AGEC 4403 – Agricultural Finance
Fall 2015

INSTRUCTOR:
John V. Westra, Ph.D.
Professor
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OFFICE HOURS FOR THE INSTRUCTOR:
My office hours will be 10:30-12:00 Tuesday and Thursday. However, you may drop by my office anytime. If I am available, I am happy to help clarify concepts or explain analytical methods. We can talk about material as it relates to your interests or career goals. We can go over work or assignments in progress, though I will not be doing your homework for you.

As I do travel to participate in various meetings and conduct workshops throughout the semester, you should call or email before dropping by (unless you are already in the vicinity). To make an appointment, please call 225-578-2721 or e-mail jwestra@agcenter.lsu.edu or jwestra@lsu.edu.

I enjoy this subject matter and working with students. In a class of this size, it should be relatively easy for students to get to know each other and feel comfortable speaking in class. However, I understand that sometimes students may be reluctant to engage in classroom discussions. Therefore, students are encouraged to also utilize email, phone, or personal conversations with the professor if they are faced with difficulties in accomplishing tasks required for the course. Most challenges may be addressed with good communication and effort.

LECTURE TIME, DAYS AND LOCATION:
9:00-10:20  T, TH  E131 Howe Russell Annex

MATERIALS:
REQUIRED TEXT:

SUPPLEMENTARY MATERIALS (NOT REQUIRED):
The Wall Street Journal, Barron's, Inc. Magazine, and Entrepreneur: We will sometimes begin the class with a brief discussion of a current topic from one of these publications. Reading them is an excellent way to keep up with current financial developments and economic events affecting agricultural small and medium sized enterprises (SME), changes in the financial outlook for the agricultural sector, the condition of the U.S. economy, and international financial developments. You are encouraged to read them and bring topics of interest to class.

1 Syllabus may be adjusted at instructor's discretion
ADDITIONAL REQUIRED ITEMS:
1. Handouts outlining course projects and assignments will be provided to students throughout the semester. Each of these handouts may also be acquired by accessing the course website via Moodle.

2. Students will be required to bring their own Scantron® (Form 882-E, 100 questions, 5-choice alpha, 4 ¼ x 11”, 2-sided) and a pencil (number 2) for exams. The professor will not provide Scantron® or pencils.

3. Access to a computer with broadband internet access, Microsoft Excel, Microsoft Word, Microsoft PowerPoint, and a PDF reader is required.

LEARNING AIDES:
Class notes have been developed for this class by the authors of the text and by the instructor. These notes include the basic structure of the presentations with blanks for students to insert key words from the lecture and make notes regarding material presented in class. These notes supplement the text and the class presentations. Notes are not designed to be the complete course and do not replace the text or attendance in class. Each student needs to have a copy (electronic or paper) of these notes to use in class.

All handouts and supplements used in this course are copyrighted. By “handouts,” this means all materials generated for this class, including but not limited to PowerPoint presentations, video learning series (podcasts and videos), syllabi, quizzes, exams, projects and grading sheets, in-class materials, notes, review sheets, and additional problem sets. Because these materials are copyrighted, you do not have the right to copy the handouts, unless I expressly grant permission.

COURSE DESCRIPTION:
This course is an introduction to and application of the concepts and analytical methods of agricultural finance. The principal areas to be covered in this course are:

1. Financial statement analysis; financial management and cash flow analysis techniques, and forecasting.

2. Working capital management.

3. Risk, the cost of capital, and capital structure.

4. Capital budgeting and project analysis.

5. Sources of financing.

6. Personal financial management.
COURSE OBJECTIVES:

1. **To develop an appreciation for:** past and present financial conditions in the agriculture sector of the economy and to understand recent changes in agriculture sector capital requirements,

2. **To understand:** the role of agricultural finance in national and global economies and to identify how national policy decisions affect finance functions in agriculture,

3. **To provide you:** with an intermediate-level foundation of unique financial skills necessary to evaluate and conduct the financial activities of all companies with special emphasis on agriculture SMEs.
   i. Understand asset valuation methods and financial statements currently being used in agriculture, and to be able to construct, analyze, and interpret the balance sheet, income statement, and cash flow statement
      1. To increase your ability to assess and manage the working capital requirements of emerging and midsized businesses.
   ii. Understand concepts used in and be able to conduct capital investment analysis
      1. To increase your ability to assess the worthiness of undertaking capital budgeting projects in a small and mid-sized firm context
   iii. Understand the relationships between firm growth and financial leverage, financial liquidity, and business and financial risks

4. **To familiarize you:** with the fundamental financial differences between private SME agricultural firms versus publicly held large agricultural firms, especially as they confront difficulties in locating and obtaining various types of financing.
   i. Become acquainted with the structure and performance of financial markets and institutions serving agriculture SMEs as well as the availability of financial assistance and incentives offered by government and economic development agencies in this area.
      1. Learn how these institutions serving agriculture acquire funds for loans,
      2. Understand these institutions agribusiness loan programs, lending procedures, loan terms, and the costs paid by borrowers for loan funds.
   ii. To add to your awareness of the substantial risk and difficulties in carrying out the financial management and financing of smaller, high growth businesses, including the added impacts of the special barriers to and constraints on obtaining financial capital that they must regularly face.
   iii. To enhance your awareness of the rules, reporting, and communicative requirements necessary to apply successfully for and maintain sources of financial capital.

