

AAEC 3690

Agribusiness Finance

Instructor	:	Dr. Berna Karali
Office	:	315-B Conner Hall
Office Hours	:	T 12:00 pm - 1:00 pm, H 11:00 am - 12:00 pm, or by appointment
Class Info	:	AAEC 3690 Fall 2008
Class Sessions	:	T H 9:30 am - 10:45 am, 212 Conner Hall
Lab Sessions	:	T 11:00 am - 11:50 am, 202 Conner Hall
E-mail	:	bkarali@uga.edu
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TA	:	Changkeun (Peter) Park (305 Conner Hall, e-mail: chkpark@uga.edu)

Course Description and Objectives

This course is designed to teach financial concepts and analysis related to agribusiness firms including: firm's financial environment, analysis of financial statements, time value of money, risk and return, asset valuation, capital budgeting.

Upon completion of this course students should be able to:

- improve the understanding of basic financial terms
- evaluate a firm's financial performance through financial statements analysis
- describe how financial markets work
- define time value of money and compute present and future value of cash flows
- define and measure risk and return of an investment
- describe how financial assets are valued
- describe how firms make investment decisions (capital-budgeting techniques)
- apply financial analysis techniques using spreadsheets

Prerequisites

- AAEC 2580 or ECON 2106
- AAEC 3300 or ACCT 2101
- STAT 2000

Textbook and Financial Calculator

The required text is FOUNDATIONS OF FINANCE: THE LOGIC AND PRACTICE OF FINANCIAL MANAGEMENT, 6th Edition, by Arthur J. Keown, John D. Martin, J. William Petty, and David F. Scott, Jr. Published by *Pearson Prentice Hall*, Sixth Edition, 2008, ISBN-10: 0-13-233922-6, ISBN-13: 978-0-13-233922-3. The textbook's companion web site is <http://www.prenhall.com/keown/>. It offers a set of learning tools and quizzes for review.

You will need a financial calculator for this course. There are two popular calculators: HP 10BII and TI BAI Plus. I am using HP and therefore I will only cover the use of HP in the class. However, your textbook has examples with TI and I will post user manuals for both brands. If you decide to use TI, do it at your own risk.

Exams and Assignments

There will be five homework and several computer lab assignments, one term project, two midterm exams and a final exam. The weights are distributed in the following way:

Homework	15 %
Computer Lab Assignments	10 %
Term Project	10 %
Midterm 1	20 %
Midterm 2	20 %
<u>Final Exam</u>	<u>25 %</u>
Total	100 %

Final Exam Info: Tuesday, December 16, 2008 at 8:00-11:00 am in classroom (212 Conner Hall)

There will be NO EXTRA CREDIT in addition to the grading weights stated above. All exams are closed books and closed notes. However, you can bring one page (one-sided) cheat sheet to exams. Cell phones should be turned off during exams, otherwise you will be asked to leave the exam room. Exams are a combination of true-false questions, multiple choices, problem solving, and short answer questions. The final exam is comprehensive.

Certainly there is NO MAKEUP exam for a missing one except for cases of serious medical or personal problems where a certified excuse is required. Students who fail to attend one or both midterms without a certified excuse will get a grade of zero on those exams. Otherwise, if there is any foreseeable conflict with two or more midterms on a same day, you need to notify the instructor two weeks in advance. The instructor will always have a right to prepare a new test for makeup exam or to change the grading weights.

The final exam is required for taking credit for this class. There is NO MAKEUP for final exam. Students have to take the final exam at the time scheduled by the Office of the Vice President for Instruction and listed in the University Schedule of Classes. Students should arrange their travel plans according to the exam schedules. See Final Exam Schedule Policy section below for conflicts in final exams.

There are five homework assignments that contain true-false questions, multiple choices, problems, and Microsoft Excel applications. Homework assignments will be posted on WebCT, so students are expected to check the web site regularly. You may discuss homework assignments with other students, but you must submit your own work. Homework assignments are due at the beginning of class on the due date. Late problem sets are NOT accepted.

There are computer lab sessions every Tuesday unless otherwise noted. The lab sessions are designed to illustrate applications of the course material using Microsoft Excel. Students will be given lab assignments in the beginning of each session to turn in at the end of each session.

There is a group term project that will be assigned during the semester. Each group will be given a case study to be analyzed and solved by the end of the semester. Each group should submit written reports that will include a summary of their case, their solution strategy and

techniques, and a summary of findings/recommendations. Also, each group will present their project in the class. The details will be given during the semester.

