

University of Florida - College of Agricultural and Life Sciences
Food and Resource Economics

AEB 4138 – Advanced Agribusiness Financial Management

Fall 2020

3 Credit Hours – Online Format via Zoom Session

Class times: Weeks 1-10, 12: Wednesdays (6:00 – 9:00 pm) / Weeks 11, 13: Mondays (6:00 – 9:00 pm)

Readings: 1 hour per chapter



Professor Information

Instructor:	Luis Moisés Peña Lévano, Ph.D.
Communication:	Canvas Email (<i>Luis Pena-Levano</i>)
Office hours:	Online – Wednesday (5 - 6 pm) only by appointment.
Teaching Assistant:	Mr. Julio Cruz
TA Office Hours:	MW 4 pm – 5pm. Zoom meeting: https://ufl.zoom.us/j/3713380025

Course Description: AEB4138 is a senior-level capstone experience. It is expected that senior students are highly motivated and have a sophisticated level of economic knowledge. This course utilizes the skills acquired in AEB3144 adding new layers of financial and management concepts. Through simulations, Excel applications and case studies, students will analyze decision making from the perspective of senior-level management. This is an online live class session held via Zoom. Please note that sessions of the class are not recorded.

NOTE: This class has been modified to be offered in a 13-week plan finishing before the start of Thanksgiving. This provides students time to prepare for the AEB4138 final exam and allows them to spend time in their other courses in weeks 15-17.

Prerequisites: AEB3103 and AEB3144; agribusiness majors.

Objectives: This course provides foundations of corporate finance principles which are applied by high-level management in the agribusiness area. The specific goals are to:

1. Highlight the importance of finance in real-world decision making and how these are applied by agribusiness firms.
2. Provide tools to understand and solve financial problems faced by individuals and businesses today.
3. Develop an understanding of financial statements and the time value of money
4. Apply cash flow analysis in business projects and learn valuation of financial assets and capital budgeting techniques
5. Have an understanding of how short- and long-term financing differ and apply sensitivity analysis in financial projects.

Required Textbook: Ross, Stephen A., Westerfield, and Jordan. *Corporate Finance*, 12th Edition, 2019, McGraw-Hill. The reading and assignments of the book are accessed online through **Connect** and **Canvas**.

Recommended Textbooks: These books are recommended and complement many topics and materials of the course
"Excel Modeling in Corporate Finance" by Craig Holden, *Fifth Edition*, Pearson. 2015. 978-0-205-98725-2
"Corporate Finance" by Berk DeMarzo, *Fifth Edition*, Pearson. 2020. 978-0-135-18380-9

Recommended Textbooks for further reading: These books are recommended for deeper understanding of the course topics
"Corporate Financial Accounting" by Warren, Reeve, Duchac, *14th Edition*, Cengage. 2017. 978-1-305-65353-5 (*Fin. statements*)
"Business Forecasting" by Hanke and Wichern, *Ninth Edition*, Pearson. 2009. 9780132301206 (*For statistic & finance concepts*)

Software: This class requires the use of **Microsoft Excel**. It is expected familiarity with financial tools used in AEB3144.

Communication: must be only via Canvas email during business hours (*Monday to Friday from 9 am to 4:30 pm*) with copy to the TA of the course (**Mr. Julio Cruz**). The email must be concise and clearly state your concerns including **AEB4138 in the title**. If you are stuck on a procedure, please send the picture of the problem and where you are specifically having the issue. This will help to answer efficiently any doubts. If you do not show effort, I will not provide hints in how to solve it – **Courteous and professional** e-mails may expect a prompt reply. Emails outside business hours will be answered the next business day.

Attendance and Participation: are mandatory for this class. Every student is allowed to one absence without penalty, although the student must look to complete the material required on time to obtain the participation points.

Cell Phone Policy: Text messaging and cellphone calls are not allowed in class and exams. Violation of this rule will count as an unexcused absence.

