

Syllabus

AAE 320  
Farming Systems Management

Fall 2017

Instructor: Dr. Fengxia Dong,  
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Class Schedule: MWF 9:55-10:45  
Class Location: 290 Nutritional Sciences  
Office hour: Friday 11:00am-12:00pm, 223 Taylor Hall or by appointment

**Course Description:**

This course aims to provide students with economic concepts and principles that can be applied to farm management decisions, and to develop skills in farm business planning, financial analysis, and investment analysis.

**Text and Materials:**

There is no required textbook for the course although one book is mainly referred:

Farm Management, 8<sup>th</sup> ed. R.D. Kay, W.M. Edwards, and P.A. Duffy. Dubuque, IA: McGraw Hill. 2016.

Lecture notes (Powerpoint slides) will be provided at the class website. Students will need a hand-held calculator with exponential function and access and familiarity with MS Excel and Powerpoint.

**Exams:**

There will be two in-class exams and one comprehensive final.

Exam questions will be developed from class lecture and problem sets. I will announce exams at least 2 weeks in advance. (Best Guess: Oct. 14<sup>th</sup> and Nov. 20<sup>th</sup>, could easily change)

**Academic Integrity**

Academic honesty is expected. Students are accountable to uphold the core values of academic integrity and comply with UW-Madison policies and state laws regarding academic misconduct. Please familiarize yourself with the potential consequences of misconduct at the webpage of the Dean of Students: <http://www.students.wisc.edu/doso/academic-integrity/>.

## Grading:

In-Class Exams (2 per semester)	30%
Comprehensive Final Exam	30%
Quizzes	5%
Class Participation	5%
Homework	<u>30%</u>
Total	100%

Grade Scale:	A = 90-100%	AB = 85-89%	B = 80-84%
	BC = 75-79%	C = 68-74%	D = 60-67%
	F < 60%		

No curve will be applied to any grades.

Throughout the semester problem sets will be assigned. You need to turn in your assignments by the due dates. No late assignments will be accepted.

## Final Exam: December 15 (Friday) 10:05AM - 12:05PM

Please schedule end of the semester travel plans accordingly.

## Classroom

Ear buds, smartphones, etc. will not be allowed to be used in my class. As usual, the reading of newspapers, books etc. other than for this course will not be allowed.

## Final Comment

Occasionally it becomes necessary to change the grading scheme, topics covered, or other course details. I reserve the right to do so, but I will always discuss such changes with students during lecture.

## **Outline of Topics Covered in AAE 320**

### I. Introduction

1. Changes in Structure of Farms and Ranches
2. Wisconsin Agriculture

### II. Management and Decision Making

1. Functions of Management
2. Strategic Farm Management
3. Decision Making

### III. Acquiring and Organizing Management Information

1. Basic Accounting Terms
2. Options in Choosing an Accounting System
3. Basics of Cash and Accrual Accounting

### IV. The Balance Sheet and Its Analysis

1. Balance Sheet Format
2. Cost-Basis versus Market-Basis Balance Sheet
3. Balance Sheet Analysis

### V. The Income Statement and Its Analysis

1. Depreciation
2. Income Statement Format
3. Accrual Adjustments to a Cash-Basis Income Statement
4. Analysis of Net Farm Income
5. Statement of Cash Flows

### VI. Farm Business Analysis

1. Diagnosing a Farm Business Problem
2. Measures of Profitability
3. Measures of Size
4. Efficiency Measures
5. Financial Measures

Exam #1

## VII. Taxes, Business Arrangements and Farm Transfer

1. Managing Income Tax
2. Beginning Business Arrangements
3. Tax considerations for Farm Transfer

## VIII. Economic Principles Choosing Production Levels

1. The Production Function
2. Marginal Analysis
3. How Much Input to Use
4. How Much Output to Produce
5. Equal Marginal Principle

## IX. Economic Principles Choosing Input and Output Combinations

1. Input Combinations
2. Output Combinations
3. Cost Concepts in Economics

## Exam #2

## X. Budgeting for Greater Profit

1. Enterprise Budgeting
2. Whole-Farm Budgeting
3. Partial Budgeting
4. Cash Flow Budgeting

## XI. Investment Analysis

1. Time Value of Money
2. Investment Analysis

## XII. Special Topics

Crop Insurance and Disaster Assistance Programs

## Final Exam

