



NATIONAL OPEN UNIVERSITY OF NIGERIA
University Village, Nnamdi Azikiwe Expressway, Plot 91, Cadastral Zone, Jabi, Abuja
Dept. of Agricultural Economics and Extension, Faculty of Agricultural Sciences,
2024_2 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**

- 1a. Explain the four basic principles of farm management. **6 marks**
- 1b. Differentiate between risk and uncertainty. **3 marks**
- 1c. List and explain any three factors influencing the supply of labour. **9 marks**
- 1d. Given that fixed cost is ₦6,300.00 and variable cost is ₦1,200.00 and output is 60 units. What will be the average cost of producing one unit? **3 marks**
- 1e. List five characteristics of cooperative societies. **5 marks**
- 1f. highlight any four type of farm records. **4 marks**
- 2a. Highlight any six factors that could affect labour efficiency. **8 marks**
- 2b. If an asset costs ₦12,000.00 and the rate of depreciation is eight percent per annum and the asset is expected to last for 3 years. Calculate the annual depreciation charges. **8 marks**
- 2c. Write short notes on any three of the following terms:
- i. Entrepreneur
 - ii. Limited Liability Company
 - iii. Cooperative society
 - iv. Farm records
- 2d. Distinguish between tangible and intangible assets. **4 marks**
- 3a. List and explain any five characteristics of sole proprietorship. **5 marks**
- 3b. In not more than four sentences, describe the process involved in the formation of limited liability company. **4 marks**

- 3c. Briefly discuss any five types of cooperatives. **5 marks**
- 3d. Design a simple farm record and account for a broiler farmer. **4 marks**
- 3e. Distinguish between benefits and cost in agricultural projects. **2 marks**

4a. Explain with three examples how you can derive benefit from agricultural project through increased value of output. **6 marks**

4b. Write short notes on any four of the following:

- i. Asset
- ii. Liability
- iii. Net worth
- iv. Working capital
- v. Current liabilities

(4 marks)

4c. The balance sheet statement of B. Edita's Farms Ltd as at 31st December, 2022 is given as follows:

Valuation of livestock and crops	₦120,000
Machinery and equipment	₦12,000
Raw material	₦5,000
Debt receivable	₦6,000
Cash at hand	₦20,000
Debts payable	₦10,000
Loans	₦5,000
Bank overdraft	₦1,000

Use the above information to prepare a balance sheet account. From the information, calculate the following:

- i. Net worth or net capital
- ii. Net Capital Ratio (NCR)

10 marks