The professors reserve the right to change the terms and dates stated in this Syllabus. Any changes will be communicated on E-Learning Canvas. It is solely the student's responsibility to stay informed and review the announcements.

General Course Information

Brief Course Outline: The material in AEB4138 is divided in thirteen class sessions

Week	Material/Notes	Day	Recommended Reading before Class
1	Unit 1: Introduction to Financial Management	9/2	Ross CH1, Warren CH1, Berk CH1
2	Unit 2: Financial Statements and Cash Flow	9/9	Ross CH2, Warren CH13, Berk CH2
3	Unit 3: Financial Statement Analysis and Financial Models	9/16	Ross CH3, Warren CH14, Holden CH17-19
	Midterm 1 – Chapters 1 – 3	9/27	
4	Unit 4: Discounted Cash Flows	9/23	Ross CH4, Berk CH3-4, Holden CH1-3 & 5-6
5	Unit 5: Net Present Value and Other investment rules	9/30	Ross CH5, Berk CH5&7, Holden CH4
6	Unit 6: Making Capital Investment Decisions	10/7	Ross CH6, Berk CH8, Holden CH19
	Midterm 2 – Chapters 4 – 6	10/18	
7	Unit 7: Risk Analysis, Real Options and Capital Budgeting	10/14	Ross CH7, Holden CH14-16
8	Unit 8: Interest rates and bond valuation	10/21	Ross CH8, Berk CH6, Holden CH4, 7, 11 & 12
9	Unit 9: Stock valuation	10/28	Ross CH9, Berk CH9, Holden CH9 & 24
10	Unit 10: Lessons from market history	11/4	Ross CH10, Berk CH10
	Midterm 3 – Chapters 7 – 10	11/15	
11	Unit 11: Return, Risk, and the Capital Asset Pricing Model	11/9	Ross CH11, Berk CH11
12	Unit 12: Risk, Cost of Capital, and Valuation	11/23	Ross CH13, Berk CH12, Holder CH8 & 10
13	Unit 13: An Alternative View of Risk and Return	11/18	Ross CH12, Berk CH13
	Midterm 4 – Chapters 11 – 13		

Textbooks referred in the table (Code and Expanded name and Chapter CH number)

Ross: “Corporate Finance” by Ross, Stephen A., Westerfield, and Jordan. 12th Edition, 2019, McGraw-Hill.

Holden: “Excel Modeling in Corporate Finance” by Craig Holden, Fifth Edition, Pearson. 2015. 978-0-205-98725-2

Berk: “Corporate Finance” by Berk DeMarzo, Fifth Edition, Pearson. 2020. 978-0-135-18380-9

Warren: “Corporate Financial Accounting” by Warren, Reeve, Duchac, 14th Edition, Cengage. 2017. 978-1-305-65353-5

Structure of the Class

Week		S	M	T	W	R	F	S
1		30	31	1	2	3	4	5
2		6	7	8	9	10	11	12
3	Sept	13	14	15	16	17	18	19
4		20	21	22	23	24	25	26
5		27	28	29	30	1	2	3
6		4	5	6	7	8	9	10
7	Oct	11	12	13	14	15	16	17
8		18	19	20	21	22	23	24
9		25	26	27	28	29	30	31
10		1	2	3	4	5	6	7
11		8	9	10	11	12	13	14
12	Nov	15	16	17	18	19	20	21
13		22	23	24	25	26	27	28
14		29	30		2			

Classes	Exam	Reading
Assignment	Quiz	

Evaluation of Performance and Grading

Grades: Based on **1000** points throughout the semester. Final scores are **not** 'rounded' or 'adjusted' at the end of the term. You have **2 business days** after any grade has been posted for reevaluation, afterwards is final. The scores are composed by:

DESCRIPTION	AMOUNT	VALUE	TOTAL
Homework Assignment	7	50	350
Quizzes	13	20	260
Pre-lab Reading	13	10	130
Class Activity & Participation	12	5	60
Midterms	4	50	200
TOTAL			1000

