



NATIONAL OPEN UNIVERSITY OF NIGERIA
14-16 AHMADU BELLO WAY, VICTORIA ISLAND, LAGOS
SCHOOL OF SCIENCE AND TECHNOLOGY
JANUARY/FEBRUARY 2013 EXAMINATION

AEM 451: FARM BUSINESS ORGANIZATION
INSTRUCTION: ANSWER ONLY 5 QUESTIONS
TIME: 2 ½ HOURS

1. 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.
2. 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.
3. 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.
4. 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.
5. 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.
6. 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.

7. a. What are the practices for enhancing good farm Management and minimizing risks?
b. For a livestock enterprise, what considerations or practices would you carry out for effective management and risk minimization?