



**AEC 340.01W – AGRICULTURAL FINANCE
COLLEGE OF AGRICULTURAL SCIENCES AND NATURAL RESOURCES
SPRING 2019**

COURSE SYLLABUS

Instructor

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Class Time

Web Based Course (myleonline.tamuc.edu)

Office Hours

I will be available for consultation via email. You can email me to the email address listed above or you can email me from D2L (myleonline.tamuc.edu). I generally answer emails within 48 hours. Students who email me after 5:00 PM, or over the weekend, or on holidays can expect to receive a reply within 48 hours starting at 8:00 am of the next business day (M-F).

COURSE INFORMATION

Recommended Text

Fundamentals of Agribusiness Finance by Ralph W. Battles and Robert C. Thompson. Iowa State University Press, Iowa, 2000. (ISBN 0813820693)

Optional Financial Calculator

Students can choose to buy a financial calculator and use it to solve exercises. It is the student responsibility to become familiar with and learn how to use the calculator to solve various agricultural finance problems.

There are several calculators that can be used. Two possible alternatives are:

- Texas Instruments BAI Plus
- Hewlett Packard 10B

The calculator you get should be able to compute net present value, internal rate of return, present values, future values, payments on an annuity, interest rates, cash flow analyses, and statistical calculations. The examples provided in the course are generally based on Texas Instruments BAI Plus.

The calculators listed above have excellent guidebooks or manuals that explain how to use the calculator. Students should study the manuals and do some of the practice problems to become familiar with the procedure.

Prerequisites

MATH 1314 (MATH 141) or MATH 175 or Higher Math.

Teaching Philosophy

1. A course must deliver information, concepts and methods that will be useful in the student's professional life. However, learning analytical reasoning skills and improving the ability to process and use information efficiently is more important than memorizing facts and formulas and performing procedures repeatedly.
2. Students learn best when theories, concepts and procedures are explained in plain language as well as formally, and are complemented with examples or applications that are relevant to the students.

Character Formation

It is important during your college education to learn the values and rewards of hard work, responsibility, honesty and striving for excellence at all times. The professor will promote character formation while teaching the course.

Course Description

Analysis of capital investments, interpretation of financial statements, capital structure considerations for agricultural firms, farm real estate pricing, and financial intermediation in agriculture.

Student Learning Outcomes

The students are expected to learn to use financial tools and concepts that are used in financial decisions.

Upon completion of this course, the students should be able to:

- Understand and apply concepts related to time value of money.
- Use a financial calculator, a scientific calculator, or Microsoft Excel to solve time value of money problems.
- Identify and define capital budgeting methods.
- Apply capital budgeting methods to solve investment decisions problems.
- Analyze financial statements used in agribusiness.
- Describe financial and business risk.

Topics

- Chapter 1: Introduction to Agribusiness Finance
 - Introduction to agribusiness finance, agribusiness producers, flow of funds in the economy, importance of finance to agribusiness, domestic trends in agribusiness finance, and international trends.
- Chapter 2: Agribusiness Loans: Legal Issues, Terms, and Interest Rates.
 - Agribusiness loans: legal issues, terms, and interest rates; promissory note; parties to loan transactions; security agreement; mortgages versus deeds of trust; other loan terminology; life cycle of a loan; default and foreclosure; and determinants of interest rates.
- Chapter 3: Time Value of Money, Loan Calculations, and Analysis
 - Part 1: Time value of money, compounding, discounting, PV, FV, intraperiod compounding, inflation, Fisher's equation, purchasing power, intraperiod discounting finding an interest rate and the number of periods, rule 72
 - Part 2: Annuities, FVA, PVA, perpetuities, loan payments and balances, amortization schedules, interest paid within a period, total interest paid within the life of the loan, finding an interest rate and the number of periods with annuities.
 - Part 3: APR calculations, points, refinance analysis, cash budgets, working-capital line of credit.
- Chapter 4: Capital Budgeting and Leasing
 - Part 1: Cost of debt, cost of equity, cost of capital, payback period, simple rate of return.
 - Part 2: NPV, Benefit/Cost ratio, IRR, leases involving real property, leases involving personal property.
- Chapter 5: Financial Statements
 - Cash accounting, accrual accounting, asset valuation methods, income statement, owner's equity statement, balance sheet, current assets, noncurrent assets, current liabilities, noncurrent liabilities, contributed capital, retained earnings, accrual-adjusted income statement, statement of cash flows, operating activities, investing activities, financing activities, coordination of financial statements.
- Chapter 6: Financial Statement Analysis
 - Liquidity ratios, solvency, liquidation, liquidity, leverage, solvency ratios, profitability ratios, cash flow budget, common-size income statement, common-size balance sheet, horizontal analysis of financial statements
- Chapter 7: Risk in Agribusiness
 - Financial risk, business risk, risk-free investments, dominating set, portfolio, risk aversion, production risk, price risk, casualty risk, human risk, legal risk, political risk, economic risk, obsolescence risk, techniques to manage risk, forwarding contracting, hedging, futures contract, net hedge selling price, net hedge buying price, basis, earnest money.