5. **To develop your sense of:** the special interrelatedness of financial management, business management, and financing in achieving financial success.
   i. To integrate for you the concepts of agricultural SME management with that of financial management and planning.
To achieve these objectives, each week I have assigned material from the course textbook. I will also be working with various business related periodicals and using examples and the data contained in them to assist in assessing agricultural SME performance and the financial environment that surrounds and influences their performance and activities. These publications especially Barron's, Inc., Entrepreneur, and WSJ work together to present information as to the financial atmosphere in which SMEs operate. More specifically, please read relevant articles dealing with small and mid-sized business financial management and planning and financing.

**GRADING POLICY:**
The grade obtained in the course will be determined by your performance on exams, quizzes, term paper, and homework exercises. Participation will also play a small role (see next section). The relative weights assigned to each graded component of the course are as follows:

<table>
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<tr>
<th>% of Grade</th>
<th>Component</th>
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<tbody>
<tr>
<td>10</td>
<td>Participation and quizzes</td>
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<tr>
<td>25</td>
<td>Homework Sets</td>
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<td>20</td>
<td>Group Project</td>
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<tr>
<td>30</td>
<td>Two Exams</td>
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<td>15</td>
<td>Final Exam</td>
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<td>100</td>
<td>Total</td>
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In general, the final grading scale will be as follows: 90-100=A; 80-89=B; 70-79=C; 60-69=D; and below 60=F. Using the “+/− system” to be implemented this semester at LSU, this table shows the letter grade corresponding to the approximate percentages range for assignments.

<table>
<thead>
<tr>
<th>Range</th>
<th>Course or Assignment Letter Grade</th>
<th>Min %</th>
<th>Max %</th>
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<tbody>
<tr>
<td>A+</td>
<td>97</td>
<td>100</td>
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<tr>
<td>A</td>
<td>93</td>
<td>96</td>
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<tr>
<td>A−</td>
<td>90</td>
<td>92</td>
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<td>B+</td>
<td>87</td>
<td>89</td>
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<td>B</td>
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<td>B−</td>
<td>80</td>
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<tr>
<td>C+</td>
<td>77</td>
<td>79</td>
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<td>C</td>
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<td>76</td>
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<td>C−</td>
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<td>D+</td>
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<tr>
<td>F</td>
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<td>59</td>
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If at any time during the semester you wish to discuss your performance in the course, please come by the office to discuss your standing.

**NOTES REGARDING EXAMS:**
Two examinations will be given during the semester, plus a final exam. Dates for the exams will
be announced approximately one week in advance. Exam questions are generally fill-in-the-blank, true/false, multiple-choice and short answer/short essay in nature or a mixture of these type questions. Many questions will require math and/or write an interpretation or discussion.

All electronic devices including pagers, instant messaging, sms messaging (texting), and e-mail related devices will be required to be turned off and stowed away during exams. **If you arrive after the first student has finished the exam and left the room you will not be able to take the exam, no matter what made you late (no exceptions).**

The day the exams are returned and reviewed in class, students will be given a chance to provide a challenge to the grading of questions on the exam. Students not in class the exam day is returned and reviewed will forfeit their right to challenge grading of exam questions (other than arithmetic errors). If you have an excused absence the day exams are returned, you will be given an opportunity to challenge grading of exam questions, but only if you do so within one week of the date the exams are returned in class. Exam grades are FINAL one week after handed back.

The Final Exam is scheduled for:
Saturday, December 12, 2015, from 10:00 A.M. - NOON in E131 Howe Russell Annex.

NOTES REGARDING QUizzes:
Your level of understanding of the material will be assessed via periodic quizzes. The quizzes will be conducted in class or online via Moodle. Each quiz will be worth 10 points. I will likely drop some of your lowest quiz scores, the number dropped will depend upon the number of quizzes given. **No make-up quizzes will be given.** Quizzes may contain true/false, multiple-choice, fill-in-the-blank, and/or short-answer questions.

