

AEB 3144 – INTRODUCTION TO AGRICULTURAL FINANCE

Spring 2015 – Sections 103H, 104A, and 104F – 3 Credits

CLASS TIME AND LOCATION

T, Period 6 (12:50pm – 1:40pm) and Period 7 (1:55pm – 2:45pm)

RNK 0110

R, Period 6 (12:50pm – 1:40pm)

MAEA 0303

PREREQUISITE

A fundamental understanding of financial statements (managerial accounting).

INSTRUCTOR

Dr. Derek Farnsworth

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TEACHING ASSISTANT

Joanna Karavolias

E-mail: jkaravolias@ufl.edu

OFFICE/LAB HOURS

M, Period 3 (9:35am – 10:25am) for Section 103H

M, Period 4 (10:40am – 11:30am) for Section 104A

M, Period 5 (11:45am – 12:35pm) for Section 104F

Or by appointment.

MCCB 3086

PROGRAM ASSISTANT

Kathy Green

Office: 1170A McCarty Hall A

Phone: 352-294-7640

UNDERGRADUATE ADVISOR

Anne Marie Mattison

Office: 1195 McCarty Hall A

Phone: 352-294-7638

COURSE DESCRIPTION

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

There will be an E-Learning web-page for this course. To access E-Learning you will need your Gatorlink username and password. E-learning can be accessed via <https://lss.at.ufl.edu/>. Should you have difficulties accessing E-learning, please contact UF Computing Help Desk directly by calling (352) 392-HELP or via e-mail at helpdesk@ufl.edu.

REQUIRED TEXT AND MATERIALS

Ross, Stephen A., Randolph W. Westerfield, and Bradford D. Jordan. Essentials of Corporate Finance, 8th Edition, 2013, McGraw-Hill/Irwin.

Calculator: Students should have a financial calculator (such as the Hewlett Packard 10B) as it will be necessary for completion of homework assignments and exams. **Students are responsible for learning how to use their particular calculator.** *I reserve the right to clear the memory of all programmable calculators for all exams.*

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

1. Introduction to Financial Management (CH1)
2. Financial Statements (CH2)
3. Working with Financial Statements (CH3)
4. Time Value of Money (CH4)
5. Discounted Cash Flows (CH5)
EXAM 1 (CH1 – CH5)
6. Bond Valuation (CH6)
7. Equity Valuation (CH7)
8. Net Present Value and Other Investment Criteria (CH8)
9. Capital Investment Decisions (CH9)
EXAM 2 (CH6 – CH9)
10. Capital Markets (CH10)
11. Risk and Return (CH11)
12. Cost of Capital (CH12)
13. Capital Structure (CH13)
EXAM 3 (CH10 – CH13)

GRADES

Your final course grade is determined by the following components:

| | |
|----------------------------------|------|
| Exams (3 at 20% each, drop 1) | 40% |
| Homework (10 at 5% each, drop 2) | 40% |
| Final Exam | 20% |
| Total | 100% |

Grades will be awarded as follows:

| | |
|----------------|----|
| 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 in-class exams** during the semester. Each exam is worth 20% of your grade and **your lowest exam score will be dropped**. The exams will consist of multiple choice, 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. All of the in-class exams will be on Tuesdays during the double period and will start at 12:50pm and last until 2:45pm (115 minutes). The exam dates are tentatively scheduled as follows:

- **Exam 1: February 10, 2015**
- **Exam 2: March 17, 2015**
- **Exam 3: April 14, 2015**

(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 test dates).

Final Exam

The final exam is comprehensive meaning it will cover the course material for the entire semester. The final exam is worth 20% of your grade. It will be given during the final exam week at the end of the term. The final exam date, time, and location are:

April 28, 2015 (4/28/2015) 7:30am-9:30am at SPC 2608

Exam Day Policy

The exams are closed book and closed notes. You are allowed (**and will need**) to use your financial calculator on exams (**MAKE SURE YOU DO NOT FORGET TO BRING YOUR CALCULATOR TO EXAMS**).

