Southwest America. Your job title would probably be

- A. vice president
- B. supervisor
- C. branch manager
- D. regional manager

15. Successful entrepreneurs

- A. prefer working for a company instead of running their own business
- B. usually play it safe in the business world
- C. must have college degrees for success
- D. are willing to take calculated business risks

16. When conducting a capital budgeting investment analysis, a higher discount rate will:

- A. increase the NPV of the investment
- B. make the investment more profitable
- C. not change the results of the analysis
- D. decrease the NPV of the investment

17. The four factors of production are:

- A. land, labor, capital, management
- B. price, supply, demand, equilibrium
- C. water, land, fertilizer, equipment
- D. profit, loss, breakeven, marginal

18. The most liquid asset is:

- A. farm machinery
- B. breeding livestock
- C. balance in checking account
- D. feeder livestock

19. Which one of the following is a correct strategy for reducing "production" risk?

- A. using forward contracts to sell grain before harvest at attractive prices
- B. purchasing property loss insurance to protect against such events as wind damage to farm buildings
- C. applying insecticide to growing crops
- D. maintaining a low debt/equity ratio for the farm

20. Which one of the following is the best measure of liquidity for a farm business?

- A. modified accelerated cost recovery system (ACRS)
- B. weighted average cost of capital (WACC)
- C. current ratio
- D. internal rate of return

21. The Prime Rate is the interest:
- A. rate that is earned on savings accounts
 - B. rate that the banks charge to their most credit worthy customers
 - C. that the Federal Reserve Bank sets for consumers
 - D. you pay on a loan
22. The bank register for a checking account is most closely related to the:
- A. balance sheet
 - B. cash flow statement
 - C. income statement
 - D. profit/loss statement
23. Assume the goal is to maximize profit. An appropriate tax management strategy for the farm business over time is:
- A. maximize short-run pre-tax profit
 - B. minimize tax obligations each year
 - C. maximize long-run after-tax profit
 - D. not consider tax implications when making management decisions
24. The farm balance sheet shows
- A. assets and liabilities
 - B. revenue and expenses
 - C. grain and livestock
 - D. stocks and bonds
25. A feedlot operator purchases a pen of 100 feeder steers with an average weight of 765 pounds and sells them at an average weight of 1223 pounds. Total feed cost for the pen is \$34,575.00. Feed cost per pound of gain is equal to:
- A. \$0.525
 - B. \$0.560
 - C. \$0.755
 - D. \$0.770
26. Compounding means:
- A. simple interest is calculated
 - B. total interest is paid up front
 - C. interest is charged on accumulated interest
 - D. no interest is charged for five years
27. A farmer decides that a parcel of land "isn't worth the price." This means the:
- A. breakeven purchase price of the land is very low

- B. farmer is in Stage 1 of production
- C. marginal cost of the land is greater than the profitability of the land
- D. net present value of the land is less than zero (negative)

28. A farmer is purchasing a new tractor that costs \$100,000. His dealer will finance the tractor under the following terms: 25 percent down payment with the balance repaid in equal principal payments over the next five years at 7 percent APR. The farmer expects the tractor to last for ten years and have a salvage value of \$20,000. How much interest will the farmer pay the first year of the loan?

- A. \$7,000.00
- B. \$5,250.00
- C. \$10,000.00
- D. \$5,600,00

29. Farmers who keep their harvested grain supply in anticipation of higher future prices are taking a:

- A. speculative risk
- B. negative risk
- C. positive risk
- D. neutral risk

30. A beef cattle feeding operation has sales of \$50,000, feed purchases of \$5,000, other costs of \$40,000, an opening inventory of \$40,000, and closing inventory of \$42,000. What is the net farm income for this operation?

- A. \$7,000
- B. \$17,000
- C. \$2,000
- D. \$27,000

31. Annually adjusted financial records that set guidelines for revenue and expenditures are

- A. balance sheets
- B. income statements
- C. budgets
- D. profit/loss statements

32. FIFO means:

- A. last inventory items in are the first inventory items out
- B. first inventory items in are the first inventory items out
- C. percentage allowed for destroyed inventory
- D. average of all inventory items is the value used

33. A farmer buys a hog for \$50 and spends \$35 to feed the hog to market weight of 220 pounds. The current market price for hogs is \$.60 per lb. What is the rate of return on the transaction?

