**Agribusiness - 2016 SLC**

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) 20

B) 120

C) 160

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) inelasticity

B) elasticity

C) supply and demand

D) inflation

3)  Estimated resale value is called

A) wholesale value

B) blue book value

C) market value

D) cost minus depreciation

4)  Growing economies around the world have resulted in:

A) higher gas prices

B) lower gas prices

C) lower demand for gas

D) stable gas prices

5)  A decrease in income will lead to a \_\_\_\_\_\_\_\_\_\_\_\_\_\_ for most goods.

A) leftward shift of the demand curve

B) movement up the demand curve

C) movement down 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) technology

B) energy

C) agriculture

D) tourism

7)  The largest industry in California that is two times as large as the next industry for the state is

A) tourism

B) technology

C) agriculture

D) energy

8)  Farmers markets

A) have a negative impact on large supermarkets

B) attract a very limited variety of shoppers

C) diminish local food systems

D) encourage agricultural product diversification

9)  An increasing number of crops are surviving during adverse weather conditions due to

A) hybrid seeds that resist drought

B) crop rotation

C) conservation

D) government subsidies

10)  The role of price in a free market is all of the following **except:**

A) eliminating certain groups of consumers

B) deciding what, when, and how much to produce

C) controlling quantity supplied

D) limiting quantity demanded

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) $3,120

B) $7,800

C) $5,400

D) $6,573

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 have fewer rules and regulations to follow

C) limit their liability

D) mean they face double taxation

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) supervisor

B) branch manager

C) regional manager

D) vice president

15)  Successful entrepreneurs

A) are willing to take calculated business risks

B) prefer working for a company instead of running their own business

C) must have college degrees for success

D) usually play it safe in the business world

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

A) decrease the NPV of the investment

B) make the investment more profitable

C) increase the NPV of the investment

D) not change the results of the analysis

17)  The four factors of production are:

A) land, labor, capital, management

B) profit, loss, breakeven, marginal

C) water, land, fertilizer, equipment

D) price, supply, demand, equilibrium

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) applying insecticide to growing crops

B) maintaining a low debt/equity ratio for the farm

C) purchasing property loss insurance to protect against such events as wind damage to farm buildings

D) using forward contracts to sell grain before harvest at attractive prices

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) internal rate of return

D) current ratio

21)  The Prime Rate is the interest:

A) you pay on a loan

B) rate that is earned on savings accounts

C) rate that the banks charge to their most credit worthy customers

D) that the Federal Reserve Bank sets for consumers

22)  The bank register for a checking account is most closely related to the:

A) balance sheet

B) profit/loss statement

C) income statement

D) cash flow statement

23)  Assume the goal is to maximize profit. An appropriate tax management strategy for the farm business over time is:

A) not consider tax implications when making management decisions

B) minimize tax obligations each year

C) maximize short-run pre-tax profit

D) maximize long-run after-tax profit

24)  The farm balance sheet shows

A) stocks and bonds

B) revenue and expenses

C) grain and livestock

D) assets and liabilities

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) $0.560

B) $0.755

C) $0.770

D) $0.525

26)  Compounding means:

A) no interest is charged for five years

B) total interest is paid up front

C) interest is charged on accumulated interest

D) simple interest is calculated

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) net present value of the land is less than zero (negative)

C) farmer is in Stage 1 of production

D) marginal cost of the land is greater than the profitability of the land

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) $5,600,00

B) $5,250.00

C) $7,000.00

D) $10,000.00

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

A) neutral risk

B) positive risk

C) negative risk

D) speculative risk

30)  A beef cattle feeding operation has sales of $50,00, 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) $27,000

B) $17,000

C) $7,000

D) $2,000

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

A) balance sheets

B) profit/loss statements

C) budgets

D) income statements

32)  FIFO means:

A) average of all inventory items is the value used

B) percentage allowed for destroyed inventory

C) last inventory items in are the first inventory items out

D) first inventory items in are the first inventory items out

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) 38%

B) 29%

C) 55%

D) 48%

34)  Less workers are need for farm production due to

A) education

B) organic farming

C) technology

D) specialization

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

A) grid-marketing contract

B) fair market value contract

C) futures-value contract

D) market-value contract

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

A) Take a short position in the futures market.