GRADING

Grading

Exam 1.....	15.00%
Exam 2.....	15.00%
Exam 3.....	15.00%
Exam 4.....	15.00%
Exercises – Short Exercises and Short Answers...	25.00%
Exercises – MC Questions.....	10.00%
Video Summaries.....	5.00%
	<hr/>
	100.00%

Note: There would be an optional final comprehensive exam (Exam 5). The optional final comprehensive exam can replace one (the lowest) exam grade (if you decide to take it). All your grades will be available in D2L (also called MyLeoOnline), the learning management system used by Texas A&M University-Commerce.

Grading Scale

<u>Range</u>	<u>Grade</u>
90-100.00	A
80-89.99	B
70-79.99	C
60-69.99	D
Less than 60	F

Exams

Make sure you take all the mandatory exams (see Class Calendar below). No makeup exams will be offered. A grade of zero will be assigned to any missed mandatory exams. Exams and quizzes will be administered through MyLeoOnline (D2L). Exams are to be completed and submitted by 11:59 PM on the due date. Make sure you have internet access and that your laptop battery is fully charged (if using a laptop computer).

Exercises

Exercises will be graded and are considered very important course material for your exam preparation. Exercises will involve agricultural finance principles and applications. Students will be required to submit their individual answers via MyLeoOnline no later than 11:59 PM on the due date (see Course Calendar below). Exercises will become active the first day of each week and are to be completed and submitted no later than 11:59 PM on the due date.

Video Summaries

Every other chapter you will watch a video online. You will be required to submit your individual video summaries via MyLeoOnline according to the class schedule provided (Please see Class Calendar below). The videos highlight relevant agricultural finance issues and trends.

Review Questions

Review Questions will NOT be graded. Students are welcome to ask questions. Review Questions will emphasize on agricultural finance problems that have applications. Review

Questions will be selected from the textbook. The students are NOT required to submit their answers.

Class preparation and attendance

It is the student's responsibility to read and study all handouts, the book chapters (if needed), to complete and submit all course assignments in-time, and to take all the mandatory exams before the deadline. Students are strongly encouraged to contact the instructor if they have any questions or comments.

TECHNOLOGY REQUIREMENTS

This course will be offered online using D2L, the learning management system used by Texas A&M University-Commerce. Students will be required to download PowerPoint presentations and other important class material from the D2L website for the course.

Browser support

D2L is committed to performing key application testing when new browser versions are released. New and updated functionality is also tested against the latest version of supported browsers. However, due to the frequency of some browser releases, D2L cannot guarantee that each browser version will perform as expected. If you encounter any issues with any of the browser versions listed in the tables below, contact D2L Support, who will determine the best course of action for resolution. Reported issues are prioritized by supported browsers and then maintenance browsers.

Supported browsers are the latest or most recent browser versions that are tested against new versions of D2L products. Customers can report problems and receive support for issues. For an optimal experience, D2L recommends using supported browsers with D2L products.

Maintenance browsers are older browser versions that are not tested extensively against new versions of D2L products. Customers can still report problems and receive support for critical issues; however, D2L does not guarantee all issues will be addressed. A maintenance browser becomes officially unsupported after one year.

Note the following:

- Ensure that your browser has JavaScript and Cookies enabled.
- For desktop systems, you must have Adobe Flash Player 10.1 or greater.
- The Brightspace Support features are now optimized for production environments when using the Google Chrome browser, Apple Safari browser, Microsoft Edge browser, Microsoft Internet Explorer browser, and Mozilla Firefox browsers.