- A. 55%

- B. 38%
- C. 48%
- D. 29%

34. Less workers are need for farm production due to

- A. specialization
- B. education
- C. organic farming
- D. technology

35. Farmers receive a higher price for higher quality cattle carcasses on a

- A. market-value contract
- B. fair market value contract
- C. grid-marketing contract
- D. futures-value contract

36. Which one of the following is a feasible method of reducing the production risk associated with a crop farm?

- A. Use a fixed rate mortgage instead of a variable rate mortgage.
- B. Take a short position in the futures market.
- C. Purchase equipment that has a higher field capacity (acres/hours) than actually needed.
- D. Grow crops hat have a positive correlation in terms of yield.

37. Insurance purchased to protect a farmer from injuries that others suffer on the farm is

- A. liability
- B. health
- C. casualty
- D. property

38. Pathogenic microorganisms cause

- A. recovery
- B. antibiotics
- C. disease
- D. resilience

39. Where should you store heavy objects in the farm machine shop?

- A. on concrete blocks
- B. in metal containers
- C. as close to the floor as possible
- D. on racks attached to the wall

40. Food safety hazard cannot be caused by

- A. chemical
- B. physical property
- C. biological
- D. price

41. Agriculture ranks

- A. among the most hazardous industries
- B. among the healthiest industries
- C. among the safest industries
- D. among the least satisfying careers

42. The section 179 expense election is a cost recovery tool authorized by

- A. the tax code
- B. the IRS
- C. state legislatures
- D. Congress

43. A government farm program that increases direct payments while lowering target prices and loan rates

- A. increases prices of food for consumers
- B. benefits producers who have a crop failure during times of low prices.
- C. benefits producer more when supplies are large and individual farmers raise a large crop
- D. helps irrigation farmers more than dry land farmers

44. The length of time required at a specific temperature to destroy 90% of the microorganisms present is referred to as the

- A. D-value
- B. F-value
- C. G-value
- D. C-value

45. The degree range of 40 to 140 degrees Fahrenheit is known as the

- A. danger zone
- B. growth zone
- C. healthy zone
- D. acceptable zone

46. Failure to wear required protective equipment is an example of a(n)

- A. unsafe act
- B. unsafe condition
- C. defective procedure
- D. workplace hazard

47. Since farmers are constantly exposed to loud noises, they should have periodic hearing tests referred to as
- A. visualgrams
 - B. physicals
 - C. audiograms
 - D. ultra sounds
48. According to the food labeling laws, "ground beef" must contain ____% beef.
- A. 100
 - B. 75
 - C. 80
 - D. 90
49. Companies that are serious about health initiatives who implement exercise and weight reduction programs for employees
- A. decrease the price of health insurance
 - B. increase the price of health insurance
 - C. increase the number of sick leave days taken by employees
 - D. increase the amount of employee resentment
50. The government agency that visits restaurants to make sure food is maintained at the proper temperature is the
- A. USPSC
 - B. SEC
 - C. FDA
 - D. FTC
51. Corporate and LLC type legal structures may be preferred to sole proprietorships and simple partnerships for transitioning the business to the next generation because:
- A. record keeping and reporting requirements are less strenuous
 - B. stocks and shares are more easily divided than physical assets
 - C. owners have unlimited liability
 - D. off-farm stakeholder interests can be more easily accommodated
52. In agricultural markets, prices are affected by all of the following except:
- A. government policy
 - B. changes in consumer confidence
 - C. market campaign
 - D. supply and demand
53. A farmer deeds his property to his children in order to avoid:

- A. property tax
- B. sales tax
- C. income tax
- D. the death tax

54. A demand curve shows

- A. the maximum price to charge for a product
- B. the quantities people would like to buy at various prices
- C. the quantities people will buy at various possible prices
- D. the quantity the government will subsidize

55. In January a cattle feedlot operator is concerned that the on-going drought and the severe winter will create higher feeder cattle prices this fall. To reduce risk and uncertainty, he could

- A. sell a live cattle contract for this October
- B. sell a feeder cattle contract for this October
- C. buy a live cattle contract for this October
- D. buy a feeder cattle contract for this October

56. If tea and coffee are substitutes, then an increase in the supply of coffee will

- A. decrease the demand for tea, all other things equal
- B. decrease the demand for tea, all other things increase
- C. not affect the demand for tea
- D. increase the demand for tea, all other things equal

57. One of the most important things for a young farmer to consider when beginning to farm is

- A. establishing goals
- B. purchasing a farm
- C. purchasing new or used equipment
- D. diversifying the business

58. SWOT analysis involves considering all of the following elements except

- A. strengths
- B. weakness
- C. training
- D. opportunities

59. Which is the first level of government that could govern how your land is used?

- A. federal
- B. county
- C. township
- D. state

60. If Alice wanted to know whether she should replace her corn enterprise with a wheat enterprise, she should complete a:

