

Syllabus for AREc 465/565
Agricultural Financial Reporting and Analysis
Fall 2007 (2 credits)

Instructor Thorsten M. Egelkraut
200B Ballard Extension Hall
yourarecprofessor@yahoo.com

Time & Location T 13:00 – 13:50 (Ballard 118)
Th 14:00-15:50 (Education 126)

Office Hours by appointment

Objectives The class serves as one of several capstone courses for students in Agribusiness Management. The course will build on principles learned in economic theory, accounting and business finance. Students who successfully complete the course will be able to conduct a thorough financial analysis of a farm or other agricultural business.

In light of the occasional industry scandals, students looking to work in the business finance area need to think about ethical behavior and what their personal standards will be. My hope is that, through the reading and discussing of some articles on ethics, students will better understand the personal standard they wish to follow in the ethics area.

Course Structure This class takes a small business approach compared to the corporate approach commonly used in the College of Business. The work load is significant, and you need to dedicate at a minimum 2 hours for each hour of class time to review the material and do the homework, more if you struggled in prior finance and accounting courses and/or in class. Make sure you stay on top of the material, don't procrastinate doing homework and studying for exams. Once you fall behind, it is extremely difficult to catch up.

The class uses spreadsheets and Excel extensively, if you are not familiar with it, use the first few days of the term to learn the skills you need. There are plenty of good and easy introductory books ("Excel for Dummies" etc.) as well as short 2-hour non-credit workshops conducted on campus.

This is a senior level course. Students are expected to display a great deal of independence and maturity. If questions emerge, the first step towards finding the needed information should involve the library (and/or the internet), the second the instructor. Students are expected to come prepared to office hours and sufficiently early (i.e. not an hour before assignments are due). The textbook is excellent, but very dense and challenging to read if you're not

used to this format. To get the most out of the course, I suggest to read the chapters at least three times. First, before lecture; second after lecture but before doing the homework; third while doing the homework (as a reference and as preparation for the quiz). Reading the book for a fourth time towards the end of the course, will further solidify your understanding of the concepts covered.

Prerequisites

Students are required to have basic accounting, basic agri-business/management, intermediate micro theory, and business finance. Those who have not had these prerequisite courses must obtain instructor approval.

Grading

The final grade for the course consists of:

A. Homework (250 points). Nine homework problems will be given throughout the 10 weeks of class. Homework assignments will be due before the first lecture the following week. Homework will be heavily discounted if not turned in when due. The lowest homework score is dropped when calculating the final grade. The homework is designed not only to provide an opportunity to apply the ideas you learn in class, but to also teach you new material. Please make sure you include your name and the homework number in the name of the file when you submit homework electronically.

B. Classwork (450 points). The class will consist of 8 quizzes given every week except the first day of class and one other day of my choice. Hence, you should expect a quiz every week. The lowest quiz score is dropped when calculating the final grade. Quizzes will cover readings (due the first lecture of each week), material discussed in class and techniques learned by doing the homework. Several different types of questions will be used on quizzes, including problems, definitions and essay questions. Students who don't do the homework or don't attend class regularly typically do poorly on the tests.

C. Term Project (300 points). The homework constitutes steps in the process of building a pro forma financial statement for the subject farming enterprise in preparation for an operating loan request. The ratio analysis homework will reveal the need to restructure the farm's finances. In this project, you will explain how the finances are to be restructured, and what the resulting pro forma financial statements will look like. You will also conduct legal analyses and record checks. All this is to be put together in a report, along with your recommendation concerning whether or not your bank should give this family the loan requested. Report is due on Monday of finals week at 5:00 pm and takes the place of a final exam.

Graduate students enrolling in the course will also be expected to complete a special project. The point system listed above will be modified to allow for

this additional requirement.

I consider myself a fair grader, but I do not believe in grade inflation. You do get the grade you earn. I do not curve.

Grading Scale

A	=	93.0+
A-	=	90.0 – 92.9
B+	=	87.0 – 89.9
B	=	83.0 – 86.9
B-	=	80.0 – 82.9
C+	=	77.0 – 79.9
C	=	73.0 – 76.9
C-	=	70.0 – 72.9
D+	=	67.0 – 69.9
D	=	63.0 – 66.9
D-	=	60.0 – 62.9
F	=	below 60.0

Required Text Oltmans, Klinefelter and Frey. Agricultural Financial Reporting and Analysis. Niles, Illinois: Century Communications.

Two copies of the book as well as the ethics readings are on reserve in the library. (call numbers book: (1) HF5686.A36 O45 2001 (2) HF5686.A36 O45 2001 sup. and readings: VR 344)

Students with Disabilities

Accommodations are collaborative efforts between students, faculty and Services for Students with Disabilities (SSD). Students with accommodations approved through SSD are responsible for contacting the faculty member in charge of the course prior to or during the first week of the term to discuss accommodations. Students who believe they are eligible for accommodations but who have not yet obtained approval through SSD should contact SSD immediately at 737-4098.

Expectations for Student Conduct

Expectations for student conduct, cheating policies, etc. can be found at <http://oregonstate.edu/admin/stucon/achon.htm>

If you cheat on exams, you will receive an F. I will not negotiate. Example: In another course, a student had his class notes open on the floor. He assured me that he had not looked at them since he started the exam but merely forgot to close them. Needless to say, he failed the course. I have

no tolerance for cheating, and I do not hesitate to punish those who do.

COURSE OUTLINE

WEEK 1	Introduction to class. Review of finance concepts (PV, FV, Annuity).
WEEK 2	Calculating the debt schedule, accrued interest, current principal, deferred principal; Ethics in business.
WEEK 3	Monthly cash flow statements, income, expenses, capital expenditures, operating loans and term debt.
WEEK 4	Balance sheet and accompanying schedules.
WEEK 5	Income statement and accompanying schedules.
WEEK 6	Statement of cash flows and statement of owner equity.
WEEK 7	Financial statement analysis.
WEEK 8	The loan process.
WEEK 9	Integrating concepts.
WEEK 10	Financial institutions.

READINGS

WEEK 1	Oltmans, Klinefelter and Frey, Chapter 1; Interview and speech by Norman R. Augustine Chapter 3 in <i>In Search of Ethics</i>
WEEK 4	Oltmans, Klinefelter and Frey, Chapter 2.
WEEK 5	Oltmans, Klinefelter and Frey, Chapter 3.
WEEK 6	Oltmans, Klinefelter and Frey, Chapters 4-5.
WEEK 7	Article by F. Washington Jarvis, "Beyond Ethics" published in the <i>Journal of Education</i> , 1993.
WEEK 8	Oltmans, Klinefelter and Frey, Chapter 6.
WEEK 9	"Leadership and Ethics," chapter 14 in <i>In Search of Ethics</i>
WEEK 10	Review of main concepts of Oltmans, Klinefelter and Frey, all Chapters