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Course Information

Course Title: *Agricultural Accounting #367522*

Number of continuing education credit hours recommended for this course:

In accordance with the standards of the National Registry of CPE Sponsors CPE credits have been granted based on a 50-minute hour.

CPA: 10 (All states)

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for states requiring sponsor registration

Florida Division of Certified Public Accountancy: 4761 (Ethics #11467)

Hawaii Board of Accountancy: 14003

New York State Board of Accountancy (for ethics): 002146

Ohio State Board of Accountancy: M0021

Pennsylvania Board of Accountancy: PX178025

Texas State Board of Accountancy: 009349

Course Description

Agricultural Accounting addresses every aspect of the accounting that one might encounter in a farm, ranch, or related business. The intent is to not only explain accounting concepts, but also to provide examples and show how an accounting system can be constructed and operated. The course pays particular attention to unique aspects of agricultural accounting that are not encountered in other industries, including special valuation rules for inventory, hedging transactions, dealing with cooperatives, and recording non-current farm assets. In short, this course is an essential desk reference for anyone engaged in agricultural operations.

Course Content

Publication/Revision date: 8/15/2022.

Author: Steven M. Bragg, CPA.

Final exam (online): Fifty Questions (multiple-choice).

Program Delivery Method: NASBA QAS Self-Study (interactive)

Subject Codes/Field of Study

NASBA (CPA): Accounting

Course Level, Prerequisites, and Advance Preparation Requirements

Program level: Overview

Prerequisites: Basic familiarity with accounting practices.

Advance Preparation: None

Instructions for Taking This Course

- Log in to your secure account at www.bhfe.com. Go to "My Account."
- You must complete this course within one year of purchase (If the course is "Expired," contact us and we will add the latest edition of the course to your account (no charge).
- **To retain the course-PDF after completion (for future reference) and to enable enhanced navigation:** From "My Account," Download and save the course-PDF to your computer. This will enable the search function (Menu: Edit>Find) and bookmarks (icon on left side of document window).
- Complete the course by following the learning objectives listed for the course, studying the text, and, if included, studying the review questions at the end of each major section (or at the end of the course).
- Once you have completed studying the course and you are confident that the learning objectives have been met, answer the final exam questions (online).

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- Log in to your secure account at www.bhfe.com. Go to "My Account."
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- For a printed copy of the exam questions, open the exam and press "Print Exam."
- Once you pass the exam, the results (correct/incorrect answers) and certificate of completion appear in "My Account." A confirmation email is also sent.
- CFP Board and IRS credit hours, if applicable, are reported on Tuesdays and at the end of the month.

Have a question? Call us at 800-588-7039 or email us at contact@bhfe.com.

Learning Objectives

- Recognize the different accounting principles.
- Cite the line items and classifications used within the financial statements.
- Specify the differences between financial and managerial accounting.
- Specify the differences between cash basis and accrual basis accounting.
- Identify the concepts behind the accrual-adjusted approach.
- Specify the types of source documents for an accounting system.
- Recognize how assets and liabilities are classified within the balance sheet.
- Recognize the structure used in the chart of accounts.
- Identify the different types of accounting transactions and how they are recorded.
- Describe contra accounts and how they are used.
- Specify the methods used to derive the allowance for doubtful accounts.
- Describe the different classifications of securities.
- Recognize how the other comprehensive income classification is used.
- Specify the calculation for the net proceeds from the sale of an investment.
- Recognize the issues with using the periodic inventory system.
- Identify the calculation for net realizable value and when this valuation can be used.
- Identify the components of a depreciation calculation, and how the mid-month convention can be used in calculating depreciation.
- Cite the calculations used for the accelerated depreciation methods.
- Specify the entry used to record the disposal of a fixed asset.
- Identify the investments that are considered to be permanent land developments.
- Recognize the costs incurred in the development of non-current assets.
- Specify the different types of intermediate-life plants and how their costs are classified.
- Recognize the methods used to create supplier identification numbers.
- Specify the structure of the Form 1099-MISC and its parts.
- Recognize the reasons for reconciling loan accounts.
- Cite the circumstances under which a tax position is recognized.
- Specify the tax rate used in interim reporting periods.
- Specify the process flow for using the other comprehensive income classification.
- Recognize the different types of hedging transactions.
- Describe the nature of a highly effective hedge and its effect.
- Identify the types of cooperatives.
- Specify the recognition criteria for patronage refunds and sales to cooperatives.
- Recognize the unique aspects of loans from the Commodity Credit Corporation.
- Identify the different types of entries used when closing the books.
- Identify how the income summary account is used.
- Specify the analysis methods used to review preliminary financial statements.
- Recognize the different types of disclosures that should be attached to farm financial statements.
- Define the different classifications of ratios.
- Identify the calculations used for each of the farm analysis ratios.
- Recognize the contents of the *Farmer's Tax Guide*.

About the Author

Steven Bragg, CPA, has been the chief financial officer or controller of four companies, as well as a consulting manager at Ernst & Young. He received a master's degree in finance from Bentley College, an MBA from Babson College, and a Bachelor's degree in Economics from the University of Maine. He has been a two-time president of the Colorado Mountain Club, and is an avid alpine skier, mountain biker, and certified master diver. Mr. Bragg resides in Centennial, Colorado. He has written more than 250 books and courses, including *New Controller Guidebook*, *GAAP Guidebook*, and *Payroll Management*.

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Preface

Agricultural accounting applies to a large part of the economy, since it includes breeding animals, growing fruits and grains, operating dairies and plant nurseries, raising fish, and so forth. There are a number of unique aspects to agricultural accounting that are not encountered in other industries, including special valuation rules for inventory, hedging transactions, dealing with cooperatives, and recording non-current farm assets. In *Agricultural Accounting*, we address every aspect of the accounting that one might encounter in a farm, ranch, or related business. The intent is to not only explain accounting concepts, but also to provide examples and show how an accounting system can be constructed and operated.

The book is divided into four sections. In Chapters 1 through 4, we cover the essential building blocks of farm accounting, including accrual basis accounting, types of accounts, and the most common accounting transactions. In Chapters 5 through 15, we address the specific accounting for a number of functional areas, including receivables, inventory, fixed assets, and payables. In Chapters 16 and 17, we address the creation of financial statements and the disclosures that accompany them. We also note a number of analyses in Chapter 18 that can be used to improve one's understanding of the financial performance and condition of a farm. Finally, we provide in Chapter 19 an overview of the many tax rules that apply to farmers.

You can find the answers to many questions about agricultural accounting in the following chapters, including:

- Which accounts should a farm accounting system use?
- What are the standard journal entries that a farm accountant is most likely to use?
- How is farm inventory valued?
- What is the proper valuation method for trees and vines?
- What is the best way to account for farm debt?
- What is the accounting for hedging as it applies to farm activities?
- What is the accounting by a farm when dealing with a cooperative?
- What financial statement disclosures does a farm attach to its financial statements?
- Which analyses should be used to extract information from farm financial statements?

Agricultural Accounting is designed for the farm accountant who wants to set up and operate an accounting system that is specific to the needs of a farm, ranch, or similar enterprise.

Centennial, Colorado
August 2022