- A. balance sheet
- B. cash flow statement
- C. farm budget
- D. SWOT Analysis

61. A written agreement by which an owner of property transfers title to someone for the benefit of beneficiaries is a

- A. power of attorney
- B. estate will
- C. executor
- D. trust

62. Incorporating a farm enables the business to

- A. be more permanent
- B. sell cooperatively
- C. increase personal liability
- D. improve production

63. If Ben and Joe wanted to maximize profits, they should:

- A. produce where marginal revenue is equal to marginal cost
- B. produce where costs are minimized
- C. produce where total revenue is greater than total cost
- D. produce at the maximum production point

64. What is the most important point to consider in developing a farm lease contract?

- A. it should be an oral agreement
- B. it should state the type of crops to produce
- C. it should specify the land description
- D. it should be in writing

65. A survivor who inherits property is a(n)

- A. heir
- B. executor
- C. guardian
- D. descendent

66. A contract:

- A. is a legally enforceable agreement between two or more parties
- B. must always involve items of financial value
- C. must be in writing to be legal

- D. requires only one party to promise something
67. Commercial fertilizer should be applied to crops as long as
- A. the added fertilizer maintains soil productivity
 - B. the added fertilizer increases crop yields per acre
 - C. the added production returns increase gross farm income
 - D. the added production returns are more than the added cost of the fertilizer
68. Working capital is a measure of available
- A. current assets minus current liabilities
 - B. accounts receivables
 - C. cash
 - D. available short-term credit
69. Which type of business would distribute patronage refunds?
- A. corporation
 - B. individual proprietorship
 - C. cooperative
 - D. limited partnership
70. Which of the following does not represent a variable cost in corn production?
- A. seed corn
 - B. hail insurance premium
 - C. land taxes
 - D. starter fertilizer
71. A farm in Southwest U.S., produces strawberries and cantaloupes as their main crops. They are considering selling directly to the consumer who uses the product. A trade-off for the farm to use direct marketing for strawberries and cantaloupes is
- A. spending less time, work, and resources on production
 - B. spending more time, work and resources on marketing
 - C. learning what the customer wants
 - D. earning a greater return per acre for strawberries and cantaloupes
72. The best strategy for handling an obnoxious customer is
- A. letting the customer know that you don't agree with "know-it-all" customers
 - B. not being competitive or argumentative with the customer
 - C. telling the customer that you are the expert
 - D. asking the customer to leave the store and come back later
73. All of the following are examples of commodities except
- A. corn

- B. beef
- C. wheat
- D. automobiles

74. All of the following are Ps of marketing except

- A. people
- B. price
- C. place
- D. product

75. Government regulations of agriculture products within the United States is an example of a

- A. local policy
- B. international policy
- C. regional policy
- D. domestic policy

76. Advertising is regulated in the United States by the

- A. SEC
- B. FTC
- C. USDA
- D. FDA

77. Agricultural marketing is best carried out by the private sector rather than by _____

- A. authoritarianism
- B. democracy
- C. government
- D. anarchy

78. The abundant spring and summer rains have resulted in the projection for a record-breaking corn production. The futures market for corn prices

- A. will rise
- B. will not be impacted by foreign demand
- C. will decline
- D. will not be impacted

79. Markets play an important role in rural development, income generation, food security, developing rural-market linkages and _____ issues.

- A. consumption
- B. nutrition
- C. gender
- D. planning

80. A positive image of agriculture can be accomplished through the use of a(n)
- A. promotion
 - B. advertising plan
 - C. public relations plan
 - D. advertisement
81. Campbell's soups, Godiva chocolates, and Pace picante sauce are examples of what type of branding for the Campbell's Soup Company
- A. individual brands
 - B. market brands
 - C. family line brands
 - D. family brands
82. A company can build brand equity by focusing on each of the following factors, except
- A. focusing on effective advertising
 - B. focusing on producing private label products
 - C. focusing on product differentiation
 - D. focusing on a market niche
83. "Pork... the other white meat" is an example of a(n)
- A. brand campaign
 - B. organizational marketing campaign
 - C. corporate campaign
 - D. regional campaign
84. Product positioning occurs when a company
- A. positions its product in a market segment where there are no other competing products
 - B. positions its product in the market segments in a favorable position to the competition
 - C. positions its products on the retailers' shelf in the most ideal spot
 - D. positions its product in the market using price, distribution, promotion to maximize sales
85. What is the path called that an agricultural commodity follows from the "farmer's gate to the consumer's plate"?
- A. Commodities channels
 - B. Consumer channels
 - C. Agrimarketing channels
 - D. Agribusiness channels
86. Marketing analysis is conducted to
- A. determine why sales have declined
 - B. evaluate the competition
 - C. describe the entire marketplace

