

**NATIONAL OPEN UNIVERSITY OF NIGERIA**

**FACULTY OF AGRICULTURAL SCIENCES**

**DEPARTMENT OF AGRICULTURAL ECONOMICS AND EXTENSION**

**PoP EXAMINATION SEPTEMBER/OCTOBER, 2019**

**Programme: Agricultural Extension and Management**

**Course Code: AEA 302**

**Course Title: Agricultural Finance**

**Credit Unit: 3**

**Total Score: 70 Marks**

**Time Allowed: 3 Hours**

**Instruction: Answer compulsory question one (1) (30 marks) and any other four (4) Questions (10marks each)**

1 a. List the five types of farm records and discuss Inventory records **(10marks)**

b. Analyze the advantages and disadvantages of the purpose classification of credit

**(10marks)**

c. Outline the importance of Economic Principles to Farm Financial Management **(10marks)**

2. Justify using ten (10) instances the necessity for financial intermediaries in agriculture

finance in developingcountries**(10marks).**

3.A classification of credit according to purpose brings out the close relationship between time

and purpose. Appraise the purpose classification of credit on the basis of:

a. Production loans (short- and intermediate-term loans)**(4marks)**

b. Real estate loans (long-term loans)**(3marks)**

c. Farmer cooperative borrowing**(3marks)**

4 a. What do you understand as loan delinquency? (3 mks)

b. Agricultural loan delinquency is common among farmers in developing nations including

Nigeria. Analyzeany **seven (7)**causes of loan delinquency **(10marks)**.

5. Small holder farmers are often confronted with a number of risks and uncertainties in carrying

out theiragricultural production activities.Justify this statementby explaining four (4) types

of risks and uncertaintyfaced by farmers **(10 marks)**.

6 a. State the three (3) methods of capital budgeting of agricultural enterprises (3 mks)

b. Discuss the three (3) major methods of capital budgeting of an agricultural enterprise

mentioned above (in 6a) **(7marks)**.

7a.What is the principal that will amount to N32,220.00 in 5 years at 10%? Given the formula:

A = P (1 + r)n

Where A = N32,220

n = 5 years

r = 10%**(4marks)**

b. What will be the amount receivable if a farmer invested N10,000.00 on a farm implement for

5 years at 10% compound interest? **(6marks)**