NOTES REGARDING THE GROUP PROJECT:
Teams of up to four or five students will be assigned by the instructor to jointly write and submit a report. This group project will likely emphasize how a financial manager can use financial tools to analyze an agriculture business's financial situation and how the application of time value of money concepts can be used to aid in the decision making process of the business. The final written report is due by 4:30 p.m. on Tuesday, November 24, 2015. Specific instructions and guidelines will be provided. Late papers will be accepted no later than by 4:30 p.m. on Thursday, December 3, 2015. **Late team project papers will be penalized 50 percentage points.**

NOTES REGARDING HOMEWORKs:
Homework assignments assist students in preparing for exams and the two major projects in the class. Homework assignments will be graded, and it is to the benefit of the student to complete all homework assignments and participate in classroom discussions related to the answers provided. Homework assignments will be considered "late" if they are turned in after the end of the regularly scheduled class period (10:20 AM) on the day in which they are due. **All late homework will be immediately reduced by 25%.** Homework will not be accepted after forty-eight hours have elapsed. All homework turned in beyond two days will receive a score of zero.

Discussion of the homework problem sets between and among students is encouraged; however, you must prepare your own written answers on each exercise. Copied or near identical homework
assignments will not be accepted. Each student and/or group must prepare his/her or their own assignment using his/her or their own words and work.

NOTES REGARDING PARTICIPATION:
The instructor expects students to attend class regularly and to be active in classroom discussions. In a professional environment, tardiness or early departure are inappropriate. Please arrive on time and be prepared. Please do not leave during class unless you have cleared this with me ahead of time. Much of what you learn depends on your willingness to attend class and complete the required work on time. The instructor expects the student to be responsible for her/his success as a student. If you are unable to attend class on a given day, make sure you obtain the notes and class handouts from someone since good class notes and review of those notes are essential for outstanding performance on exams and quizzes. You are responsible for getting notes and class handouts even if you have a valid and approved reason for missing class. There are no excuses for missing material covered in class.

ASSIGNMENTS AND EXAMS MISSED BECAUSE OF ABSENCES:
Outside of the classroom, education is an important part of your overall academic learning experience. If you miss class, and that absence is deemed valid in accordance with “PS-22 Student Absence from Class”, you will be given the opportunity to make up the work. PS-22 founds at: http://appl003.lsu.edu/ups.nsf/$Reference/D45654A11F8AC79686256C250062AE4D/$File/PS+22+revision+8+2007.pdf. You must make up the work if you want to receive credit (see makeup policies below). You are responsible for the information covered and any in-class exercises completed.

MAKEUP POLICY FOR EXAMS–ABSENCES THAT COMPLY WITH PS- 22 ONLY
Almost every semester, a student will miss a major exam due to a university-excused absence. Please let your instructor know before you miss an exam. Students must present the university-excused absence within 7 days of missing the activity. Exams missed due to a university-excused absence may be essay.

MAKEUP POLICY FOR IN-CLASS ASSIGNMENTS–ABSENCES THAT COMPLY WITH PS-22 ONLY:
Students who miss class for a university-excused absence will be given a chance to make up any in-class work (with the exception of quizzes). If you miss class due to a university, excused absence, you must within seven (7) days of returning from the excused absence:

1 Get the class notes, announcements and other information from the instructor or teaching assistant. ALWAYS check the Moodle to see what you missed.
2 Check with the professor to see if an in-class assignment, was given when you missed class. This is your responsibility! It is probably best to e-mail the professor before you leave for the excused absence.
3 Turn in any in-class work with a copy of your university excuse attached no later than seven days after returning from the excused absence.
4 Check Moodle to be sure that you have been credited with the makeup work.

THERE IS NO OPPORTUNITY TO MAKEUP HOMEWORK AND TEAM PROJECTS
**E-MAIL AND PHONE MESSAGES:**
During the course of the semester, the instructor will rely heavily on e-mail as a vehicle for distribution of important information (e.g., announced quizzes, guest lectures, reading assignments, etc.). Students are required to check their LSU Tiger Mail e-mail on a daily basis.

Every student at Louisiana State University has the privilege of having a Tiger Mail e-mail account. This is your official university email. **You must send all of your e-mails through your LSU issued e-mail account. I will not download any material or respond to any e-mail that is sent to me by outside addresses i.e., a non-LSU account.** This is to prevent potential viruses from infecting my LSU issued computers!

I will return calls as soon as I can, but realize that I am often in meetings or on travel. Both of these preclude me from checking my voicemail every few minutes. I suggest you email me too so that I have an idea of what question or concern you might have. And I can sometimes read email during a presentation or break in the meeting; I cannot answer the phone in a meeting.

