

FARM AND AGRIBUSINESS MANAGEMENT CDE PRACTICE TEST (SAMPLE) STUDY GUIDE

 Ofir Eliav
PHOTOGRAPHY



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. What type of entry reflects the use of fertilizer purchased in a different accounting period in accrual accounting?**
 - A. An adjusting entry
 - B. A cash entry
 - C. A non-cash entry
 - D. A limited entry

- 2. Which of the following is considered a market?**
 - A. Little Susie's lemonade stand
 - B. Craigslist
 - C. Hy-Vee
 - D. All of the above

- 3. What crop enterprise is usually grown in rotation with corn?**
 - A. Soybeans
 - B. Watermelons
 - C. Apples
 - D. Strawberries

- 4. Which of the following could improve negative cash flow?**
 - A. Refinancing existing debt
 - B. Limiting family living expenses
 - C. Engaging in a secondary enterprise
 - D. All of the above

- 5. What is the primary advantage of cash accounting over accrual accounting?**
 - A. Less income tax liability
 - B. Ease of use
 - C. For use in management decision
 - D. There is no advantage

6. On a balance sheet, what must balance?

- A. Expenses and revenues
- B. Cash and Expenses
- C. Assets and the total of liabilities and owners' equity
- D. Revenue and liabilities

7. What state is directly south of Nebraska?

- A. Iowa
- B. Kansas
- C. Minnesota
- D. South Dakota

8. Which asset is most likely to have a salvage value of \$0?

- A. A truck
- B. An ATV
- C. A combine
- D. A fence

9. What is the expected value if a precautionary treatment is applied for a 20% chance of a major insect infestation that reduces per acre profits by \$60?

- A. \$12
- B. \$15
- C. \$3
- D. \$-3

10. What is the capital city of Nebraska?

- A. Omaha
- B. Lincoln
- C. Des Moines
- D. Hastings

Answers

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1. A
2. D
3. A
4. D
5. B
6. C
7. B
8. D
9. D
10. B

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Explanations

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1. What type of entry reflects the use of fertilizer purchased in a different accounting period in accrual accounting?

- A. An adjusting entry**
- B. A cash entry
- C. A non-cash entry
- D. A limited entry

In accrual accounting, an adjusting entry is essential for recognizing expenses and revenues in the period they occur, regardless of when cash transactions take place. When fertilizer is purchased and used in a different accounting period, an adjusting entry ensures that the expense reflects the true usage of resources within the appropriate time frame. This entry is necessary to comply with the matching principle, which states that expenses should be matched with the revenues they help generate in the same period. By making an adjusting entry, the business acknowledges the expense related to the fertilizer use, even if the cash was paid in a previous period. Other types of entries, such as cash entries, would only record transactions when cash is exchanged and may not properly align with the expense recognition that accrual accounting requires. Non-cash entries might represent other forms of transactions but would not specifically address the expense recognition tied to the fertilizer use. Limited entries do not apply within this context, as they do not address the process of recognizing and adjusting for expenses incurred across different accounting periods.

2. Which of the following is considered a market?

- A. Little Susie's lemonade stand
- B. Craigslist
- C. Hy-Vee
- D. All of the above**

A market is a place or platform where buyers and sellers come together to exchange goods and services. In the context of the choices provided, each option represents a different form of market, which justifies the selection of "all of the above" as the correct answer. Little Susie's lemonade stand represents a micro-market where an individual can sell goods directly to consumers in their local area. This is often one of the most fundamental examples of a market, showcasing the basic principles of supply and demand. Craigslist serves as an online marketplace where individuals can buy, sell, trade, or offer services. It connects buyers and sellers across a wide range of categories, demonstrating the characteristics of a modern market space, facilitated by technology and digital communication. Hy-Vee, a grocery store chain, exemplifies a traditional retail market where consumers can purchase a variety of goods, including food and household products. It represents an established business structure within the larger retail market framework. Each of these examples highlights different formats and scopes of a market, reinforcing the idea that markets can take many forms, from informal and localized to formal and expansive. Hence, recognizing that all three options fit the definition of a market confirms that "all of the above" is indeed the correct response.

