FINANCIAL MANAGEMENT IN AGRICULTURE
Agricultural Economics 330
Syllabus – Summer 2012

Instructor: Dr. David J. Leatham
Office: 213D AGLS
Phone: 845-5806 email: d-leatham@tamu.edu

Teaching Assistant: TBA
Office: TBA
Phone: TBA email: TBA

Objectives: To develop within the student:

1. An awareness of and appreciation for the importance of financial management problems in agriculture;

2. An appreciation of the processes of financial analysis and planning and an understanding of the relevant economic and finance principles, concepts and tools with which to address financial problems, including (a) financial statements and their use in analysis and planning, (b) the role of liquidity and risk management in guiding financial decisions, and (c) the tools of capital budgeting for improved investment decisions.

3. A sufficient expertise in the use of these financial management concepts and tools to apply them in the "real world" problems of agriculture.

4. An understanding of the need for the functions of financial intermediation in a market-oriented society and a functioning awareness of the financial intermediaries serving U.S. Agriculture;

Process

The primary purpose of the classroom presentation and discussion will be to explain the basic concepts. Many of the detailed "facts" will be learned working the homework problems. You will need to become familiar with new terminology and principles as well as the logic and process of addressing financial problems. Assigned problems and projects will help develop your thought processes when addressing financial management problems in the "real world". Keeping current in problem assignments will greatly enhance the learning process and reduce frustrations.

Prerequisites

The prerequisites for this course are AGEC 105 (or equivalent) and ACCT 209. Students not having met these prerequisites are advised not to enroll in this course.

Calculators

A financial calculator is required for this course. Students are not allowed to use programmable calculators to retrieve alphanumeric notes during quizzes or exams. In fairness to all students the following policy is in effect:

Students with calculators that can store alphanumeric notes must show the calculator to the person proctoring the exam and temporarily (2 minutes) remove the batteries before the exam starts. Failure to do this will result in a zero on the exam. Students who prefer not to remove the batteries may, with the consent of the exam proctor, sit on the front row.
Email and Internet

- Students are required to access Elearning at http://Howdy.TAMU.Edu. Past exams, keys to past exams, review guides, keys to homework can be viewed or downloaded from Elearning. Some files are in Word and some are in PowerPoint.

Confidentiality of Graded Assignments

Graded assignments including quizzes and exams will be handed back by row. If you wish to keep your score confidential you may put your class-assigned student number on the assignment in lieu of your name. If you feel that this procedure still does not provide sufficient confidentiality, please tell the instructor immediately.

Grading

Grades will be assigned on the basis of student performance and weighted as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quizzes</td>
<td>5 percent</td>
</tr>
<tr>
<td>Graded Homework Assignments</td>
<td>10 percent</td>
</tr>
<tr>
<td>Term Projects (Investment Proposal)</td>
<td>10 percent</td>
</tr>
<tr>
<td>Exams</td>
<td>50</td>
</tr>
<tr>
<td>Final Exam</td>
<td>25 percent</td>
</tr>
<tr>
<td>Total</td>
<td>100 percent</td>
</tr>
</tbody>
</table>

Extra Credit

A maximum of twenty extra points can be earned and added to an exam score (not final exam) if you complete (A) Stock Project and (B) Quicken Project. Ten points will be assigned for each project. The points given will depend on the grade on the project. If you get a 90% on the project, you will be given nine points (90% of 10). Suppose that you receive a 70% on an exam and that you get a 100% on both projects. Twenty points will be added to the exam score; thus, your exam score will be 90%. The net effect is you will receive an “A” on the exam instead of a “C.”

Exams

Exam 1 TBA
Exam 2 TBA
Exam 3 TBA

Final exams

- August 7, Tuesday 1:00 p.m. - 3:00 p.m. (Comprehensive Final)

Missed exams

Make-up exams will not be given. If a student misses an exam because of university-approved absences, the final exam will count for the missed exam. If a student misses more than one exam because of university-approved absences, the final exam will count for all missed exams.

Religious exemption

Students who wish to reschedule final exams for religious reasons should inform their instructor by the deadline date for Q drops.
Quizzes

Quizzes will be given regularly that cover material covered in class. The quizzes will be given via Elearning.

Projects

Due Dates

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Proposal:</td>
<td>Friday, July 13 23</td>
</tr>
<tr>
<td>Completed Project</td>
<td>Thursday, August 2</td>
</tr>
<tr>
<td>Stock Project (Extra Credit)</td>
<td>Tuesday, July 31</td>
</tr>
<tr>
<td>Quicken (Extra Credit)</td>
<td>Monday, July 30</td>
</tr>
</tbody>
</table>

Projects will be penalized five percentage points for each day they are late. Projects will not be returned to students so make a copy for your own records.

Homework

Assignments will be given regularly throughout the semester. Keys to homework can be borrowed from teaching assistants after homework is completed to check answers. In addition, homework will be discussed in depth at review sessions. Assignments turned in one day late will be penalized 50%. If the homework assignment includes documentation that it was late due to a University approved absence and it is turned in within one week of the due date, it will not be penalized. Assignments turned in after assignment has been graded, without documentation of a University approved absence, will not be accepted.

