

**AEB 3144 – INTRODUCTION TO AGRICULTURAL FINANCE**

Fall 2020 – Class number 10139 – 3 Credits

**CLASS TIME AND LOCATION**

T, Period 7 (1:55pm – 2:45pm)

R, Periods 7-8 (1:55pm – 3:50pm)

<https://ufl.zoom.us/j/7654140395>

password: worth

**OFFICE HOURS**

TWR, (10:00am – 11:00am)

Or by appointment.

<https://ufl.zoom.us/j/7654140395>

password: worth

**PREREQUISITE**

AEB 3122 or ACG 2071 (or equivalent).

**INSTRUCTOR**

Derek Farnsworth

Office: MCCB 1083

Phone: 352-294-7698

E-mail: [dfarnsw@ufl.edu](mailto:dfarnsw@ufl.edu)

**TEACHING ASSISTANT**

Scott Miller

Office: <https://ufl.zoom.us/j/6199583789>

Hours: W, 1-2pm

Email: [scottmmiller@ufl.edu](mailto:scottmmiller@ufl.edu)

**COURSE DESCRIPTION**

Basic financial statements, investment frameworks and theories of financial intermediation as applied to agricultural firms, along with an overview of financial institutions that provide capital to agriculture.

The goal of this course is to provide a basic understanding of corporate finance principles and build a foundation for other agribusiness courses. The course provides students with the tools to understand and solve basic financial problems faced by individuals and businesses today. Practical applications and problem solving techniques are emphasized. The topics covered include basic financial statement analysis, time value of money, valuation of financial assets, investment frameworks, capital budgeting techniques, and capital structure theory.

**E-LEARNING IN CANVAS**

There will be an e-Learning webpage for this course. To access e-Learning you will need your Gatorlink username and password. E-Learning can be accessed via <http://elearning.ufl.edu/>. Should you have difficulties accessing e-Learning, please contact the [UF Computing Help Desk](#) at 352-392-4357 or via e-mail at [helpdesk@ufl.edu](mailto:helpdesk@ufl.edu).

**REQUIRED TEXT AND MATERIALS**

Ross, Stephen A., Randolph W. Westerfield, and Bradford D. Jordan. Essentials of Corporate Finance, 10<sup>th</sup> Edition, 2020, McGraw-Hill.

Calculator: Students should have a financial or graphing calculator (such as the HP 10bII+) as it will be essential for completion of homework assignments and exams. **Students are responsible for learning how to use their particular calculator.**

Please retain your textbook and calculator upon completion of the class. These materials are necessary for AEB 4138 - Advanced Agribusiness Management.

## **LEARNING OBJECTIVES**

After completing this course, you will be able to:

1. Read and analyze financial statements for the purpose of evaluating investment decisions.
2. Describe the principle of time-value of money and apply this concept to valuing annuities, perpetuities, loan values, bond values, stock values, and capital investment opportunities.
3. Describe the conceptual relationship between the expected return and the relevant risk of individual assets and a portfolio of assets.
4. Describe the concept of cost of capital and role of leverage and apply these concepts in the determination of the optimal capital structure.

## **COURSE OUTLINE**

### **Module 1**

1. Introduction to Financial Management (CH1)
2. Financial Statements (CH2)
3. Working with Financial Statements (CH3)
4. Time Value of Money (CH4)  
EXAM 1 (CH1 – CH4)

### **Module 2**

5. Discounted Cash Flows (CH5)
6. Bond Valuation (CH6)
7. Equity Valuation (CH7)  
EXAM 2 (CH5 – CH7)

### **Module 3**

8. Net Present Value and Other Investment Criteria (CH8)
9. Capital Markets (CH10)
10. Risk and Return (CH11)
11. Cost of Capital (CH12)  
EXAM 3 (CH8, CH10 – CH12)

**GRADES**

Your final course grade is determined by the following components:

Exams (3 at 15% each)	45%
Homework (8 at 5% each)	40%
Quizzes (15 at 1% each)	15%
Total	100%

Grades will be awarded as follows:

Percentage	Grade
93% or greater	A
90% to 92.99%	A-
87% to 89.99%	B+
83% to 86.99%	B
80% to 82.99%	B-
77% to 79.99%	C+
73% to 76.99%	C
70% to 72.99%	C-
67% to 69.99%	D+
63% to 66.99%	D
60% to 62.99%	D-
Below 60%	E

Please note that grades are not “rounded” in any way at the end of the term. However, a curve may be implemented at the instructor’s discretion.

