

# BUTTE COLLEGE

## COURSE OUTLINE

### I. CATALOG DESCRIPTION

**AB 50 - Agricultural Accounting**

**3 Unit(s)**

**Prerequisite(s):** NONE

**Recommended Prep:** Reading Level IV; English Level III; Math Level II

**Transfer Status:** CSU

51 hours Lecture

This course is a study of the principles of agricultural accounting systems and types of records, their use and how to compute and use measures of earnings and cost of production to improve agribusiness efficiency. Farm income tax, Social Security, and employee payroll records also included. Application of these concepts and methods through hands-on projects developing computer-based solutions for agriculture business. (C-ID AG-AB 128).

### II. OBJECTIVES

Upon successful completion of this course, the student will be able to:

- A. Define the uses of agricultural records.
- B. Explain the accounting cycle.
- C. Define common agricultural accounting terms.
- D. Differentiate between cash and accrual accounting systems.
- E. Design a chart of accounts for an agricultural business. Demonstrate the principles of accrual accounting by opening, entering transactions, and closing a set of accounting records.
- F. Create a balance sheet and income statement.
- G. Calculate and analyze ratios of solvency and liquidity for an agricultural business.
- H. Properly value asset and liability accounts.

### III. COURSE CONTENT

#### **A. Unit Titles/Suggested Time Schedule**

| Lecture                                 |              |
|---|--------------|
| <u>Topics</u>                           | <u>Hours</u> |
| 1. Importance of record keeping         | 7.50         |
| 2. Principles of Accounting             | 7.50         |
| a. Single-entry accounting              |              |
| b. Double-entry accounting              |              |
| c. Accrual vs. cash basis of accounting |              |
| d. The Accounting Equation              |              |
| 3. Accounting Cycle                     | 7.50         |
| 4. Financial Statements                 | 7.50         |
| a. Balance Sheet                        |              |
| b. Work sheet                           |              |
| c. Income Statement                     |              |
| d. Analysis of financial statements     |              |
| 5. Asset valuation and depreciation     | 7.00         |

|   |       |
|---|-------|
| 6. Liabilities and Equity                                       | 7.00  |
| a. Calculating simple interest loans                            |       |
| b. Transactions involving loans and loan payments               |       |
| c. Determining current principle loan balances                  |       |
| d. Determining interest payable                                 |       |
| e. Determining Net Worth  |       |
| 7. Practical Exercises in                                       | 7.00  |
| a. Developing financial statements                              |       |
| b. Using computer applications as a tool for financial analysis |       |
| Total Hours   | 51.00 |

#### IV. **METHODS OF INSTRUCTION**

- A. Lecture
- B. Instructor Demonstrations
- C. Class Activities
- D. Homework: Students are required to complete two hours of outside-of-class homework for each hour of lecture
- E. Problem-Solving Sessions

#### V. **METHODS OF EVALUATION**

- A. Quizzes
- B. Research Projects
- C. Homework
- D. Written Assignments
- E. Mid-term and final examinations

#### VI. **EXAMPLES OF ASSIGNMENTS**

- A. Reading Assignments
  - 1. Read the section of your text that covers the uses of agricultural records. Be prepared to differentiate between financial and production records.
  - 2. Read the balance sheet provided by your instructor. Analyze the cash flow and solvency. Write up your analysis and be prepared to discuss in class.
- B. Writing Assignments
  - 1. Write a 2 page crop budget for an annual crop. Include all variable and fixed costs, concluding with break-even price.
  - 2. Write a 1 page chart of accounts for a typical agricultural business. Identify the probable assets, liabilities, income, and expense categories.
- C. Out-of-Class Assignments
  - 1. Using the Farmers Tax Guide (online), contrast the methods of depreciation. Calculate the annual depreciation of an \$80,000 working asset. Be prepared to discuss in class.
  - 2. After entering a set of transactions, "close the books", and create a trial balance. The trial balance must consist of equal debits and credits. Be prepared to discuss in class.

#### VII. **RECOMMENDED MATERIALS OF INSTRUCTION**

Textbooks:

- A. Wheeling, B. Introduction to Agricultural Accounting. 1st Edition. Cengage Learning, 2007.
- B. Skidmore, R. Accounting for Agriculture. 1st Edition. Soft Data, 1995.

**Created/Revised by:** Bruce Hicks  
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