3. What crop enterprise is usually grown in rotation with corn?

- A. Soybeans**
- B. Watermelons
- C. Apples
- D. Strawberries

The crop enterprise that is most commonly grown in rotation with corn is soybeans. This practice is known as crop rotation, which is beneficial for a variety of reasons. Firstly, rotating corn with soybeans helps to break pest and disease cycles. Corn is susceptible to specific pests and diseases that can build up in the soil over time. By alternating with soybeans, which do not share these vulnerabilities, farmers can reduce the overall pest pressure on their fields. Secondly, soybeans contribute to soil health and fertility through their ability to fix nitrogen in the soil. Soybeans are legumes, and they have a symbiotic relationship with Rhizobium bacteria, which enables them to convert atmospheric nitrogen into a form that is usable by plants. This process enriches the soil for the subsequent corn crop, leading to improved yields and reduced reliance on synthetic fertilizers. Additionally, growing soybeans after corn helps with the management of soil structure and erosion. Corn is often planted in cool, wet soils in the spring, while soybeans can thrive in the summer's warmer conditions, allowing for optimal use of the growing season without over-compacting the soil. Other options like watermelons, apples, and strawberries are not typically grown in rotation with corn. These crops have different

4. Which of the following could improve negative cash flow?

- A. Refinancing existing debt
- B. Limiting family living expenses
- C. Engaging in a secondary enterprise
- D. All of the above**

Improving negative cash flow is crucial for any business, including agribusinesses, as it ensures sustainability and the ability to meet financial obligations. The correct answer encompasses various strategies that can be employed to enhance cash flow. Refinancing existing debt can lead to lower interest rates, extended repayment terms, or reduced monthly payments. This action helps decrease the financial burden on the business, creating additional cash flow that can be redirected towards operational needs. Limiting family living expenses directly impacts the personal financial situation of the owners or managers of the business. By reducing these expenses, there is an increased capacity to allocate more resources back into the business, which can help mitigate cash flow issues. Engaging in a secondary enterprise or side business can generate additional revenue streams. By diversifying income sources, the business can reduce reliance on its primary operations, thus improving overall cash flow positions. Combining all these approaches maximizes the potential to enhance cash flow, making it clear that each option contributes to improving the negative cash flow situation. This holistic strategy emphasizes the importance of utilizing multiple avenues to achieve financial stability.

5. What is the primary advantage of cash accounting over accrual accounting?

- A. Less income tax liability
- B. Ease of use**
- C. For use in management decision
- D. There is no advantage

The primary advantage of cash accounting is its ease of use. Under cash accounting, transactions are recorded when cash is actually received or paid out. This straightforward approach simplifies the accounting process, making it easier for individuals and small businesses to manage their finances without needing complex accounting systems or a deep understanding of financial principles. This method allows for a clear view of cash flow, as it reflects real-time income and expenses, which can be particularly beneficial for managing day-to-day operations. Businesses can easily track their available cash, helping them make informed decisions regarding expenditures and investments. While cash accounting may offer other benefits, such as potentially lower income tax liability due to the timing of income recognition and expenses, its primary advantage lies in its simplicity and accessibility for users who may not have extensive financial training. Other options may suggest advantages that are less significant or applicable in certain contexts, but ease of use remains a consistently strong point for cash accounting.