For general information about grading and grading policy at the University of Florida, please refer to: <https://catalog.ufl.edu/ugrad/current/regulations/info/grades.aspx>

**Exams**

There will be **three exams** during the semester. Each exam is worth 15% of your grade. **Exams are due at midnight.** The exams are open book and may consist of problem-solving and short answer questions. The exams may be based on material covered in class, material from the textbook, or concepts implied by the material covered. The exam dates are tentatively scheduled as follows:

- **Exam 1: October 1**
- **Exam 2: November 5**
- **Exam 3: December 17**

**Note: Posted exam dates are subject to change, it is your responsibility to listen to class announcements and check e-Learning for any changes in exam dates.**

### Homework

There will be **nine homework assignments** given throughout the semester. Each homework is worth 5% of your grade and one homework assignment grade will be dropped. **Homework is due at midnight**. It is your responsibility to submit assignments on time and follow the instructions for the assignment submission. Your grade for each assignment is determined by the quality of your work. Late submissions will receive half credit.

Each homework assignment will be accompanied by suggested problems. Suggested problems are not turned in for a grade. These questions are provided so that students can practice solving additional problems.

### Quizzes

**There will be sixteen quiz questions** corresponding to every lecture date without a homework or exam due. Each quiz is worth 1% of your grade and one quiz grade will be dropped. **Quiz responses are due at midnight**. As an incentive to attend the live lecture, I will pause recording during the lecture to solve and explain the quiz question for that day. Late submissions will receive half credit.

### OTHER COURSE POLICIES

Requirements for class attendance and make-up exams, assignments, and other work in this course are consistent with university policies. [Click here to read the university attendance policies](#).

If you have a question about the grading of your assignment and/or exam, you must contact me immediately. If you believe there has been a grading mistake, you can appeal points that you earned in an assignment and/or exam (i.e., get more points). **To appeal, you must state your case in writing within one week of the day I return the assignment or exam**. Turn the entire assignment or exam in, along with a written description of your concern and your expected resolution of the problem. Be aware that when you do this, I will **re-grade the entire assignment or exam**.

**Our class sessions may be audio visually recorded for students in the class to refer back and for enrolled students who are unable to attend live**. Students who participate with their camera engaged or utilize a profile image are agreeing to have their video or image recorded. If you are unwilling to consent to have your profile or video image recorded, be sure to keep your camera off and do not use a profile image. Likewise, students who un-mute during class and participate orally are agreeing to have their voices recorded. If you are not willing to consent to have your voice recorded during class, you will need to keep your mute button activated and communicate exclusively using the "chat" feature, which allows students to type questions and comments live. The chat will not be recorded or shared. As in all courses, unauthorized recording and unauthorized sharing of recorded materials is prohibited. Zoom will be used to broadcast and record lectures (<https://zoom.us/privacy>).

## SUPPLEMENTAL INFORMATION

### **Accommodations for Students with Disabilities**

Students with disabilities who experience learning barriers and would like to request academic accommodations should connect with the disability Resource Center. [Click here to get started with the Disability Resource Center](#). It is important for students to share their accommodation letter with their instructor and discuss their access needs, as early as possible in the semester.

### **Online Course Evaluation Process**

Students are expected to provide professional and respectful feedback on the quality of instruction in this course by completing course evaluations online via GatorEvals. [Click here for guidance on how to give feedback in a professional and respectful manner](#). Students will be notified when the evaluation period opens, and can complete evaluations through the email they receive from GatorEvals, in their Canvas course menu under GatorEvals, or via [ufl.bluera.com/ufl/](http://ufl.bluera.com/ufl/). [Summaries of course evaluation results are available to students here](#).