It is expected that all students are on-time to exams. Please arrive early, if possible, to get seated and get your books/bags stowed away so that the exam can start as promptly as possible. You may leave the class after 45 minutes. **NO ONE WILL BE ALLOWED TO ENTER THE CLASSROOM TO BEGIN THE EXAM AFTER THE FIRST STUDENT HAS TURNED IN THEIR FINISHED EXAM.**

If you miss an exam because you are participating in a University of Florida sponsored event, you may make up an in-class exam only if you bring your documentation to your instructor PRIOR to the event (at least 7 days prior to a scheduled exam). Email documentation is **NO LONGER** enough. You need to bring a printed mail from the corresponding event organizers or association.

If you are missing an in-class exam for any reason other than a University of Florida sponsored event (excused or unexcused), the comprehensive final will serve as the only option for a makeup. In any case, you need to provide valid documentation for an emergency. For example, if you miss the exam due to a medical reason, the doctor's note should clearly state that you were not in a position to attend class that day. For a family emergency, you should obtain proper documentation from the Dean of Students Office. Any such documentation must be presented within 3 days of the exam.

Homework

There will be **ten homework assignments** given throughout the semester. **The two assignments with the lowest grades will be dropped.** These assignments will give you an opportunity to become familiar with the subject matter that will be covered in this course. It is not possible for you to earn an A in this course without doing well on these assignments.

Typically, homework will be due one week after it is assigned at the beginning of class. 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. Just submitting an assignment is not sufficient to get a good grade. **No late assignments will be accepted.** Any assignments not submitted on time, and in the manner assigned in class will receive a 0.

General Grading Information

The material taught in this course is best learned through examples. The more problems you attempt (and complete) the better you will learn the material and the greater the chance you will receive a good grade in the class. That is why there will be a significant number of homework assignments (10). In addition, suggested problems will be assigned for each textbook chapter covered during the semester. These problems will not be turned in for a grade, **however it is in your best interest to complete these problems as approximately 20-25% of the questions on each in class exam will come directly from the suggested problems and the homework (the breakdown will be at the instructors discretion). It is also in your best interest to attend class as any extra credit questions on exams will come from material covered in class (not the textbook).**

OTHER COURSE POLICIES**Re-grade Policy**

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 hand back the assignment (or exam) (regardless of when you pick it up). 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 (thus you must turn the original back in).

Class Attendance

I believe that regular attendance is necessary for students to obtain maximum benefit from the course. However, I will not take a role in the class. Class attendance is required in the sense that you will be responsible for all material covered and all reading material assigned. I will not provide copies of my notes that are covered in the class but are not posted on e-learning. Please make arrangements with your classmates to get the notes if you miss any class.

Requirements for class attendance and make-up exams, assignments, and other work in this course are consistent with university policies that can be found at:

<https://catalog.ufl.edu/ugrad/current/regulations/info/attendance.aspx>

Expected Class Behavior

You are expected to participate in the class activities, ask, and answer questions. Cell phones are to be turned off and put away. No texting is allowed during class. Please be courteous to your fellow students and me by coming to class on time and not disrupting class (talking to other students during lectures, bothering other students, etc.)

SUPPLEMENTAL INFORMATION

Services for Students with Disabilities

The Disability Resource Center coordinates the needed accommodations of students with disabilities. This includes registering disabilities, recommending academic accommodations within the classroom, accessing special adaptive computer equipment, providing interpretation services and mediating faculty-student disability related issues. Students requesting classroom accommodation must first register with the Dean of Students Office. The Dean of Students Office will provide documentation to the student who must then provide this documentation to the Instructor when requesting accommodation. Please use the following contact information for these resources:

0001 Reid Hall, 352-392-8565, www.dso.ufl.edu/drc/

Course Evaluation Process

Students are expected to provide feedback on the quality of instruction in this course based on 10 criteria. These evaluations are conducted online at <https://evaluations.ufl.edu>. Evaluations are typically open during the last two or three weeks of the semester, but students will be given specific times when they are open. Summary results of these assessments are available to students at <https://evaluations.ufl.edu/results>.

