

PS 371
EXAM 1
Spring 1990

NAME: _____

Points Question

- 10 1. What are the two most important steps in the decision making process? Defend your choices.
- 10 2. “By the end of the 1950's, most broiler enterprises had established some form of control or coordination between growers and the hatchery, feed mill and processing plant.” What factors led to the development of the industry in North Georgia?
- 20 3. Check the appropriate costs for a batch of broiler chickens that are 5 weeks old:

	Fixed	Variable	Cash	Non-cash	Sunk
Depreciation	_____	_____	_____	_____	_____
Interest	_____	_____	_____	_____	_____
Taxes	_____	_____	_____	_____	_____
Insurance	_____	_____	_____	_____	_____
Repairs	_____	_____	_____	_____	_____
Feed	_____	_____	_____	_____	_____
Brooding fuel	_____	_____	_____	_____	_____
Electricity	_____	_____	_____	_____	_____
Hourly labor	_____	_____	_____	_____	_____
Family labor	_____	_____	_____	_____	_____

- 10 4. Draw production functions for two feed mills, one with very old, inefficient equipment, and one with new efficient equipment.
- 10 5. Draw average total cost curves for small, medium, and large feed mills. Be sure and label each axis and each curve.

- 5 How are long-run average cost curves used to determine what size of feed mill to build?
- 9 6. Would you buy a used tractor for \$20,000 to clean out your broiler house if you could save \$4,000 per year in fertilizer? Assume the interest rate is 10% and the tractor will last 10 years.
- 9 7. If you need \$10,000 for a down payment on a broiler house, how much would you have to save each year to have enough money after 6 years (interest rate = 7%)?
- 9 8. If you place \$2,000 in a certificate of deposit this year, how much would you have after 5 years (interest rate = 7%)?
- 9 9. How do buildings add value to poultry operations?
- a)
- b)
- c)
- d)