Desktop Support

Browser	Supported Browser Version(s)	Maintenance Browser Version(s)
Microsoft® Edge	Latest	N/A
Microsoft® Internet Explorer®	N/A	11
Mozilla® Firefox®	Latest, ESR	N/A
Google® Chrome™	Latest	N/A
Apple® Safari®	Latest	N/A

Tablet and Mobile Support

Device	Operating System	Browser	Supported Browser Version(s)
Android™	Android 4.4+	Chrome	Latest
Apple	iOS®	Safari, Chrome	The current major version of iOS (the latest minor or point release of that major version) and the previous major version of iOS (the latest minor or point release of that major version). For example, as of June 7, 2017, D2L supports iOS 10.3.2 and iOS 9.3.5, but not iOS 10.2.1, 9.0.2, or any other version. Chrome: Latest version for the iOS browser.
Windows	Windows 10	Edge, Chrome, Firefox	Latest of all browsers, and Firefox ESR.

- You will need regular access to a computer with a broadband Internet connection. The minimum computer requirements are:
 - 512 MB of RAM, 1 GB or more preferred.
 - Broadband connection required. Courses are heavily video intensive.
 - Video display capable of high-color 16-bit display 1024 x 768 or higher resolution.

- You must have a:
 - Sound card, which is usually integrated into your desktop or laptop computer.
 - Speakers or headphones.
 - *For courses utilizing video-conferencing tools and/or an online proctoring solution, a webcam and microphone are required.
- Both versions of Java (32 bit and 64 bit) must be installed and up to date on your machine. At a minimum Java 7, update 51, is required to support the learning management system. The most current version of Java can be downloaded at: [JAVA web site http://www.java.com/en/download/manual.jsp](http://www.java.com/en/download/manual.jsp)
- Current anti-virus software must be installed and kept up to date.

Running the browser check will ensure your internet browser is supported.

Pop-ups are allowed.

JavaScript is enabled.

Cookies are enabled.

- You will need some additional free software (plug-ins) for enhanced web browsing. Ensure that you download the free versions of the following software:
 - [Adobe Reader https://get.adobe.com/reader/](https://get.adobe.com/reader/)
 - [Adobe Flash Player \(version 17 or later\) https://get.adobe.com/flashplayer/](https://get.adobe.com/flashplayer/)
 - [Adobe Shockwave Player https://get.adobe.com/shockwave/](https://get.adobe.com/shockwave/)
 - [Apple Quick Time http://www.apple.com/quicktime/download/](http://www.apple.com/quicktime/download/)
- At a minimum, you must have Microsoft Office 2013, 2010, 2007 or Open Office. Microsoft Office is the standard office productivity software utilized by faculty, students, and staff. Microsoft Word is the standard word processing software, Microsoft Excel is the standard spreadsheet software, and Microsoft PowerPoint is the standard presentation software. Copying and pasting, along with attaching/uploading documents for assignment submission, will also be required. If you do not have Microsoft Office, you can check with the bookstore to see if they have any student copies.

ACCESS AND NAVIGATION

This course will be offered online using D2L, the learning management system used by Texas A&M University-Commerce. To log into the course, go to: myleonline.tamuc.edu

You will need your campus-wide ID (CWID) and password to log into the course. If you do not know your CWID or have forgotten your password, contact the Center for IT Excellence (CITE) at 903.468.6000 or helpdesk@tamuc.edu.

Note: Personal computer and internet connection problems do not excuse the requirement to complete all course work in a timely and satisfactory manner. Each student needs to have a backup method to deal with these inevitable problems. These methods might include the availability of a backup PC at home or work, the temporary use of a computer at a friend's home, the local library, office service companies, Starbucks, a TAMUC campus open computer lab, etc.

COMMUNICATION AND SUPPORT

Brightspace Support

Need Help?

Student Support

If you have any questions or are having difficulties with the course material, please contact your Instructor.

Technical Support

If you are having technical difficulties with any part of Brightspace, please contact Brightspace Technical Support at 1-877-325-7778 or click on the **Live Chat** or click on the words “[click here](#)” to submit an issue via email.



System Maintenance

Please note that on the 4th Sunday of each month there will be System Maintenance which means the system will not be available 12 pm-6 am CST. Please take appropriate measures to submit your required material ahead of time and considering this issue.

COMMUNICATION WITH INSTRUCTOR

Interaction with Instructor Statement

The primary form of communication with the class will be through course Announcements and emails since the course is online. Any changes to the syllabus or other important information critical to the class will be disseminated to students via class Announcements and/or via email through your official university email address available to you through MyLeo. It will be your responsibility to check the course Announcements and your university email regularly.