- Assignments:** are due Saturdays at 11:59 pm. Solutions must be meticulously and clearly written. Late homework submissions are **no accepted** and there are **no make-up opportunities** given.
- Quizzes:** Each chapter has a short quiz through Canvas-Connect. Dates will be posted in Canvas.
- Pre-lab Readings:** Students must read the chapters that will be covered before coming to class. To ensure this, there are questions for each chapter that must be answered by the student, one set of activities per chapter. Approximately, each activity should be covered in 1-2 hours per chapter.
- In-class Activity and participation** are mandatory for this class. Thirteen class sessions are scheduled for Fall 2020. Attendance is worthy 1 point per week. Participation is worthy 1 point per session, and the pre-lab activity delivery is 3 points per session. Unexcused absence losses the 5 points of the day. Every student is allowed to one absence without penalty, but please be advised that the class is not recorded.
- Midterms:** There are four midterms (set the date shown in the outline), each worthy 100 points. You can take it at any point of the day established through **Honorlock**. **There are no makeup midterms.** Please plan accordingly.

Final Grade	Minimum Score
A	925
A-	890
B+	865
B	830
B-	800
C+	770
C	730
C-	700
D+	670
D	630
D-	600
E	0

Dates for each task will be posted in the Canvas Calendar. For all assignments you need to follow the UF Honor Code.

Solutions and grades are expected to be posted 2-business days after the deadline of the task.

Bonus points: There is opportunity for bonus points. If all students in the class fill out the class evaluation at the end of the semester, then the following special incentives are provided:

- The extra weekly score on class activity and participation becomes bonus points up to 5 extra final points.
- The last midterm comes with a bonus question worthy 20% of the test value (+10 points).

Relevant Information

For general information about grading and grading policy at the University of Florida, please refer to: <http://www.registrar.ufl.edu/catalog/policies/regulationgrades.html>.

UF Grading Policy: For the grade points scale please click [link to the university grades and grading policies](#).

Make-Up Exams: Make-up exams **are not given** in this class unless extenuating circumstances. This policy applies for any missing mid-term, as you have a complete day to take them. Should you miss any midterm for any reason, you will need to talk to Dr. Luis Peña-Lévano to evaluate the situation according to the university rules. If the absence is justified under UF Honor Code, the points of the missing midterm will be added to the last midterm.

Extenuating Circumstances: Exceptions to the Missed Assignment Policy that fall under the **very serious nature** are referred to as "Extenuating circumstances" and require formal letter-head documentation from (1) a physician/hospital, (2) UF faculty/academic advisor **and** (3) email from the UF Dean of Students Office sent to the instructor's UF email address, as soon as this circumstances have occurred. A health-clinic note on the day an assignment is due **does not count** as extenuating circumstances and will be considered as "Missed Assignment".

Student Responsibility for Online Submissions:

Students are responsible for ensuring and verifying that all of their assignment files are uploaded successfully into Canvas. The instructor cannot be responsible for internet connections or failures.

Students are strongly advised against using wireless connections to complete quizzes or upload assignments. Wireless connections have been problematic in previous semesters with students losing all points due to upload failure. A hard-wired connection can be located at any UF computer lab on campus or any public library to submit graded assignments. **TO REPEAT**, wireless connections are problematic, and quizzes or assignment uploads may not be saved (without any warning) and therefore locating a hard-wired connection is recommended to submit any graded assignments.

Exam day policy: Please have your UF-ID fifteen minutes early before the start of the exam so you configure your device. Have also a camera ready so you can start your exam through *Honorlock*.

Online course evaluation is offered at the end of the semester, 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/. [Summaries of course evaluation results are available to students here](#).

Students Requesting Classroom Accommodation: Students with disabilities should follow this procedure and present it the **first week of classes** at the latest. 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.

