

**NATIONAL OPEN UNIVERSITY OF NIGERIA**

**FACULTY OF AGRICULTURAL SCIENCES**

 **SECOND SEMESTER EXAMINATION, 2018**

**Programme: Agricultural Extension and Management**

**Course Title: Principles of Farm Management**

**Course Code: AEA308**

**Credit Unit: 2**

**Total Score: 70Marks**

**Time Allowed: 2Hours**

**INSTRUCTION: Answer question one (1) Compulsory (25marks) and any other three (3) questions (15marks each).**

1a. i. Define the following terms

1. Agriculture (2marks)
2. Agricultural Economics (2marks)
3. Farm Management (2marks)

 b. State the relationship between agricultural economics and Farm Management. (4marks)

 c. Explain briefly the scope of farm management (7marks)

 d. State at least eight (8) general principles of farm management (8marks)

 2a. Distinguish between risk and uncertainty (5marks)

 b. Explain any five different types of risk that affect farm management (10marks)

 3a. Define the following terms:

1. The law of diminishing returns (2marks)
2. Principle of substitution (2marks)
3. Opportunity Cost (2marks)
4. Diversification (2marks) and
5. Specialization (2marks).

 b. Explain briefly overhead cost (5marks).

4a.Briefly explain the concept of decision making (4.5mark).

 b. Explain in a sequential order the seven essential steps that must be followed when making

 decision in Farm Management (10.5marks).

5a. i. Define Capital (2marks)

 ii. State at least six (6) sources of capital (3marks)

 b. List and explain any five classes of capital (10marks).

6a. What is Sole proprietorship and why is it a popular form of business ownership among the

 Nigerian farmers? (5marks).

 b. Briefly discuss on any five main features of sole proprietorship. (10marks)