The course syllabus is a general plan for the course; deviations announced to the class by the instructor may be necessary.

Attendance

Students are expected to attend all class and computer lab sessions to take notes and participate in class discussions. An attendance sheet will be distributed at the beginning of each class to sign your name. More than three unexcused absences will be considered grounds for withdrawal from the course by the instructor. Announcements concerning exams, assignments, class coverage and readings will be made at the beginning of class, for which all students are accountable. So, please try not to be late.

Grading Scale

Course grades will be given according to the following scale:

94-100	A
90-93	A-
87-89	B+
83-86	B
80-82	B-
77-79	C+
73-76	C
70-72	C-
60-69	D
0-59	F

Classroom Attitude

Students are expected to behave properly in the classroom. Bad-mannered conduct includes but not limited to: talking to other students, coming to class late or leaving early, answering your cell phone, checking your e-mails, text messaging, sleeping, non-class related reading, etc.

Academic Honesty

All academic work must meet the standards contained in “A Culture of Honesty.” All students are responsible to inform themselves about those standards before performing any academic work. For more information on academic honesty, please refer to the following web site: <http://www.uga.edu/ovpi/honesty/acadhon.htm>.

Final Exams Schedule Policy

A student with three final examinations scheduled within the same calendar day or two examinations at the same time may petition to reschedule one exam to a different time or day. For instructions for rescheduling, please refer to the following web sites: www.bulletin.uga.edu or www.curriculumsystems.uga.edu.

Tentative Course Schedule

<u>Week</u>	<u>Dates</u>	<u>Topics</u>	<u>Readings</u>	<u>Important dates</u>
1	08/18/08-08/22/08	An Introduction to the Foundations of Financial Management The Financial Markets and Interest Rates	Chapter 1 Chapter 2	No lab on 08/19/08 08/21/08: Drop deadline 08/22/08: Add deadline
2	08/25/08-08/29/08	The Financial Markets and Interest Rates Understanding Financial Statements and Cash Flows	Chapter 2 Chapter 3	
3	09/01/08-09/05/08	Understanding Financial Statements and Cash Flows Evaluating a Firm's Financial Performance	Chapter 3 Chapter 4	No classes on 09/01/08: Labor Day HW 1 due on 09/04/08
4	09/08/08-09/12/08	Evaluating a Firm's Financial Performance The Time Value of Money	Chapter 4 Chapter 5	
5	09/15/08-09/19/08	The Time Value of Money	Chapter 5	
6	09/22/08-09/26/08	The Time Value of Money	Chapter 5	HW 2 due on 09/23/08
7	09/29/08-10/03/08	The Meaning and Measurement of Risk and Return	Chapter 6	Midterm 1 on 09/30/08
8	10/06/08-10/10/08	The Meaning and Measurement of Risk and Return The Valuation and Characteristics of Bonds	Chapter 6 Chapter 7	
9	10/13/08-10/17/08	The Valuation and Characteristics of Bonds The Valuation and Characteristics of Stock	Chapter 7 Chapter 8	
10	10/20/08-10/24/08	The Valuation and Characteristics of Stock Capital-Budgeting Techniques and Practice	Chapter 8 Chapter 9	10/23/08: Midterm withdrawal deadline HW 3 due on 10/23/08
11	10/27/08-10/31/08	Capital-Budgeting Techniques and Practice Cash Flows and Other Topics in Capital Budgeting	Chapter 9 Chapter 10	No classes on 10/31/08: Fall Break
12	11/03/08-11/07/08	Cash Flows and Other Topics in Capital Budgeting	Chapter 10	HW 4 due on 11/04/08
13	11/10/08-11/14/08	Cash Flows and Other Topics in Capital Budgeting	Chapter 10	Midterm 2 on 11/11/08
14	11/17/08-11/21/08	The Cost of Capital	Chapter 11	
15	11/24/08-11/28/08	No class: Thanksgiving	No class: Thanksgiving	No class: Thanksgiving
16	12/01/08-12/05/08	Determining the Financing Mix Term Project Presentation	Chapter 12	HW 5 due on 12/04/08
17	12/08/08-12/09/08	Term Project Presentation		Term Project due on 12/09/08
18	12/16/08	Final Exam	Comprehensive	08:00-11:00 am in 212 Conner Hall