**CLASSROOM BEHAVIOUR AND DECORUM:**
Students are expected to assist in maintaining a classroom environment that is conducive to learning. To assure that all students have the opportunity to gain from time spent in class, students are prohibited from engaging in any form of distractive or inappropriate behavior. Inappropriate behavior in the classroom will result, minimally, in a request to leave the classroom. The matter may also be referred to the Dean of Students.

Examples of disruptive behavior include, but are not limited to:
- Repeatedly allowing cell phones to ring during class
- Conversing either verbally or electronically during class. (However, if you have a serious pending situation in which communication is critical, e.g., wife delivering a baby, relative seriously ill, or a sudden emergency, please let me know immediately during class and you may leave immediately to take such a call without being penalized).
- Persistently speaking without being recognized
- Making physical threats to instructors and/or other students
- Challenging the authority of the instructor
- Displaying the "I paid for this" mentality
- Making loud or distracting noises
- Reading newspapers or other materials during class
- Arriving late to class
- Repeatedly leaving and entering a classroom

**ACADEMIC INTEGRITY:**
Louisiana State University adopted the Commitment to Community in 1995 to set forth guidelines for student behavior both inside and outside of the classroom. The Commitment to Community charges students to maintain high standards of academic and personal integrity. All students are expected to read and be familiar with the LSU Code of Student Conduct and Commitment to Community, found online at [www.lsu.edu/saa](http://www.lsu.edu/saa). It is your responsibility as a student at LSU to know and understand the academic standards for our community.
Students who are suspected of violating the Code of Conduct will be referred to the Office of Student Advocacy and Accountability. For undergraduate students, a first academic violation could result in a zero grade on the assignment or failing the class and disciplinary probation until graduation. For a second academic violation, the result could be suspension from LSU. For graduate students, suspension is the appropriate outcome for the first offense.

As a student at LSU, you are responsible for not plagiarizing the academic property of another and to utilize appropriate citation method for all coursework. It is recommended you use “The Chicago Manual of Style.” Ignorance of citation methods is not an excuse for academic misconduct. There is a difference between paraphrasing and quoting. Know how to properly use and cite each.

One tool available to assist you in correct citations is the “References” function in Microsoft Word. This program automatically formats the information you input according to the citation method you select for the document. This program also can generate a reference or works cited page for your document. The version of Microsoft Word with the “References” function is available on most LSU computers. A demonstration of how to use this tool is available online at www.lsu.edu/saa.

All work must be completed without assistance unless the professor gives explicit permission for group or partner work. This is critical so that the professor can assess your performance on each assignment. If a group/partner project is assigned, the student may still have individual work to complete. Read the syllabus and assignment directions carefully. You might have a project with group work and a follow up report that is independently written. When in doubt, e-mail the professor or ask during class. Seeking clarification is your responsibility. Assuming group/partner work is okay without permission constitutes a violation of the LSU Code of Student Conduct.

STUDENTS WITH DISABILITIES:
Louisiana State University is committed to providing reasonable accommodations for all persons with disabilities. The syllabus is available in alternate formats upon request. Students with disabilities who need accommodations in this course must contact the professor at the beginning of the semester to discuss needed accommodations. No accommodations will be provided until the student has provided the professor with the appropriate documentation from the Office of Disability Services. Students who need accommodations must be registered with the Office of Disability Services, 112 Johnston Hall, 225-578-5919, TTY/TDD only phone 225-578-2600, before requesting accommodations from the professor. http://students.lsu.edu/disability

STUDENT COPING AND HELPING RESOURCES:
Several resources are available on campus for students, especially if academic performance is at stake. In general, Student Advocacy and Accountability part of the Office of the Dean of Students, 340 LSU Student Union, 225-578-4307, dossaa@lsu.edu, provides a hub for these services at: http://students.lsu.edu/saa/students

If you are experiencing crises and/or personal problems that interfere with your general well-being and academic achievement the university offers several resources, which can help, you address these problems. Resources include:
**LSU Student Health Center:** Student Health Center, Infirmary Road, 225-578-5655, [http://www.shc.lsu.edu/](http://www.shc.lsu.edu/)

**Mental Health Service:** 2nd Floor of Student Health Center, 225-578-8774, [http://www.shc.lsu.edu/mental_health.html](http://www.shc.lsu.edu/mental_health.html)

**Cale P. Smith Student Financial Management Center (SMFC):** 158BB LSU Student Union, 225-578-1586, sfmc@lsu.edu, [http://sfmc.lsu.edu](http://sfmc.lsu.edu)

**LSU Olinde Career Center:** 158 LSU Student Union, 225-578-2162, career@lsu.edu, [http://students.lsu.edu/careercenter](http://students.lsu.edu/careercenter)

**Center for Academic Success (CAS):** B-31 Coates Hall, 225-578-2872, [http://students.lsu.edu/academicsuccess](http://students.lsu.edu/academicsuccess)