### **Academic Honesty**

UF students are bound by The Honor Pledge which states, “We, the members of the University of Florida community, pledge to hold ourselves and our peers to the highest standards of honor and integrity by abiding by the Honor Code. On all work submitted for credit by students at the University of Florida, the following pledge is either required or implied: “On my honor, I have neither given nor received unauthorized aid in doing this assignment.” The Honor Code specifies a number of behaviors that are in violation of this code and the possible sanctions. [Click here to read the Honor Code](#). Furthermore, you are obligated to report any condition that facilitates academic misconduct to appropriate personnel. If you have any questions or concerns, please consult with the instructor or TAs in this class.

## CAMPUS RESOURCES

### **Health and Wellness**

*U Matter, We Care:* If you or someone you know is in distress, please contact [umatter@ufl.edu](mailto:umatter@ufl.edu), 352-392-1575, or visit [U Matter, We Care website](#) to refer or report a concern and a team member will reach out to the student in distress.

*Counseling and Wellness Center:* [Visit the Counseling and Wellness Center website](#) or call 352-392-1575 for information on crisis services as well as non-crisis services.

*Student Health Care Center:* Call 352-392-1161 for 24/7 information to help you find the care you need, or [visit the Student Health Care Center website](#).

*University Police Department:* [Visit UF Police Department website](#) or call 352-392-1111 (or 9-1-1 for emergencies).

*UF Health Shands Emergency Room / Trauma Center:* For immediate medical care call 352-733-0111 or go to the emergency room at 1515 SW Archer Road, Gainesville, FL 32608; [Visit the UF Health Emergency Room and Trauma Center website.](#)

### Academic Resources

*Career Connections Center:* Reitz Union Suite 1300, 352-392-1601. Career assistance and counseling services.

*Library Support:* Various ways to receive assistance with respect to using the libraries or finding resources.

*Teaching Center:* Broward Hall, 352-392-2010 or to make an appointment 352- 392-6420. General study skills and tutoring.

*Writing Studio:* 2215 Turlington Hall, 352-846-1138. Help brainstorming, formatting, and writing papers.

*Student Complaints On-Campus:* [Visit the Student Honor Code and Student Conduct Code webpage for more information.](#)

*On-Line Students Complaints:* [View the Distance Learning Student Complaint Process.](#)

### APPROXIMATE COURSE OUTLINE BY WEEK

Week	Tuesday	Thursday	Material/Notes
8/30		Quiz 1	Class Introduction
9/6	Quiz 2	HW 1	Chapter 1: Introduction to Financial Management
9/13	Quiz 3	HW 2	Chapter 2: Financial Statements
9/20	Quiz 4	HW 3	Chapter 3: Working with Financial Statements
9/27	Quiz 5	<b>Exam 1</b>	Chapter 4: Time Value of Money
10/4	Quiz 6	Quiz 7	Chapter 5: Discounted Cash Flows
10/11	Quiz 8	HW 4	Chapter 6: Bond Valuation
10/18	Quiz 9	HW 5	Calculator Practice
10/25	Quiz 10	HW 6	Chapter 7: Equity Valuation
11/1	Quiz 11	<b>Exam 2</b>	Chapter 8: NPV and Other Investment Criteria
11/8	Quiz 12	Quiz 13	Chapter 10: Capital Markets
11/15	Quiz 14	HW 7	Chapter 11: Risk and Return
11/22	Quiz 15	No Class	Fall Break
11/29	HW 8	Quiz 16	Chapter 12: Cost of Capital
12/6	HW 9	No Class	Class Review
12/13	No Class	No Class	Final Exam Week – <b>Exam 3: 12/17 3:00 – 5:00pm</b>

*All homework, quizzes, and exams are due by midnight on the assigned date. There will be a quiz question corresponding to each lecture date without a homework or exam due.*