



**NATIONAL OPEN UNIVERSITY OF NIGERIA  
14-16 AHMADU BELLO WAY, VICTORIA ISLAND LAGOS  
SCHOOL OF SCIENCE AND TECHNOLOGY  
MAY/JUNE 2012 EXAMINATION**

AEM 451: FARM BUSINESS ORGANIZATION  
TIME: 2 HOURS

INSTRUCTION: ANSWER ONLY 4 QUESTIONS

1.
  - a. Define agriculture.
  - b. What are the productive resources in agriculture?
  - c. Define farm management.
  - d. State four objectives of farm management.
  - e. Mention five factors usually considered in the organization of a farm set?
  - f. State five attributes of a farm manager.
2.
  - a. Mention the four major functions of management.
  - b. Mention the eight problem solving approach in farm management.
  - c. By their definition, differentiate between budgeting and farm budget.
  - d. Mention the two different budgeting types.
  - e. Define gross margin.
  - f. State five uses of gross margin.
3.
  - a. Name the two major approaches of collecting farm management information.
  - b. Under these two major approaches, list the different methods of collecting farm management information.
  - c. Name the two steps involved in taking a farm inventory.
  - d. Define a farm asset.
  - e. With two examples each, mention three classes of assets.
  - f. Define Farm Liability.
  - g. With an example each, mention three classes of liabilities.
4.
  - a. What is liquidity?

- b. Mention four main indicators of liquidity.
- c. Define each of the four main indicators of liquidity.
- d. What is solvency?
- e. Name three indicators of solvency.
- f. Define each of these three indicators.

5. a. What are the rewards for using farm resources or factors of production?

- b. Mention three methods of acquiring factors of production.
- c. State the uses of factors of production.
- d. Define the following terms:
  - i. Technical efficiency;
  - ii. Allocative efficiency;
  - iii. Economic efficiency;
  - iv. Production efficiency; and
  - v. Resource productivity.
- e. State four relevance of resource productivity.

6. a. What is land consolidation?

- b. As a professional, what advice would you offer to a farmer when land is limited in supply, in order to enhance his productivity?
- c. In what ways can the gross margin per man-hour be increased?
- d. "The objectives for any organization like commercial farming should be clear and numerical so that all its managers have a commonly accepted goal". Mention these objectives.
- e. Outline the seven steps involved in decision making.
- f. Define risk and uncertainty.
- g. Mention the sources of risk in agriculture.
- h. Identify five measures generally used by Nigeria small scale farmers to reduce risk.