6. On a balance sheet, what must balance?

- A. Expenses and revenues
- B. Cash and Expenses
- C. Assets and the total of liabilities and owners' equity**
- D. Revenue and liabilities

A balance sheet is a financial statement that provides a snapshot of an entity's financial position at a specific point in time. It reflects what the company owns (assets) and what it owes (liabilities), as well as the equity invested by the owners. The fundamental principle of accounting that underpins the balance sheet is that every asset must be financed either through debt (liabilities) or by equity (owners' capital). In essence, the total assets must equal the total of liabilities and owners' equity because this accounting equation (Assets = Liabilities + Owners' Equity) ensures that all resources are accounted for by a corresponding claim against those resources. This balance signifies that the company's financial statements are in order and provides a basis for stakeholders to assess the financial health of the business. The other options do not represent fundamental accounting relationships that must balance on the balance sheet. For instance, expenses and revenues are elements of an income statement rather than a balance sheet. Cash and expenses, although they have a relationship, do not represent the fundamental accounting equation essential for a balance sheet. Similarly, while revenue relates to the income statement and liabilities to the balance sheet, they do not directly intersect to meet the balance sheet balancing requirement.

7. What state is directly south of Nebraska?

- A. Iowa
- B. Kansas**
- C. Minnesota
- D. South Dakota

The state that is directly south of Nebraska is Kansas. This is affirmed by the geographical layout of the United States, where Nebraska shares its southern border with Kansas. Understanding U.S. geography and the locations of individual states is essential for recognizing their relative positions. Each state has neighboring states that can be identified by their geographical proximity; in this case, Kansas lies directly to the south, while the other options do not share a border with Nebraska to the south. Iowa is to the east, Minnesota is to the northeast, and South Dakota is directly to the north of Nebraska. Hence, Kansas is the correct answer, as its location directly aligns it to the south of Nebraska.

8. Which asset is most likely to have a salvage value of \$0?

- A. A truck
- B. An ATV
- C. A combine
- D. A fence**

The asset that is most likely to have a salvage value of \$0 is a fence. Fences are typically installed for long-term use and may deteriorate over time due to weather exposure, wear and tear, or other factors. Once a fence reaches the end of its useful life, it may not have any significant resale value because it cannot be easily transported or repurposed in a meaningful way. In contrast, vehicles like trucks, ATVs, or combines often retain some level of market value even after years of use. They can be sold as used equipment or parts, which typically keeps their salvage values above zero. Equipment like combines has a defined market for resale, and trucks and ATVs also have a vibrant secondhand market due to their versatility and demand. Therefore, it's clear that a fence, due to its nature and the circumstances surrounding its lifecycle, is the most likely asset to have a salvage value of \$0.

9. What is the expected value if a precautionary treatment is applied for a 20% chance of a major insect infestation that reduces per acre profits by \$60?

- A. \$12
- B. \$15
- C. \$3
- D. -\$3**

To calculate the expected value of applying a precautionary treatment for the insect infestation, we start by assessing the potential financial impact. The situation states there is a 20% chance of a major insect infestation, which would incur a loss of \$60 per acre. The expected value is computed using the probability of the event occurring multiplied by the negative profit impact, added to the probability of the event not occurring multiplied by a gain (or no loss). In this case, since we are focusing on the loss from the infestation, we can summarize it as follows: 1. The chance of the infestation occurring is 20% (or 0.20), leading to a loss of \$60. Therefore, the expected loss from the infestation is: $\text{Expected loss} = 0.2 \times (-60) = -12$ 2. The chance of the infestation not occurring is 80% (or 0.80), which means that there would be no loss, resulting in: $\text{Expected gain} = 0.8 \times 0 = 0$ Now, adding these two expected values gives us the total expected value: $-12 + 0 = -12$

10. What is the capital city of Nebraska?

- A. Omaha
- B. Lincoln**
- C. Des Moines
- D. Hastings

Lincoln is the capital city of Nebraska, serving as the hub for the state's government and administration. The designation of a capital city is significant as it typically hosts the primary government institutions, including the governor's office and the state legislature. Lincoln, named after the 16th President of the United States, was established as the capital in 1867 and has since played a crucial role in the political and cultural development of the state. In contrast, Omaha is the largest city in Nebraska but does not serve as the capital. Des Moines is the capital of Iowa and not related to Nebraska. Hastings is a city within Nebraska but is not the capital. Understanding state capitals is essential for comprehending the governance structure and civic identity of each state.

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Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

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We wish you the very best on your exam journey. You've got this!

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