B) Grow crops hat have a positive correlation in terms of yield.

C) Purchase equipment that has a higher field capacity (acres/hours) than actually needed.

D) Use a fixed rate mortgage instead of a variable rate mortgage.

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

A) property

B) liability

C) casualty

D) health

38)  Pathogenic microorganisms cause

A) disease

B) recovery

C) resilience

D) antibiotics

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

A) on racks attached to the wall

B) as close to the floor as possible

C) in metal containers

D) on concrete blocks

40)  Food safety hazard cannot be caused by

A) physical property

B) price

C) chemical

D) biological

41)  Agriculture ranks

A) among the safest industries

B) among the healthiest industries

C) among the most hazardous industries

D) among the least satisfying careers

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

A) Congress

B) the tax code

C) the IRS

D) state legislatures

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

A) benefits producer more when supplies are large and individual farmers raise a large crop

B) helps irrigation farmers more than dry land farmers

C) increases prices of food for consumers

D) benefits producers who have a crop failure during times of low prices.

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) C-value

D) G-value

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

A) danger zone

B) acceptable zone

C) growth zone

D) healthy zone

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

A) unsafe act

B) defective procedure

C) unsafe condition

D) workplace hazard

47)  Since farmers are constantly exposed to loud noises, they should have periodic hearing tests referred to as

A) audiograms

B) ultra sounds

C) visualgrams

D) physicals

48)  According to the food labeling laws, “ground beef” must contain \_\_\_\_% beef.

A) 75

B) 80

C) 90

D) 100

49)  Companies that are serious about health initiatives who implement exercise and weight reduction programs for employees

A) increase the amount of employee resentment

B) increase the number of sick leave days taken by employees

C) decrease the price of health insurance

D) increase the price of health insurance

50)  The government agency that visits restaurants to make sure food is maintained at the proper temperature is the

A) USPSC

B) FDA

C) SEC

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) off-farm stakeholder interests can be more easily accommodated

B) owners have unlimited liability

C) record keeping and reporting requirements are less strenuous

D) stocks and shares are more easily divided than physical assets

52)  In agricultural markets, prices are affected by all of the following **except:**

A) government policy

B) supply and demand

C) changes in consumer confidence

D) market campaign

53)  A farmer deeds his property to his children in order to avoid:

A) property tax

B) the death tax

C) income tax

D) sales tax

54)  A demand curve shows

A) the quantities people would like to buy at various prices

B) the maximum price to charge for a product

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) buy a feeder cattle contract for this October

B) sell a feeder cattle contract for this October

C) buy a live cattle contract for this October

D) sell a live cattle contract for this October

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

A) increase the demand for tea, all other things equal

B) decrease the demand for tea, all other things increase

C) decrease the demand for tea, all other things equal

D) not affect the demand for tea

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

A) diversifying the business

B) establishing goals

C) purchasing new or used equipment

D) purchasing a farm

58)  SWOT analysis involves considering all of the following elements **except**

A) strengths

B) weakness

C) opportunities

D) training

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

A) county

B) township

C) federal

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) SWOT Analysis

C) cash flow statement

D) farm budget

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) executor

C) trust

D) estate will

62)  Incorporating a farm enables the business to

A) improve production

B) increase personal liability

C) sell cooperatively

D) be more permanent

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

A) produce where costs are minimized

B) produce where marginal revenue is equal to marginal cost

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 specify the land description

B) it should be in writing

C) it should state the type of crops to produce

D) it should be an oral agreement

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

A) executor

B) descendent

C) heir

D) guardian

66)  A contract:

A) must be in writing to be legal

B) is a legally enforceable agreement between two or more parties

C) must always involve items of financial value

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 production returns increase gross farm income

C) the added fertilizer increases crop yields per acre

D) the added production returns are more than the added cost of the fertilizer

68)  Working capital is a measure of available

A) accounts receivables

B) current assets minus current liabilities

C) cash

D) available short-term credit

69)  Which type of business would distribute patronage refunds?

A) individual proprietorship

B) limited partnership

C) corporation

D) cooperative

70)  Which of the following does **not** represent a variable cost in corn production?

