

Illinois Association of Vocational Agriculture Teachers

Agricultural Business Management Career Development Event

A. General Information

1. **Team:** A team shall consist of five (5) participants. The three (3) participants with the highest scores shall constitute the team score.
2. **Placings/Scoring:** Questions and problems will be scored by individuals designated by IAVAT.
3. **Scorecards:** Scantron cards will be used to score the event.
4. **Miscellaneous:**
 - a. The event is open to any school desiring to participate.
 - b. Participants may use non-programmable (will not store formulas), battery operated calculators if they provide them.
 - c. Calculators may not be shared.
5. **Additional Information:** Refer to the "General Rules" section for the current year for information concerning **Entry Fees, Registration, and Location** of the event.
6. **Preregistration is required.** Watch *News & Notes* and the *AgEd Listserve* for event details and a preregistration form. Each agriculture teacher with either a participant or a team in the Agricultural Business Management Career Development Event must submit an entry form and non-refundable registration fees in advance of the announced deadline to the IAVAT office. Preregistration forms may be downloaded at www.aces.uiuc.edu/itcs/im or www.iavat.org. Deadline dates for preregistration will be published by ITCS Instructional Materials in *News & Notes* and in the *IAVAT Calendar of Events*.

B. Event Format (Content is approximately 2/3 that of the National Event in length)

Part A. Consists of multiple choice questions related to applying principles of farm management, farm records, farm credit, budgets, break-even problems and costs. Five (5) sample questions are illustrated. [**Scoring note:** This section will comprise 40% of the possible points]

Sample Questions

Multiple Choice: Make an appropriate choice of A, B, C or D

- _____ 1) The major advantage of renting or leasing a production input such as land or machinery is to
- A. reduce taxes.
 - B. release capital for other uses.
 - C. increase depreciation allowances.
 - D. improve output per worker.
- _____ 2) Long term credit should be used to purchase
- A. cattle.
 - B. machinery.
 - C. land and buildings.
 - D. fertilizers.
- _____ 3) In a period of declining farm prices, the manager could best maintain his labor income by
- A. reducing inputs.
 - B. increasing resources.
 - C. decreasing marginal expenses.
 - D. increasing output per worker.
- _____ 4) In analyzing the farm business, depreciation should be considered as
- A. a variable cost.
 - B. a fixed cost.
 - C. an opportunity cost.
 - D. an operating cost.

- _____ 5) It is profitable for a farmer to borrow money to expand a farm business when the borrowed money
- returns more than borrowed money.
 - can be secured at a low interest rate.
 - can improve the level of production.
 - will increase the volume of business.

Part B. Consists of problems related to applying principles of farm management, farm records, farm credit, budgets, break-even problems and costs. A sample problem is illustrated. [**Scoring note:** This section will comprise 60% of the possible points]

Sample Problem

Problem Section: Using the information provided below, complete the net worth statement for January 1 for this young farmer.

Value of Machinery	\$48,000	
Value of Land	120,000	
Bank Checking Account	2,000	
Stored Wheat	9,000	
Steer Calves	15,000	
Cow Herd	10,000	
Value of Buildings	4,000	
The Operating Loan used to purchase calves due March 15 is \$8,000.		
The 20 Year Land Loan Balance is \$50,000 due July 1.		
Net Worth Statement		
ASSETS		
Current		
1. Bank Checking Account	\$2,000	
2. Stored Wheat	9,000	
3. Steer Calves	15,000	
Intermediate		
1. Value of Machinery	\$48,000	
2. Cow Herd	10,000	
Fixed		
1. Value of Land	\$120,000	
2. Value of Buildings	4,000	
Total Assets		208,000
LIABILITIES		
Current		
1. Operating Loan	\$8,000	
2. Part of Land Loan	5,000	
Intermediate		
0		
Long Term		
1. Land Loan	\$45,000	
Total Liabilities		\$58,000
Net Worth		\$150,000

C. Suggested References

1. Credit and Financial Management

a. Subject Matter Units

U2024b	<i>Using Credit to Increase Farm Earnings</i>
U2025b	<i>Determining Credit Needs on the Farm</i>
U2026b	<i>Planning for Repayment of Farm Loans</i>
U2027b	<i>Sources of Farm Credit</i>
U2028b	<i>Factors Involved in the Borrowing Process</i>
U2033a	<i>Using Farm Real Estate Loans</i>
U6007	<i>Agricultural Credit Instruments</i>
U6015	<i>Mathematical Applications in Agriculture</i>

2. Farm Planning

a. Other Materials

Z372	<i>Partial Budget Forms</i>
Q372	<i>Partial Budget and Break-even Problems</i>
K372	<i>Key to Partial Budget and Break-even Problems</i>
U310	<i>Farm Management Manual</i>

3. Marketing and Business Management

a. Subject Matter Units

U2040a	<i>Agricultural Business Management – Principles that Affect Production</i>
U6009	<i>What Factors Affect the Prices of Agricultural Products</i>
U6014	<i>Common Ways of Organizing a Business</i>
U2046	<i>Fundamentals of Marketing Agricultural Products</i>

4. Miscellaneous

a. Subject Matter units

U2042	<i>Land Surveys and Descriptions</i>
U6017	<i>Using Insurance in the Farm Business</i>

b. Other

Steward, Jim, Raleigh Jobes, James Casey and Wayne Purcell, *Farm and Ranch Business Management*; Moline, Illinois: Deere & Company, 2000

Career Development Events Handbook 2001-2005. National FFA Organization, P.O. Box 68960, 6060 FFA Drive, Indianapolis, IN.46268-6060.

Catalog of instructional materials is available from ITCS Instructional Materials, University of Illinois at Urbana-Champaign, 1401 S. Maryland Dr., Urbana, IL 61801. (800) 345-6087 FAX (217) 333-3917 or available on the World Wide Web (<http://www.aces.uiuc.edu/itcs/im/>).