

**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.fbلا-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>

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**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?
- a. Conducts inventory of all business merchandise, ensuring that there is an accurate count of merchandise on hand at all times.
  - b. Interviews customers to determine the target price of an item or service.
  - c. Provides auditing services, assistance with tax preparation, litigation support, and financial advice.
  - d. 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?
- a. an associate's degree (2-yr.)
  - b. a bachelor's degree (4-yr.)
  - c. usually there are no educational requirements
  - d. a high school diploma (K-12)
28. When the U.S. dollar is considered to be weak, the demand for agricultural imports:
- a. none are correct
  - b. have no change
  - c. increase
  - d. decrease
29. The "best" economic investment benefit to owning farmland is:
- a. great cash flow
  - b. that there is lots of flexibility in the investment
  - c. that it's a beautiful place to live
  - d. that the investment has long-term capital gains potential
30. To produce any product/service in the short run, which costs must be covered?
- a. opportunity costs
  - b. fixed costs
  - c. total costs
  - d. variable costs

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## OBJECTIVE TEST ANSWER KEYS

### Accounting I Answer Key

1) C	11) B	21) D
2) C	12) D	22) B
3) A	13) A	23) B
4) B	14) D	24) D
5) B	15) A	25) D
6) A	16) A	26) C
7) D	17) A	27) C
8) A	18) C	28) B
9) C	19) D	29) C
10) D	20) C	30) D

### Accounting II Answer Key

1) B	11) A	21) B
2) B	12) D	22) A
3) D	13) C	23) B
4) C	14) C	24) B
5) D	15) D	25) D
6) C	16) D	26) C
7) B	17) A	27) B
8) D	18) B	28) C
9) C	19) C	29) D
10) B	20) C	30) D

### Agribusiness Answer Key

1) C	11) B	21) C
2) C	12) C	22) B
3) C	13) D	23) C
4) C	14) D	24) D
5) B	15) B	25) D
6) B	16) D	26) C
7) B	17) D	27) D
8) C	18) D	28) D
9) A	19) D	29) D
10) B	20) D	30) D

### Banking & Financial Systems Answer Key

1) A	11) B	21) C
2) C	12) A	22) C
3) C	13) A	23) A
4) A	14) D	24) B
5) A	15) B	25) C
6) B	16) A	26) D
7) A	17) C	27) A
8) B	18) B	28) C
9) C	19) C	29) B
10) C	20) A	30) B