D. explain economic trends

87. Purchase of a put option on corn means the buyer:

- A. is required to sell a corn futures contract at a set price
- B. may sell, but is not required to sell, a corn futures contract at a set price
- C. is required to buy a corn futures contract at a set price
- D. may buy, but is not required to buy, a corn futures contract at a set price

88. A farmer who wants to have the right, but not the obligation to sell a futures contract for a commodity at a specified price would use a:

- A. call option
- B. cash forward contract
- C. put option
- D. basis contract

89. If you estimate your local cash price will be \$.15 under the future price at the time you deliver your corn, the approximate net selling price you can lock in by selling a futures contract at \$8.50 is

- A. \$8.35
- B. \$8.60
- C. \$8.65
- D. \$8.50

90. This market never actually owns the animals.

- A. auction market
- B. terminal market
- C. cooperative market
- D. commodity market

91. Improved hybrid seeds will result in

- A. fewer global customers
- B. over production
- C. increased production
- D. decreased production

92. Crop irrigation has an economic trade off. The reduced natural resource of water is an example of

- A. opportunity cost
- B. production cost
- C. economic efficiency
- D. excessive demand

93. Global markets present

- A. greater opportunities for U.S. agribusiness

- B. unrealistic challenges for U.S. agribusiness
- C. an economic drawback for U.S. agribusiness
- D. political roadblocks for U.S. agribusiness

94. Small farms account for

- A. most of the productivity increases in the U.S.
- B. most of the land in production in the U.S.
- C. most of the GNP in the U.S.
- D. most of the farms in the U.S.

95. The practice of using an integrated system of plant and animal production practices that have a site-specific application that will last over the long term is known as:

- A. sustainable agriculture
- B. integrated pest management
- C. hydroponics
- D. organic farming

96. Erosion is most likely when the soil is

- A. bare and exposed to wind and rain
- B. planted to forest
- C. covered with grass
- D. plowed along the contour of the land

97. Pest populations that damage plants

- A. include only insects and small rodents
- B. become resistant to pesticides
- C. breed more slowly in hot climates
- D. attack wild plants with greater success than crops

98. Which state is in the corn belt?

- A. Louisiana
- B. Kansas
- C. Vermont
- D. Oregon

99. The practice of cultivating, processing, and distributing food in or around a village, town, or city is known as:

- A. urban agriculture
- B. sustainable agriculture
- C. organic agriculture
- D. community gardening

100. All of the following factors can cause famines except

- A. distribution problems caused by potential chaos
- B. the failure of food production to keep pace with population growth
- C. crop failure brought on by sustained drought
- D. new higher-yield crops

Answers

- | | | |
|-------|-------|--------|
| 1. A | 41. A | 81. C |
| 2. B | 42. D | 82. B |
| 3. D | 43. B | 83. B |
| 4. D | 44. A | 84. B |
| 5. B | 45. A | 85. C |
| 6. A | 46. A | 86. B |
| 7. C | 47. C | 87. B |
| 8. D | 48. A | 88. C |
| 9. C | 49. A | 89. A |
| 10. B | 50. C | 90. B |
| 11. B | 51. B | 91. C |
| 12. D | 52. C | 92. A |
| 13. C | 53. D | 93. A |
| 14. D | 54. C | 94. D |
| 15. D | 55. D | 95. A |
| 16. D | 56. A | 96. A |
| 17. A | 57. A | 97. B |
| 18. C | 58. C | 98. B |
| 19. C | 59. C | 99. A |
| 20. C | 60. D | 100. D |
| 21. B | 61. D | |
| 22. B | 62. A | |
| 23. C | 63. A | |
| 24. A | 64. D | |
| 25. C | 65. A | |
| 26. C | 66. A | |
| 27. D | 67. D | |
| 28. B | 68. A | |
| 29. A | 69. C | |
| 30. A | 70. C | |
| 31. C | 71. A | |
| 32. B | 72. B | |
| 33. A | 73. D | |
| 34. D | 74. A | |
| 35. C | 75. D | |
| 36. C | 76. B | |
| 37. A | 77. C | |
| 38. C | 78. C | |
| 39. C | 79. C | |
| 40. D | 80. C | |