Software Use

All faculty, staff and students of the university are required and expected to obey the laws and legal agreements governing software use. Failure to do so can lead to monetary damages and/or criminal penalties for the individual violator. Because such violations are also against university policies and rules, disciplinary action will be taken as appropriate.

UF Supporting Services

College life can sometimes being overwhelming. Resources are available on-campus to help students manage personal issues or gain insight into career and academic goals. Some of them are:

Counseling and Wellness Center: <http://www.counseling.ufl.edu/cwc/>

Student Health Care Center: <http://shcc.ufl.edu/>

Career Resource Center: <http://www.crc.ufl.edu/>

Dean of Students Office: <http://www.dso.ufl.edu/>

For a full list of services please see:

<https://catalog.ufl.edu/ugrad/current/support/info/studentervices.aspx#SA>

Academic Honesty

Academic dishonesty is defined as any behavior, active or passive, which attempts to subvert the legitimate teaching, learning, or testing of a subject. It includes, but is not limited to the following:

- cheating on an examination, using notes or other methods;
- assisting or allowing another student to cheat on an examination;

- submission of work that is not the authentic creation of the student (plagiarism, use of purchased term papers, etc.);
- providing false excuses for missing a scheduled examination;
- enabling the cheating or other academic dishonesty of another student;
- altering an examination after it has been graded to claim a better grade is deserved;
- obtaining examinations in advance of the scheduled exam, unless offered by the professor.

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 (<https://www.dso.ufl.edu/sccr/process/student-conduct-honor-code/>) specifies a number of behaviors that are in violation of this code and the possible sanctions. 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.

The penalty for any incidence of academic dishonesty is, as a minimum, a failing grade on the examination or assignment. If, in the professor’s opinion, the offense deserves a more severe penalty, failure in the course may be the imposed penalty. In particularly egregious cases, the professor may ask the College to dismiss the student and refuse the student further enrollment rights at the College.

It is in your best interests to avoid even the appearance of any questionable behavior.

APPROXIMATE COURSE OUTLINE BY WEEK

| Week | Tuesday | Thursday | Material/Notes |
|------|-------------|----------|---|
| 1/5 | | | Chapter 1: Introduction to Financial Management |
| 1/12 | Homework 1 | | Chapter 2: Financial Statements |
| 1/19 | Homework 2 | | Chapter 3: Working with Financial Statements |
| 1/26 | Homework 3 | | Chapter 4: Time Value of Money |
| 2/2 | Homework 4 | | Chapter 5: Discounted Cash Flows |
| 2/9 | Exam 1 | | Chapter 6: Bond Valuation |
| 2/16 | Homework 5 | | Chapter 7: Equity Valuation |
| 2/23 | Homework 6 | | Chapter 8: NPV and Other Investment Criteria |
| 3/2 | No Class | No Class | Spring Break |
| 3/9 | Homework 7 | | Chapter 9: Capital Investment Decisions |
| 3/16 | Exam 2 | | Chapter 10: Capital Markets |
| 3/23 | Homework 8 | | Chapter 11: Risk and Return |
| 3/30 | Homework 9 | | Chapter 12: Cost of Capital |
| 4/6 | Homework 10 | | Chapter 13: Capital Structure |
| 4/13 | Exam 3 | | Review |
| 4/20 | | No Class | Review |
| 4/27 | Final Exam | | 7:30am-9:30am at SPC 2608 |

Please note this syllabus is a rough outline of the course and how it will be conducted. Changes to the course (exam dates, material covered, general policies, etc.,) are determined by the instructor and subject to change. By enrolling in this course you are agreeing to the terms outlined in this syllabus. Please see me if you have any questions.