During regular working days and hours (M-F from 8:00 AM – 5:00 PM), I generally answer emails within 48 hours. Students who email me outside of regular working days and hours can expect a reply within 48 hours from 8:00 AM of the next business day (M-F). Students who email me during holidays or over the weekend should expect a reply within 48 hours from 8:00 AM of the next regularly scheduled business day.

COURSE AND UNIVERSITY PROCEDURES/POLICIES

Course Specific Procedures

Academic Honesty

Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including (but not limited to) receiving a failing grade on the assignment, the

possibility of failure in the course and dismissal from the University. Since dishonesty harms the individual, all students, and the integrity of the University, policies on scholastic dishonesty will be strictly enforced. In **ALL** instances, incidents of academic dishonesty will be reported to the Department Head. Please be aware that academic dishonesty includes (but is not limited to) cheating, plagiarism, and collusion.

Cheating is defined as:

- Copying another's test or assignment.
- Communication with another person during an exam or assignment (i.e. written, oral or otherwise).
- Giving or seeking aid from another when not permitted by the instructor.
- Possessing or using unauthorized materials during the test.
- Buying, using, stealing, transporting, or soliciting a test, draft of a test, or answer key.

Plagiarism is defined as:

- Using someone else's work in your assignment without appropriate acknowledgement.
- Making slight variations in the language and then failing to give credit to the source.

Collusion is defined as:

- Collaborating with another, without authorization, when preparing an assignment.
If you have any questions regarding academic dishonesty, ask. Otherwise, I will assume that you have full knowledge of the academic dishonesty policy and agree to the conditions as set forth in this syllabus.

Attendance Policy

Since this is an online course, students are expected to diligently read the class material, do the suggested and required exercises, and work on any other assigned material before the due dates established on this syllabus. Student participation/activity will be monitored by the professor through the submission of the required material. Students should plan to dedicate approximately 15-20 hours/week of time to this course.

APA Citation Format Policy

It is very important that you learn how to cite properly. In some ways, citations are more important than the actual text of your paper/assignment. Therefore, you should take this task seriously and devote some time to understanding how to cite properly. If you take the time to understand this process up front, it will save you a significant amount of time in the long run (not to mention significant deductions in points).

In the social and behavioral sciences, we generally follow the APA (American Psychological Association) formatting style. As a rule of thumb, one cites whenever they are paraphrasing other people's words or when they quote other's words directly. You may learn to cite from a variety of different sources including the APA Tutorial and the sources listed below, and in the Getting Started section of your course.

www.apastyle.org

<http://owl.english.purdue.edu/owl/resource/560/02/>

www.library.cornell.edu/resrch/citmanage/apa

It is the student's responsibility to understand how to cite properly. If you have questions, feel free to ask.

Late Work

It is the student's responsibility to plan accordingly and submit their assignments in a timely manner. Class assignments have been scheduled with sufficient time in this syllabus and are also announced by the instructor in MyLeo. The instructor reserves the right to assign a grade of zero to any late assignment.

Drop Course Policy

Students should take responsibility for dropping themselves from the course according to University policy should this become necessary.

Syllabus Change Policy

The syllabus is a guide. Circumstances and events, such as student progress, may make it necessary for the instructor to modify the syllabus during the semester. Any changes made to the syllabus will be announced in MyLeo. Please check your inbox on a regular basis.

University Specific Procedures

ADA Statement - Students with Disabilities:

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 have a disability requiring an accommodation, please contact:

Office of Student Disability Resources and Services

Texas A&M University-Commerce

Gee Library- Room 132

Phone (903) 886-5150 or (903) 886-5835

Fax (903) 468-8148

University Email address: StudentDisabilityServices@tamuc.edu

University Website address:

<http://www.tamuc.edu/campuslife/campusservices/studentDisabilityResourcesAndServices/default.aspx>

Student Conduct

All students enrolled at the University shall follow the tenets of common decency and acceptable behavior conducive to a positive learning environment. See Student's Guide Handbook, Rules and Procedures, Code of Student Conduct

(<http://www.tamuc.edu/CampusLife/documents/studentGuidebook.pdf>).

Students should also consult the Rules of Netiquette for more information regarding how to interact with students in an online forum: <http://www.albion.com/netiquette/corerules.html>

Nondiscrimination Notice

Texas A&M University-Commerce will comply in the classroom, and in online courses, with all federal and state laws prohibiting discrimination and related retaliation on the basis of race, color, religion, sex, national origin, disability, age, genetic information or veteran status. Further, an environment free from discrimination on the basis of sexual orientation, gender identity, or gender expression will be maintained.

