

**AGRICULTURAL & APPLIED ECONOMICS 419**  
**AGRICULTURAL FINANCE**  
**FALL SEMESTER 2008**

**INSTRUCTOR**

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**OFFICE HOURS**

By appointment

**TEXT**

Barry, P.J., P.N. Ellinger, J.A. Hopkin, and C.B. Baker, Financial Management in Agriculture, 6th Edition, The Interstate Printers and Publishers, Inc., Danville, IL 2000.

**COURSE OVERVIEW AND OPERATING PROCEDURES**

This course is intended to acquaint students with financial concepts and principles that are used in managing the financial resources of a firm. Specific attention will be given to financial management problems related to the operation of agricultural businesses but the concepts considered in this course can be applied to any other business.

The course is divided into two distinct sections. The first section focuses on financial analysis and control and consider accounting concepts, financial strategies, and ratios used in assessing the financial performance of firms. The second section of this course focuses on capital budgeting techniques used to evaluate investment options over time. The emphasis of this latter section will be discounted cash flows and the time value of money.

It is understood that students may sometimes be unable to attend class due to other commitments or personal emergencies. It is anticipated students will not be able to be in class to take all nine of the scheduled quizzes. Rather than scheduling make-up quizzes, only five quizzes will be graded. This means four quizzes can be missed by students who have conflicts or believe they only need five tries to score well on quizzes. In the case of examinations, students are expected to take exams early when they know before hand that they will be unable to sit for the test at the time specified on the class outline.

## GRADING

Exam #1	20 %
Exam #2	20 %
Quizzes (Best 5 of 9)	15 %
Attendance	10 %
Final Exam (Comprehensive)	35 %

Procedure: Base is the mean score of top 5% of all grades in class

G = 90%	Base = A
G = 80%	Base = B
G = 75%	Base = BC
G = 70%	Base = C
G = 50%	Base = D
G < 50%	Base = F

## CLASS OUTLINE

- 9/3 Class Overview
- 9/5 Nature and Scope of Financial Management (Chapter 1) and Managerial Goals (Chapter 2)
- 9/8 Financial Statements and Information Flows (Chapter 3) – Balance Sheet
- 9/10 Financial Statements and Information Flows (Chapter 3) – Balance Sheet
- 9/12 **Quiz**  
Financial Statements and Information Flows (Chapter 3) – Balance Sheet
- 9/15 Financial Statements and Information Flows (Chapter 3) – Income Statement
- 9/17 Financial Statements and Information Flows (Chapter 3) – Income Statement
- 9/19 **Quiz**  
Financial Statements and Information Flows (Chapter 3) – Income Statement
- 9/22 Financial Statements and Information Flows (Chapter 3) – Cash Flow Statement
- 9/24 Financial Statements and Information Flows (Chapter 3) – Cash Flow Statement
- 9/26 **Quiz**  
Financial Statements and Information Flows (Chapter 3) – Cash Flow Statement
- 9/29 Financial Analysis and Control (Chapter 4)
- 10/1 Financial Analysis and Control (Chapter 4)
- 10/3 **Quiz**  
Financial Analysis and Control (Chapter 4)
- 10/6 Capital Structure and Leverage (Chapter 6)
- 10/8 Capital Structure and Leverage (Chapter 6)
- 10/10 **Quiz**  
Capital Structure and Leverage (Chapter 6)
- 10/13 Review

**10/15 EXAMINATION**

- 10/17 The Time Value of Money (Chapter 9)  
10/20 The Time Value of Money (Chapter 9)  
10/22 The Time Value of Money (Chapter 9)  
10/24 **Quiz**  
The Time Value of Money (Chapter 9)  
10/27 Capital Budgeting Methods (Chapter 10)  
10/29 Capital Budgeting Methods (Chapter 10)  
10/31 **Quiz**  
Capital Budgeting Methods (Chapter 10)  
11/3 Capital Budgeting: Inflation, Risk, Financial Planning (Chapter 11)  
11/5 Capital Budgeting: Inflation, Risk, Financial Planning (Chapter 11)  
11/7 **Quiz**  
Capital Budgeting: Inflation, Risk, Financial Planning (Chapter 11)  
11/10 Controlling Farm Land (Chapter 12)  
11/12 Controlling Farm Land (Chapter 12)  
11/14 **Quiz**  
Controlling Farm Land (Chapter 12)  
11/17 Review

***11/19 EXAMINATION***

- 11/21 Leasing Non-Real Estate Assets (Chapter 13)  
11/24 Leasing Non-Real Estate Assets (Chapter 13)  
11/26 Costs of Financial Capital (Chapter 14)  
12/1 Costs of Financial Capital (Chapter 14)  
12/3 Financial Planning and Feasibility Analysis (Chapter 5)  
12/5 Financial Planning and Feasibility Analysis (Chapter 5)  
12/8 Credit and Liquidity (Chapter 7)  
12/10 Legal Aspects of Agricultural Finance (Chapter 19)  
12/12 Business Organization in Agriculture (Chapter 20)

***12/17 FINAL EXAMINATION–12:25 p.m. Wednesday***