

AEB 3144 – INTRODUCTION TO AGRICULTURAL FINANCE

Fall 2021 – Class number 10122 – 3 Credits

CLASS TIME AND LOCATION

T, Period 7 (1:55pm – 2:45pm)

TUR L011

R, Periods 7-8 (1:55pm – 3:50pm)

Online lecture available at:

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

OFFICE HOURS

TWR, (11:00am – 12:00pm)

MCCB 1083

Or by appointment.

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

PREREQUISITE

AEB 3122 or ACG 2071 (or equivalent).

INSTRUCTOR

Derek Farnsworth

Office: MCCB 1083

Phone: 352-294-7698

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TEACHING ASSISTANT

Kealey Collison

Office: TBA

Hours: TBA

Email: kealeycollison@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.

REQUIRED TEXT AND MATERIALS

Ross, Stephen A., Randolph W. Westerfield, and Bradford D. Jordan. Essentials of Corporate Finance, 10th (or recent) 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

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)
5. Discounted Cash Flows (CH5)
6. Bond Valuation (CH6)
7. Equity Valuation (CH7)
EXAM 2 (CH5 – CH7)
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 20% each)	60%
Homework (8 at 5% each)	40%
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 20% 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: September 30**
- **Exam 2: November 4**
- **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. A grading rubric is available on the course site. 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.

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

Students Requiring Accommodations

Students with disabilities who experience learning barriers and would like to request academic accommodations should connect 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.

Course Evaluation

Students are expected to provide professional and respectful feedback on the quality of instruction in this course by completing course evaluations online via GatorEvals. Guidance on how to give feedback in a professional and respectful manner is available at <https://gatorevals.aa.ufl.edu/students/>. Students are 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 <https://ufl.bluera.com/ufl/>. Summaries of course evaluation results are available to students at <https://gatorevals.aa.ufl.edu/public-results/>.

In-Class Recording

Students are allowed to record video or audio of class lectures. However, the purposes for which these recordings may be used are strictly controlled.

The only allowable purposes are: (1) for personal educational use, (2) in connection with a complaint to the university, or (3) as evidence in, or in preparation for, a criminal or civil proceeding. All other purposes are prohibited. Specifically, students may not publish recorded lectures without the written consent of the instructor.

A “class lecture” is an educational presentation intended to inform or teach enrolled students about a particular subject, including any instructor-led discussions that form part of the presentation, and delivered by any instructor hired or appointed by the University, or by a guest instructor, as part of a University of Florida course. A class lecture does not include lab sessions, student presentations, clinical presentations such as patient history, academic exercises involving solely student participation, assessments (quizzes, tests, exams), field trips, private conversations between students in the class or between a student and the faculty or lecturer during a class session.

Publication without permission of the instructor is prohibited. To “publish” means to share, transmit, circulate, distribute, or provide access to a recording, regardless of format or medium, to another person (or persons), including but not limited to another student within the same class section. Additionally, a recording, or transcript of a recording, is considered published if it is posted on or uploaded to, in whole or in part, any media platform, including but not limited to social media, book, magazine, newspaper, leaflet, or third party note/tutoring services. A student who publishes a recording without written consent may be subject to a civil cause of action instituted by a person injured by the publication and/or discipline under UF Regulation 4.040 Student Honor Code and Student Conduct Code.

University Honesty Policy

UF students are bound by The Honor Pledge: “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 Conduct Code specifies a number of behaviors that are in violation of this code and the possible sanctions. [Click here to read the Conduct Code](#). If you have any questions or concerns, please consult with the instructor or TAs in this class.

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. We, the members of the University of Florida community, pledge to uphold ourselves and our peers to the highest standards of honesty and integrity.

Student Privacy

There are federal laws protecting your privacy with regards to grades earned in courses and on individual assignments. For more information, please see the [Notification to Students of FERPA Rights](#).

CAMPUS RESOURCES**Health and Wellness**

U Matter, We Care: If you or someone you know is in distress, please contact 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

E-learning technical support: Contact the [UF Computing Help Desk](#) at 352-392-4357 or via e-mail at helpdesk@ufl.edu.

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.](#)

ADDITIONAL STATEMENTS

Lauren's Promise: I will listen and believe you if someone is threatening you.

Lauren McCluskey, a 21-year old honors student athlete, was murdered on October 22, 2018, by a man she briefly dated on the University of Utah Campus. We must all take actions to ensure this never happens again. Any form of sexual harassment or violence will not be excused or tolerated at the University of Florida.

If you are experiencing sexual assault, relationship violence, or stalking, you can take the following actions:

- If you are in immediate danger, call 911.
- Report it to me, and I will connect you to resources.
- Seek confidential sources of support and help:
 - [UFPD Office of Victim Services](#): 51 Museum Road, 352-392-5648
 - [Sexual Assault Recovery Services \(SARS\)](#): Infirmary Building, 352-392-1161
 - [Alachua County Rape Crisis Center](#) (confidential): 218 SE 24th St., 352-264-6760

Diversity, Equity, and Inclusion

The University of Florida's College of Agricultural and Life Sciences (CALs) supports the University of Florida's commitment to diversity, equity, and inclusion. By fostering a sense of belonging for students, staff, and faculty, while leveraging the uniqueness of the people who study and work at the university, we believe our campus community is enriched and enhanced by diversity, including but not limited to, race, ethnicity, national origin, gender, gender identity, sexuality, class, and religion. This course will support an understanding of the diversity of our distance and campus communities as well as our agricultural and natural resource communities, locally and globally.

This course will strive to create a learning environment for students that supports a diversity of thoughts, perspectives, and experiences while honoring your identities. In this class we will take the following approaches to help achieve this:

- All course participants will use the names and pronouns provided by students for use in class. If these differ from those that appear in official university records, you can change your Display Name at One.UF.
- If your performance in this course is being impacted by your experiences inside and/or outside the classroom, do not hesitate to contact the instructor and/or teaching assistant (TA). Instructors in CALs are a great resource for you and you may provide feedback anonymously. Feedback may result in general announcements to the class, if necessary, or reporting to appropriate UF personnel to address your concerns.
- CALs instructors and TAs like many people, are still in the process of learning about diverse perspectives and identities. If something was said in class (by anyone) that makes you feel uncomfortable, please discuss with your instructor or TA or contact the CALs Dean's Office (cals-dean@ufl.edu).

APPROXIMATE COURSE OUTLINE BY WEEK

Week	Tuesday	Thursday	Material/Notes
8/22			Class Introduction
8/29		No Class	Chapter 1: Introduction to Financial Management
9/5		HW 1	Chapter 2: Financial Statements
9/12		HW 2	Chapter 3: Working with Financial Statements
9/19		HW 3	Chapter 4: Time Value of Money
9/26		Exam 1	Chapter 5: Discounted Cash Flows
10/3			Chapter 6: Bond Valuation
10/10		HW 4	Calculator Practice
10/17		HW 5	Chapter 7: Equity Valuation
10/24		HW 6	Chapter 8: NPV and Other Investment Criteria
10/31		Exam 2	Chapter 10: Capital Markets
11/7		No Class	Chapter 11: Risk and Return
11/14		HW 7	Chapter 12: Cost of Capital
11/21		No Class	Fall Break
11/28	HW 8		Class Review
12/5	HW 9	No Class	Reading Days
12/12	No Class	No Class	Finals Week – Exam 3: 12/17 12:30 – 2:30pm

All homework and exams are due by midnight on the assigned date. The schedule is subject to change according to the instructor's discretion.