

**AGRICULTURAL FINANCE**  
**AGEC 443G - SPRING 2016**  
**School of Agriculture - Western Illinois University**

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**INSTRUCTOR**

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Office Hours: M-W-F 10-11; M, TH 2-3  
or by appointment.

**CLASS TIMES AND LOCATIONS**

AGEC 443G will meet on MWF in Knoblauch 306 from 9:00-9:50 a.m.

**EMAILS**

Please be sure to include the course in which you are enrolled in any emails.

**COURSE DESCRIPTION AND PREREQUISITES**

AGEC 443 *Agricultural Finance* addresses financing challenges and opportunities in agriculture. The course discusses sources of finance, financing costs, analysis of investment opportunities, financial and risk management, legal issues relating to financing, and estate planning. The course has a prerequisite of AGECEC 220 or equivalent. **For those students taking this course for graduate credit, a separate class project will be required.** More details will be provided in class.

**TEXTS/MATERIALS**

- Barry, Peter J. and Paul Ellinger. *Financial Management in Agriculture* (Seventh Edition) Prentice Hall, Inc. 2011.
- Supplemental handouts.
- Calculator (must have an exponential key)

**COURSE OBJECTIVES**

The major objectives of this course are to assist students in:

1. making effective financial decision using the appropriate financial tools;
2. constructing, interpreting, and evaluating financial statements;
3. using spreadsheets to evaluate financial alternatives;
4. effectively evaluating risk management alternatives;
5. understanding and applying time value of money concepts;
6. effectively analyzing investment alternatives;
7. developing an awareness of software programs for managing farm records.

**IMPORTANT DATES**

Jan 18	-	Martin Luther King Day – No Class
Feb 12	-	Lincoln’s Birthday – No Class
Mar 14-18	-	Spring Break – No Class
April 3	-	Last Day to Drop with a W
May 11	-	Final – 8:00 – 9:50

**USE OF TOBACCO:**

Use of tobacco **in any form** is prohibited in university buildings/classrooms.

**SPECIAL ANNOUNCEMENT**

I will be out of the country from March 9-20. Procedures for handling my absence will be discussed in class.

## USE OF CELL PHONES

As a courtesy to other students and to the instructor, all cell phones should be turned off prior to class. Continued disregard of this policy may result in ejection from the course. If, due to medical or public safety concerns, a student needs an exception to this policy he/she should inform the instructor prior to class. Cell phones are not be used under any circumstances on exams. **Texting** is not allowed during class and repeated violations will lead to dismissal from the course with an assigned grade of F.

## GRADING POLICY

The course grade will be based on the following factors, with weightings as indicated:

Exam I	25 %	A = 93% or above	C- = 70-72.99%
Exam II	25%	A- = 90-92.99%	D+ = 67-69.99%
Comprehensive Final Exam	30 %	B+ = 87-89.99%	D = 63-66.99%
<u>Quizzes and Homework</u>	<u>20 %</u>	B = 83-86.99%	D- = 60-62.99%
Total	100%	B- = 80-82.99%	F = <60%
		C+ = 77-79.99%	
		C = 73-76.99%	

Grade breaking points may be lowered, but in no case will they be raised. These breaking points will be evaluated only after final numerical grades have been calculated.

Exams will consist of a wide variety of questions with emphasis on short answers and essays. The lowest quiz / homework score will be dropped (limited to 20 point homework sets). I reserve the right to use unannounced quizzes. The final will be comprehensive. Makeup exams will be given only in extreme situations.

Assignments are due at the beginning of class. Late assignments will be docked 10% per day. Assignments will not be accepted after the homework has been discussed in class.

The following guidelines should be used for all assignments.

- All papers are expected to be neat and legible.
- Do not use torn paper out of a spiral notebook.
- Answers to questions or problems should be in the order requested,
- Securely fasten all papers together with a staple or paper clip; do not dog-ear papers.

**Attention Education Majors:** The changes within the state certification requirements, which go into effect immediately for all of those students who graduate in the spring 2012 and after, you are required to receive a grade of a "C" or better in this course in order to meet these new requirements. With the new university +/- grading system, receiving a "C-" or below will require you to retake this course or find a substitute course to meet School of Agriculture graduation requirements.

## EXPECTATIONS OF STUDENTS

**Participation:** Students are expected to regularly attend class and to actively participate in discussions.

**Academic Integrity:** The rules and regulations outlined in the University's policy on academic integrity are applied to this course.

**Student Rights and Responsibilities:** Detailed information regarding student rights and responsibilities can be found at <http://www.wiu.edu/provost/student/>. It is your responsibility to be familiar with the posted information.

**Special Accommodations:** If you need special accommodations, please feel free to stop by and discuss your needs or contact Disability Support Services at 298-2512.

## ONLINE ABSENCE REPORTING SYSTEM

The university has implemented an online absence reporting system. Please note that this system does not excuse your absence – it merely documents. It is still up to the instructor to excuse the absence. For more information please see: <http://wiu.edu/oars>. The Student Health Center will no longer issue absence forms. Excessive absences will result in failure of the course.

## **COURSE OUTLINE**

- I. Introduction
  - A. Chapter 1. Nature and Scope of Financial Management
  - B. Notes. Understanding Probability and Risk
  
- II. Financial Analysis, Planning, and Control
  - A. Chapter 2. Financial Statements and Information Flows
  - B. Chapter 3. Financial Analysis and Control
  - C. Chapter 4. Financial Planning and Feasibility Analysis
  
- III. Capital Structure, Liquidity, and Risk Management
  - A. Chapter 5. Credit Risk Assessment and Lender – Borrower Relationships
  - B. Chapter 6. Capital Structure, Leverage, and Financial Risk
  - C. Chapter 7. Risk Management

### **EXAM I**

- IV. Time Value of Money
  - A. Chapter 8. The Time Value of Money
  - B. Chapter 9. Investment Analysis
  - C. Chapter 10. Costs of Financial Capital
  - D. Chapter 11. Investment Analysis: Inflation, Risk, and Financial Planning
  - E. Chapter 12. Controlling Farm Land
  - F. Chapter 13. Leasing Non-Real Estate Assets

### **EXAM II**

- V. Financial Markets for Agriculture
  - A. Chapter 15. Financial Markets in a Global Setting
  - B. Chapter 16. The Management Environment for Financial Institution
  - C. Chapter 17. Loan Pricing and Market Competition
  - D. Chapter 18. Financial Intermediaries in Agriculture
  
- VI. Other Topics
  - A. Handout. Tax Management
  - B. Chapter 19. Legal aspects of Agriculture Finance
  - C. Chapter 14. Market Structure of Agriculture: Contracts, Integrations, and Financing (Optional)
  - D. Chapter 20. Business Organization in Agriculture (optional)
  - E. Chapter 21. Outside Equity Capital in Agriculture

### **COMPREHENSIVE FINAL EXAM**

## **NOTICES**

Please be advised that this syllabus is tentative. All classes are different and we may or may not be able to address all of the content areas. Any deviations from the syllabus will be announced as soon as possible.

## **ACCREDITATION**

The School of Agriculture is housed in the College of Business and Technology which is accredited by AACSB-International.