Counseling Center

A student that faces a crisis or a serious and unforeseeable event that affects his/her class performance must contact the Counseling Center, Student Services Building, Room 204, Phone (903) 886-5145. If important class material or course assignments are missed because of such crisis or event, the student must contact the instructor as soon as possible.

Campus Concealed Carry

Texas Senate Bill - 11 (Government Code 411.2031, et al.) authorizes the carrying of a concealed handgun in Texas A&M University-Commerce buildings only by persons who have been issued and are in possession of a Texas License to Carry a Handgun. Qualified law enforcement officers or those who are otherwise authorized to carry a concealed handgun in the State of Texas are also permitted to do so. Pursuant to Penal Code (PC) 46.035 and A&M-Commerce Rule 34.06.02.R1, license holders may not carry a concealed handgun in restricted locations. For a list of locations, please refer to (<http://www.tamuc.edu/aboutUs/policiesProceduresStandardsStatements/rulesProcedures/34SafetyOfEmployeesAndStudents/34.06.02.R1.pdf>) and/or consult your event organizer). Pursuant to PC 46.035, the open carrying of handguns is prohibited on all A&M-Commerce campuses. Report violations to the University Police Department at 903-886-5868 or 9-1-1.

IMPORTANT DATES

Jan 14 th , Monday	First day of classes.
May 3 th , Friday	Last day of classes.
May 6 th -10th	Week of final examinations.

Please see below the complete calendar with relevant dates.

COURSE CALENDAR

Every effort will be made to adhere to the course calendar below. However, unforeseen circumstances may require changes to the course calendar. In that case, changes will be announced via University Email and in Announcements. The professor reserves the right to change the course calendar if necessary and depending on the progress of the class. I highly recommend that you follow the calendar outlined below **VERY CAREFULLY** so that you are sure to complete readings as assigned and turn your assignments in on time.

AEC 340.01W AGRICULTURAL FINANCE
Course Calendar, Spring 2019
Web-Based Course

Week of	Subject/Material Covered	Assignment Due By 11:59 PM on Due Date
Week 1 Jan. 14 – 18	Syllabus D2L Tutorial (MyLeo Online Student Res Course)	D2L Tutorial
Week 2 Jan. 21 – 25	CH01: Intro. to AGBS Finance	Exercise - MC Exercise - SE or SA Video Summary
Week 3 Jan. 28 – Feb 1	CH02: Loans: Legal Issues, Terms, Int. Rates	Exercise - MC Exercise - SE or SA
Week 4 Feb. 4 – 8	CH03.PART01: Compounding & Discounting	Exercise - MC Exercise - SE or SA
Week 5 Feb. 11 – 15	Exam 1 – CH01, CH02, and CH03.PART01	Exam 1
Week 6 Feb. 18 – 22	CH03.PART02: Annuities	Exercise - MC Exercise - SE or SA Video Summary
Week 7 Feb. 25 – Mar 1	CH03.PART03: APR, Refinance, Cash Budgets	Exercise – MC Exercise - SE or SA
Week 8 Mar. 4 – 8	Exam 2 – CH03 PARTS 1, 2, and 3	Exam 2
Week 9 Mar. 11 – 15	CH04.PART01: Cost of Capital, Payback Period, Simple Rate of Return.	Exercise – MC Exercise - SE or SA Video Summary
Week 10 Mar. 18 – 22	CH04.PART02: NPV, B/C ratio, IRR	Exercise – MC Exercise - SE or SA
Week 11 Mar. 25 – 29	Exam 3 – CH04 PARTS 1 and 2	Exam 3

Week 12 Apr. 1 – 5	CH05: Financial Statements	Exercise – MC Exercise - SE or SA Video Summary
Week 13 Apr. 8 – 12	CH06: Financial Statement Analysis	Exercise – MC Exercise - SE or SA
Week 14 Apr. 15 – 19	Exam 4 – CH05, and CH06	Exam 4
Week 15 Apr. 22 – 26	CH07: Risk in Agribusiness	Exercise – MC Exercise - SE or SA
Week 16 Apr. 29 – May 3	Study Week	
Week 17 May. 6 – 10	Exam 5 – Optional Comprehensive Exam CH01 through CH07	Exam 5