Protection to Canvas Students' Data: Students must only use Canvas technology to submit assignments in order to protect their data content. Canvas is a product of Instructure which is committed to protecting privacy of all its users.

Online recording clause: In case that is needed, 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, especially under unexpected events. 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.

Tech support: Tech support for technologies and for the UF Computing Help desk:

Available 24 hours a day, 7 days a week. Phone: (352) 392-HELP (4357)

Email: helpdesk@ufl.edu Web: <https://helpdesk.ufl.edu/>

Other Relevant Information

Students are responsible for all deadlines/critical dates and policies set forth by the University of Florida. Deadlines/critical dates are published on the University of Florida Office of the University Registrar's web-site, <http://www.registrar.ufl.edu/> Current academic policies are presented in the University of Florida Undergraduate Catalog, <https://catalog.ufl.edu/ugrad/current/Pages/home.aspx> Please familiarize yourself with this information.

Class attendance: Requirements for class attendance and make-up exams, assignments, and other work in this course are consistent with university policies: Students are responsible for satisfying all academic objectives as defined by the instructor. Absences count from the first class meeting. In general, acceptable reasons for absence from or failure to participate in class include illness, serious family emergencies, special curricular requirements (e.g., judging trips, field trips, professional conferences), military obligation, severe weather conditions, religious holidays, and participation in official university activities such as music performances, athletic competition or debate. Absences from class for court-imposed legal obligations (e.g., jury duty or subpoena) must be excused. Other reasons also may be approved. Students shall be permitted a reasonable amount of time to make up the material or activities covered in their absence. Students cannot participate in classes unless they are registered officially or approved to audit with evidence of having paid audit fees. The Office of the University Registrar provides official class rolls to instructors. If a student does not participate in at least one of the first two class meetings of a course or laboratory in which they are registered, and they have not contacted the department to indicate their intent, the student can be dropped from the course. Students must not assume that they will be dropped, however. The department will notify students if they have been dropped from a course or laboratory. The university recognizes the right of the individual professor to make attendance mandatory. After due warning, professors can prohibit further attendance and subsequently assign a failing grade for excessive absences.

Illness policy: If a student is absent from classes or examinations because of illness, they should contact their instructors. Students should contact their college by the deadline to drop a course for medical reasons. Students can petition the Dean of Students Office to drop a course for medical reasons. The university's policy regarding medical excuse from classes is maintained by the Student Health Care Center. Students shall be permitted a reasonable amount of time to make up the material or activities covered in their absence.

Religious holidays: At the University of Florida, students and faculty work together to allow students the opportunity to observe the holy days of their faith. A student should inform the faculty member of the religious observances of their faith that will conflict with class attendance, with tests or examinations, or with other class activities prior to the class or occurrence of that test or activity. The faculty member is then obligated to accommodate that particular student's religious observances. Because students represent a myriad of cultures and many faiths, the University of Florida is not able to assure that scheduled academic activities do not conflict with the holy days of all religious groups. Accordingly, individual students should make their need for an excused absence known in advance of the scheduled activities. The Florida Board of Education and state law govern university policy regarding observance of religious holidays. The following guidelines apply: (1) Students, upon prior notification to their instructors, shall be excused from class or other scheduled academic activity to observe a religious holy day of their faith. (2) Students shall be permitted a reasonable amount of time to make up the material or activities covered in their absence. (3) Students shall not be penalized due to absence from class or other scheduled academic activity because of religious observances. If a faculty member is informed of or is aware that a significant number of students are likely to be absent from class because of a religious observance, the faculty member should not schedule a major exam or other academic event at that time. A student who is to be excused from class for a religious observance is not required to provide a second party certification of the reason for the absence.

Academic Honesty: In 1995 the UF student body enacted an honor code and voluntarily committed itself to the highest standards of honesty and integrity. By enrolling to this class, you commit to the **UF Honor Code:** recognize that academic honesty and integrity are fundamental values of the university community. Any individual who becomes aware of a violation of the honor code is bound by honor to take corrective action. The quality of a University of Florida education is dependent upon community acceptance and enforcement of the honor code.

