

**AREC 508 Agricultural Finance
Fall 2017**

Instructor: Dr. Greg Perry C315 Clark Building

Class Times: MW 3:00-4:15

Location: Eddy 11

Email: greg.perry@colostate.edu

Office Hours: W 1-2:30 pm or by appointment

General Overview: The class is designed to provide foundational financial principles and methods that can be used in a research setting, as well as in employment settings that involve financial management. The class uses a lecture-based format to present concepts, along with homeworks that provide an opportunity to apply the concepts in realistic settings.

Course Outcomes: Students will be able to

- a. Be able to explain and use tax concepts in financial analysis.
- b. Be able to put together accrual-based financial statements that meet GAAP.
- c. Use the financial statements to conduct detailed financial analysis of a business.
- d. Be able to apply capital budgeting principles to agricultural-based investment decisions.
- e. Understand financial risk in a firm and different ways the firm operator can mitigate that risk.

Required Text: *Financial Guidelines for Agriculture* will be a required text for much of the class and a handy reference guide in the future. The text is available from the Farm Financial Standards Council website for \$30. Go to <http://www.ffsc.org/index.php/order-the-guidelines/> to download a copy. The other material in class will be provided in the lectures, although much of this information is available online.

Tentative Grading Schedule: Your final grade will be determined by homework and two exams.

- a. Problem Sets (40%) There will be a homework assignment to complete each week of class, each designed to help you understand how to apply the concepts discussed in class. These homeworks are to be completed individually, but working together on the homeworks is acceptable. It is important to note, however, that the exams will test over some of the same content as was covered on the homeworks. If a student simply copies the homework of others without understanding how it was done, failing the subsequent exam is a likely outcome.
- b. Exams (60%). Two exams will be offered during the semester, each worth 30% of the total grade. The exams will be approximately the same length, the second exam will place heavy weight on material covered in the second half of the class.

Academic Integrity: Students must uphold the academic integrity standards as explained in the university's Academic Integrity Policy of the Colorado State University General Catalog {Page 7} and the Student Conduct Code. This class requires a great deal of group work, but students should take responsibility for investing personally in the independent learning and development of project materials. Violations of CSU's academic integrity policies will be handled in accordance with the procedures discussed in the CSU General Catalog.

Course Schedule

Date	Topic	Homework Assignment
Mon, Aug 21	Review of syllabus and introduction to taxes	
Wed, Aug 23	Depreciation and income tax calculations	
Mon, Aug 28	Earned vs unearned income, tax basis, exchanges	Assignment #1, due 9/6/17
Wed, Aug 30	Applications, overview of other taxes	
Wed, Sep 6	Introduction to financial statements, calculation of debt schedules	Assignment #2, due 9/13/17
Mon, Sep 11	Schedules 1-8 supporting the Balance Sheet	Assignment #3, due 9/18/17
Wed, Sep 13	Balance Sheet	Assignment #4, due 9/20/17
Mon, Sept 18	First Exam	
Wed, Sept 20	Income, Cash Flow and Net Worth Statements	
Mon, Sept 25	Ratio and trend analysis	Assignment #5, due 10/2/17
Wed, Sept 27	Capital Budgeting	
Mon, Oct 2	Capital Budgeting	Assignment #6, due 10/9/17
Wed, Oct 4	Capital Budgeting	
Mon, Oct 9	Risk Models	Assignment #7, due 10/16/17
Fri, Oct 13	Final Exam	