



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
*University Village, NnamdiAzikiwe Expressway, Plot 91, Cadastral Zone, Jabi, Abuja*  
*Dept. of Agricultural Economics and Extension, Faculty of Agricultural Sciences,*  
**2024 1 EXAMINATION**

Course Code: **AEA 308**  
Course Title: **Principles of Farm Management**  
Credit Unit: **2**  
Total Score: **70 Marks**  
Instruction: **Answer compulsory question 1 (30 marks) and any other 2 questions (20 marks each).**  
Time Allowed: **2 Hours**

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|------|---|----------------|
| 1a.  | Highlight the seven steps in decision making  | <b>7 marks</b> |
| 1b.  | State the law of diminishing returns?   | <b>3 marks</b> |
| 1c.  | Given that fixed cost is ₦2,500; variable cost is ₦1,000 and output is 35 units. Calculate the average cost of producing one unit?                                  | <b>3 marks</b> |
| 1d.  | Highlight any three methods of valuation.   | <b>3 marks</b> |
| 1e.  | Describe any four characteristics of Nigerian Agriculture.  | <b>6 marks</b> |
| 1f.  | Explain briefly any four types of capital.  | <b>8 marks</b> |
|      |   |                |
| 2a.  | List and explain any four basic principles of farm management.  | <b>6 marks</b> |
| 2b.  | Calculate the annual depreciation charges for an asset which costs ₦20,000 with an annual depreciation rate of ten percent and an expected lifespan of three years. | <b>6 marks</b> |
| 2c.  | Discuss any four effects of illiteracy in farm management.  | <b>6 marks</b> |
| 2d.  | Define the term "land"?   | <b>2 marks</b> |
|      |   |                |
| 3a.  | Highlight any six (6) sources of capital.   | <b>6 marks</b> |
| 3b.  | List and explain any six (6) factors affecting labour efficiency.   | <b>6 marks</b> |
| 3c.  | In not more than four sentences, explain why entrepreneur is different from labour.   | <b>4 marks</b> |
| 3d.  | Highlight any four disadvantages of sole proprietorship.  | <b>4 marks</b> |
|      |   |                |
| 4a.  | Write short notes on any three of the following:  |                |
| i.   | Partnership deed  |                |
| ii.  | Limited Liability Company   |                |
| iii. | Active partners   |                |
| iv.  | Co-operative societies  | <b>6 marks</b> |
| 4b.  | List and explain any six disadvantages of co-operatives.  | <b>6 marks</b> |
| 4c.  | Discuss any four reasons why farm records are important.  | <b>4 marks</b> |
| 4d.  | Distinguish between assets and liabilities.   | <b>4 marks</b> |