The Honor Pledge: We, the members of the University of Florida community, pledge to hold ourselves and our peers to the highest standards of honesty and integrity.

On all work submitted for credit by students at the university, the following pledge is either required or implied: **"On my honor, I have neither given nor received unauthorized aid in doing this assignment."** The university requires all members of its community to be honest in all endeavors. A fundamental principle is that the whole process of learning and pursuit of knowledge is diminished by cheating, plagiarism and other acts of academic dishonesty. In addition, every dishonest act in the academic environment affects other students adversely, from the skewing of the grading curve to giving unfair advantage for honors or for professional or graduate school admission. Therefore, the university will take severe action against dishonest students. Similarly,

measures will be taken against faculty, staff and administrators who practice dishonest or demeaning behavior. Any instances of academic dishonesty will be reported to Student Judicial Affairs.

Student Responsibility: Students should report any condition that facilitates dishonesty to the instructor, department chair, college dean or Student Honor Court.

Faculty Responsibility: Faculty members have a duty to promote honest behavior and to avoid practices and environments that foster cheating in their classes. Teachers should encourage students to bring negative conditions or incidents of dishonesty to their attention. In their own work, teachers should practice the same high standards they expect from their students.

Administration Responsibility: As highly visible members of our academic community, administrators should be ever vigilant to promote academic honesty and conduct their lives in an ethically exemplary manner. This policy will be vigorously upheld at all times in this course.

Twelve-day rule: Students who participate in university-sponsored athletic or scholarly activities are permitted to be absent 12 scholastic days per semester without penalty. A scholastic day is any day on which regular class work is scheduled as defined in the approved university calendar. The student or student's advisor must notify the instructor as early as possible prior to the anticipated absence to allow ample time for accommodations. Instructors must be flexible and not penalize students when re-scheduling during-term and final exams, class assignments, and other required activities and must follow the UF Attendance Policy herein and UF Examination Policies. As noted in the UF Examination Policies, during-term exams should be re-scheduled no later than before the end of the semester, while final exams no later than 90 days after the originally scheduled exam time. However, instructors are encouraged to re-schedule final and during-term exams, assignments, and other activities as soon as possible after the last day of the absence and must not penalize the student in any way. A group's schedule that requires absence of more than 12 scholastic days should be adjusted so that no student is absent from campus more than 12 scholastic days. Students who previously have been warned in writing by their instructor about the impact of absences on their individual class performance should not incur additional absences, even if they have not been absent 12 scholastic days. The student is responsible to maintain satisfactory academic performance and attendance.

UF Counseling Services: The life of a college student can sometimes be overwhelming. Resources are available on-campus to help students manage personal issues or gain insight into career and academic goals. Students experiencing crises or personal problems that interfere with their general well-being are encouraged to utilize the university's various counseling resources:

- For general student affairs: Dean of Students Office, 392-1261 (after hours, please call 392-1111);
- For mental health consultations: Counseling & Wellness Center, 392-1575 (24/7 phone access);
- For students experiencing distress: U Matter, We Care, 294-2273, www.umatter.ufl.edu;
- For physical health consultations: Student Health Care Center, 392-1161;
- For victims of sexual assault: Office of Victim Services, 392-5648 (after hours, please call 392-1111);

Software Use: All faculty, staff, and students of the University of Florida 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.

Student complaints: The University of Florida believes strongly in the ability of students to express concerns regarding their experiences at the University. The University encourages its students who wish to file a written complaint to submit that complaint directly to the department that manages that policy.

- For a residential course, please read the following link: https://www.dso.ufl.edu/documents/UF_Complaints_policy.pdf
- For an online course, please follow this link: <http://www.distance.ufl.edu/student-complaint-process>

By enrolling in this course, you are agreeing to the terms outlined in this syllabus.

I wish everyone a rewarding and productive semester 😊