Text (Required)


Optional Instruction

Review sessions will be conducted by the instructor or teaching assistant to work with you as needed on any problem related to the course or homework. Students with inadequate background in accounting and economics are especially encouraged and expected to participate in these review sessions. The instructor and teaching Assistant will not lecture at review session. They will respond to your questions and may ask others in the class to work problems to help generate discussion.

<table>
<thead>
<tr>
<th>Day of Week</th>
<th>Time</th>
<th>Place</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monday-Friday</td>
<td>5:30-6:30pm</td>
<td>AGLS 113</td>
</tr>
</tbody>
</table>

If students are not present by 10 minutes of starting time or soon after, the review session will be canceled.
ADA Policy Statement

The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you believe you have a disability requiring an accommodation, please contact the Department of Student Life, Services for Students with Disabilities in Room 126 of the Koldus Building. The phone number is 845-1637.

Copyrights Statement

Please note that all handouts and supplements used in this course are copyrighted. This includes all materials generated for this class, including but not limited to syllabi, exams, in-class materials, review sheets, and lecture outlines. Materials may be downloaded or photocopied for personal use only, and may not be given or sold to other individuals.

Scholastic Dishonesty Statement

As commonly defined, plagiarism consists of passing off as one’s own ideas, work, writings, etc., which belong to another. In accordance with this definition, you are committing plagiarism if you copy the work of another person and turn it in as your own, even if you should have the permission of that person. Plagiarism is one of the worst academic sins, for the plagiarist destroys the trust among colleagues without which research cannot be safely communicated. If you have questions regarding plagiarism, please consult the latest issue of the Texas A&M University Student Rules, under the section “Scholastic Dishonesty.”
Scholastic Honesty and Classroom “Rules.”

A note on cheating. **It is not tolerated!** If you are caught in the act, you will automatically receive a zero on the work in question. Your instructor will then proceed in completing the Honor Code Violation Report form and report you, through the Department of Agricultural Economics Undergraduate Office, to the Honor Council.

For many years Aggies have followed a Code of Honor, which is stated in this very simple statement:

> An Aggie does not lie, cheat or steal
> or tolerate those who do.

The Aggie Code of Honor is an effort to unify the aims of all Texas A&M men and women toward a high code of ethics and personal dignity. For most, living under this code will be no problem, as it asks nothing of a person that is beyond reason. It only calls for honesty and integrity, characteristics that Aggies have always exemplified. The Aggie Code of Honor functions as a symbol to all Aggies, promoting understanding and loyalty to truth and confidence in each other.

Upon accepting admission to Texas A&M University, a student immediately assumes a commitment to uphold the Honor Code, to accept responsibility for learning and to follow the philosophy and rules of the Honor System. Students will be required to state their commitment on examinations, research papers, and other academic work. Ignorance of the rules does not exclude any member of the Texas A&M University community from the requirements or the processes of the Honor System. For additional information, please visit: www.tamu.edu/aggiehonor.

On all course work, assignments, and examinations at Texas A&M University, the following Honor Pledge shall be preprinted and signed by the student:

> “On my honor, as an Aggie, I have neither given nor received unauthorized aid on this academic work.”

_______________________________________  ___________________
Student’s Signature               Date

_______________________________________  ___________________
Student’s Printed Name             UIN
COURSE OUTLINE AND READING ASSIGNMENT

TEXT: Financial Management in Agriculture: Barry, and Ellinger. 7th Ed.

PREREQUISITE READING:
Financial Statements and Information Flows
   TEXT -- Chapter 2
Financial Analysis and Control
   TEXT—Chapter 3

PART I. INTRODUCTION
Nature and Scope of Financial Management
   TEXT -- Chapters 1
Introduction to Investments
   TEXT -- None

PART II. CAPITAL BUDGETING AND INVESTMENT DECISIONS
Time Value of Money
   TEXT -- Chapter 8
Investment Analysis
   TEXT -- Chapter 9
Investment Analysis: Inflation, Risk and Financial Planning
   TEXT -- Chapter 11
Ownership and Leasing of Farm Land
   TEXT -- Chapter 12
Leasing Non-Real Estate Assets
   TEXT -- Chapter 13
Cost of Financial Capital
   TEXT -- Chapter 10
PART III. LEVERAGE, LIQUIDITY AND RISK MANAGEMENT

Managerial Goals

TEXT – Chapter 7

Liquidity and Risk Management

TEXT -- Chapters 7

Capital Structure, Leverage and Financial Risk

TEXT -- Chapter 6

PART IV. FINANCIAL MARKETS FOR AGRICULTURE

Financial Markets in a Global Setting

TEXT -- Chapter 15

Financial Intermediaries

TEXT – Chapter 18

PART V. FINANCIAL ANALYSIS, PLANNING AND CONTROL

Financial Analysis, Control and Financial Planning

TEXT -- Chapters 3 & 4