

Southeast Missouri State University

Department of Agriculture

Course Number: AG 334

Title of Course: Agribusiness Finance

Proposed: 10/98

I. Catalog Description and Credit Hours:

The study of the acquisition and use of capital for farm and agribusiness firms, including financial decision-making, risk management, and capital budgeting. Examination of the financial intermediaries serving agriculture. (3)

II. Prerequisites: AC221; MA223.

III. Objectives of the Course:

- A. Understand and interpret the accounting instruments used for financial analysis.
- B. Develop the ability to calculate financial performance indicators and use them for investment decision-making.
- C. Evaluate investment alternatives taking into account risk and the time value of money.
- D. Understand the financial markets for agriculture and be able to find and evaluate sources of credit.

IV. Expectations of Students:

- A. Read required material **prior** to class attendance.
- B. Attend class regularly and actively participate in class discussion.
- C. Meet all announced deadlines for assignments.
- D. Abide by University policies regarding academic honesty as stated in the *Student Handbook*.

V. Course Content:

	Periods
Introduction	
A. Nature and Scope of Financial Management	2
B. Agribusiness Firm Managerial Goals	2
Review of Financial Statements	
A. Balance Sheet	1
B. Income Statement	1
C. Statement of Owner Equity	1
D. Statement of Cash Flows	1
Financial Analysis and Control	3
Capital Structure, Liquidity, and Risk Management	
A. Capital Structure, Leverage, and Financial Risk	3
B. Credit and Liquidity	2

C. Risk Management	2
Capital Budgeting and Long-Term Decision Making	
A. Time Value of Money	4
B. Capital Budgeting Methods	4
C. Inflation, Risk, and Financial Planning	3
D. Controlling Farm Land	2
E. Leasing	2
F. Costs of Financial Capital	2
Financial Management for Agriculture	
A. Financial Intermediation in Agriculture	2
B. Financial Intermediaries in Agriculture	3
Exams and Review	4
Case Study	1

VII. Textbook and Other References:

A. Textbook

Financial Management in Agriculture by Peter J. Barry, Paul N. Ellinger, John A. Hopkin, and C.B. Baker, Interstate Publishers, Inc., Fifth Edition, 1995.

B. Other References

Agricultural Financial Reporting and Analysis by Arnold W. Oltmans, Danny A. Klinefelter, and Thomas L. Frey, Doane Agricultural Services Company, 1998.

VIII. Basis for Student Evaluation:

A. Two one-hour exams	30%
B. Final exam	15%
C. Homework	30%
D. Case study project	15%
E. Quizzes	5%
F. Class Participation	5%