A) seed corn

B) land taxes

C) starter fertilizer

D) hail insurance premium

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) learning what the customer wants

B) spending more time, work and resources on marketing

C) earning a greater return per acre for strawberries and cantaloupes

D) spending less time, work, and resources on production

72)  The best strategy for handling an obnoxious customer is

A) asking the customer to leave the store and come back later

B) letting the customer know that you don’t agree with “know-it-all” customers

C) not being competitive or argumentative with the customer

D) telling the customer that you are the expert

73)  All of the following are examples of commodities **except**

A) wheat

B) beef

C) automobiles

D) corn

74)  All of the following are Ps of marketing **except**

A) people

B) place

C) product

D) price

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

A) international policy

B) regional policy

C) domestic policy

D) local policy

76)  Advertising is regulated in the United States by the

A) SEC

B) FTC

C) FDA

D) USDA

77)  Agricultural marketing is best carried out by the private sector rather than by \_\_\_\_\_\_\_\_\_\_\_\_\_\_

A) democracy

B) government

C) anarchy

D) authoritarianism

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 not be impacted by foreign demand

B) will not be impacted

C) will decline

D) will rise

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

A) consumption

B) planning

C) gender

D) nutrition

80)  A positive image of agriculture can be accomplished through the use of a(n)

A) promotion

B) public relations plan

C) advertisement

D) advertising plan

81)  Campbell’s soups, Godiva chocolates, and Pace picante sauce are examples of what type of branding for the Campbell’s Soup Company

A) market brands

B) family brands

C) individual brands

D) family line brands

82)  A company can build brand equity by focusing on each of the following factors, except

A) focusing on a market niche

B) focusing on product differentiation

C) focusing on effective advertising

D) focusing on producing private label products

83)  “Pork . . . the other white meat” is an example of a(n)

A) corporate campaign

B) regional campaign

C) organizational marketing campaign

D) brand campaign

84)  Product positioning occurs when a company

A) positions its products on the retailers’ shelf in the most ideal spot

B) positions its product in the market using price, distribution, promotion to maximize sales

C) positions its product in the market segments in a favorable position to the competition

D) positions its product in a market segment where there are no other competing products

85)  What is the path called that an agricultural commodity follows from the “farmer’s gate to the consumer’s plate”?

A) Agribusiness channels

B) Agrimarketing channels

C) Commodities channels

D) Consumer channels

86)  Marketing analysis is conducted to

A) determine why sales have declined

B) describe the entire marketplace

C) evaluate the competition

D) explain economic trends

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

A) may sell, but is not required to sell, a corn futures contract at a set price

B) is required to buy a corn futures contract at a set price

C) is required to sell 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) cash forward contract

B) put option

C) call 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) $8.50

B) $8.65

C) $8.35

D) $8.60

90)  This market never actually owns the animals.

A) commodity market

B) auction market

C) terminal market

D) cooperative market

91)  Improved hybrid seeds will result in

A) increased production

B) over production

C) decreased production

D) fewer global customers

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

A) opportunity cost

B) economic efficiency

C) excessive demand

D) production cost

93)  Global markets present

A) an economic drawback for U.S. agribusiness

B) unrealistic challenges for U.S. agribusiness

C) political roadblocks for U.S. agribusiness

D) greater opportunities for U.S. agribusiness

94)  Small farms account for

A) most of the land in production in the U.S.

B) most of the productivity increases in the U.S.

C) most of the farms in the U.S.

D) most of the GNP 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) hydroponics

B) integrated pest management

C) sustainable agriculture

D) organic farming

96)  Erosion is most likely when the soil is

A) covered with grass

B) planted to forest

C) bare and exposed to wind and rain

D) plowed along the contour of the land

97)  Pest populations that damage plants

A) become resistant to pesticides

B) include only insects and small rodents

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) Kansas

B) Vermont

C) Louisiana

D) Oregon

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

A) organic agriculture

B) community gardening

C) urban agriculture

D) sustainable agriculture

100)  All of the following factors can cause famines except

A) distribution problems caused by potential chaos

B) new higher-yield crops

C) crop failure brought on by sustained drought

D) the failure of food production to keep pace with population growth

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