AGRICULTURAL ECONOMICS 630
Financial Analysis for Agribusiness Firms
Syllabus, Fall 2008

Time: T/Th 2:20pm - 3:35pm
Location: 155 Blocker Building

Instructor: Dr. Victoria Salin, Associate Professor
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Office Hours: Mon. 9:00-10:30am, Tuesday 8:30-10:00am, Fri. 2:00-3:30pm.
*Please make an appointment if these times are not convenient for you.*

Secretary:
Office: 321 Blocker Building
Phone: 845-5911
E-mail:

Objectives: In this capstone course of the Master of Agribusiness program, our goal is to understand how the finance function supports the strategic goals of agribusiness firms. You will be challenged to bring together skills and ideas from previous courses in finance, management, and agribusiness.

The issues we will investigate affect large corporations as well as the privately held companies and agricultural cooperatives that comprise an important part of the agribusiness sector. You will reinforce your skills in using the financial tools that enable firms to gain a sustainable competitive advantage or that signal problems in the firm (financial statement analysis, capital budgeting, and risk management).

We use the case study method of learning in this course. Full participation by all students is essential to take advantage of this learning opportunity. Each week we will analyze a new business case problem, and assignments are due in written and discussion formats.

We will learn to work in teams in several ways: through small group discussions, both in class and outside class, and through a project developed jointly with AGEC 629 and AGEC 630.

Prerequisites: FINC 635 and ACCT 640. NO EXCEPTIONS will be made. Concurrent enrollment does not satisfy the prerequisite. Students who have not satisfied the prerequisite will automatically be dropped from the course. Students will also benefit from prior business and agribusiness course work, including AGEC 625, MKTG 621, and MGMT 655. This course is designed to be taken concurrently with AGEC 629.
Course Outline:

I. Financial Information and Control
   A. Historical Statements
   B. Ratio Analysis
   C. Financial Statements for Cooperative Businesses
   D. Working Capital Management
   E. Ethics and Credibility of Financial Statements

II. Capital Investments
   A. Assuming Certainty
   B. Accounting for Uncertainty
      1. Traditional methods: WACC, scenario analysis, sensitivity analysis
      2. Real option valuation
   C. Role of Macroeconomic Factors

III. Financial Intermediation and Financial Institutions
   A. Capital Markets
   B. Value at Risk
   C. Banks and Banking

Texts:

1. Required case studies, for sale at Harvard Business School press.
   [http://harvardbusinessonline.hbsp.harvard.edu/relay.jhtml?name=cp&c=c23963](http://harvardbusinessonline.hbsp.harvard.edu/relay.jhtml?name=cp&c=c23963)  Register first to create your student account, then use credit or debit card to purchase.


Recommended texts for your complete finance library and for refresher on pre-requisite material:


Other resources: Links to electronic information sources are available on the class web site (elearning.tamu.edu). The University Writing Center staff can help improve your writing skills (Room 1.120 B of Evans Library. Phone: 458-1455 [http://writingcenter.tamu.edu/](http://writingcenter.tamu.edu/)).
**Evaluations:** The following requirements will contribute to your final grade for the class:

- Case studies: 30%
- Midterm exam: 15%
- Term project: 15%
- Final exam: 40%

**Case studies**
You will have the opportunity to engage in *class discussions* and *team discussions* each week based on actual business problems. The firms and industries to be covered this year are:

- Sep. 4 - McDonalds  
- Sep. 11 - Whole Foods Market  
- Sep. 18 - Disney  
- Sep. 25 - Friona  
- Oct. 2 - Alltech  
- Oct. 9 - Bunge  
- Oct. 16 – Grupo Bimbo  
- Oct. 23 – Wal-Mart  
- Oct. 30 – Mid-Missouri Energy  
- Nov 13 – Minsheng Bank

Your enthusiastic and well-informed participation in the discussions will make this enjoyable and productive! A written analysis of the case from each student is **due at the beginning of class**. This assignment provides excellent practice in business communication and assures that all students are prepared for a high quality discussion session. **No late papers are accepted.**

The main point of your writing is to devise an action plan that you recommend for the firm and discuss *financial implications of the action*. Apply the tools you have learned in economics and quantitative analysis in assessing future results of your plan.

You should research the company using publicly available information and you may discuss content of the written analysis with others, but the calculations, writing, and presentation are to be your own work. **Everyone writes their own paper.** Plagiarism is not acceptable and will be handled in accordance with the University Student Rules (http://student-rules.tamu.edu).

Your decisions about the case problem will be improved by weekly discussions with your team prior to the class meeting. Teams may consider any aspects of the content and issues that will be the basis for your papers, but the final written presentation is to be individual work.

Professional presentation is important. Format requirements for the papers and further information on writing guidelines are available on the course website. Calibrated Peer Review (CPR) will be part of your case study grade. Please see the website for more details on CPR.

**Team Work and Term Project**
Your success as part of a team is essential to making your way in the business world. Your contribution to the team’s success is critical! A joint project for AGEC 630 and AGEC 629 will provide you with the opportunity for creative thinking and in-depth analysis of business strategy. The financial elements of the project will be the primary focus of the project grade for this...


course. Teamwork and management skills are also evaluated for the grade. Specific requirements and deadlines for the project will be provided on the course web site (elearning.tamu.edu, follow links to Business Analysis Project).

Exams
The mid-term exam will cover standard financial computations and applications to agribusiness decision problems. The comprehensive final exam will cover financial computations, issues from case discussions, and a mini-case study analysis of a current decision problem. The Final Exam is scheduled for Wednesday, December 10, 2008 from 1:00-3:00 pm. Please bring a blue book and your own calculator, no internet-enabled devices.

Grades
Final letter grades will be determined by the percentage of the total possible weighted points, using the following scale:

- 90% or above A
- 80% - 89.9% B
- 70% - 79.9% C
- 65% - 69.9% D
- 64% or less F.

Attendance: I expect students to attend and participate fully in every class session. Your active involvement in class helps you learn the material, it helps me understand if my teaching is successful, and it improves the understanding of other students.

Students must provide satisfactory advance notice and written documentation of an excuse in order to be allowed to make up work missed due to absence. The instructor will adhere to the Texas A&M University Student Rules in considering excuses for absences. Please use the Explanatory Statement for Absence from Class, (http://shs.tamu.edu/forms.htm) and submit a signed paper copy to the instructor in a timely way to initiate the process of requesting an opportunity to make up work missed due to excused absence. Please state clearly what actions you propose to make up the work. Feel free to include a plan to visit with me, in person or by telephone, to discuss content of lectures or labs that were missed.

Please note that scheduled appointments of any type are not excused absences, according to Student Rules (http://student-rules.tamu.edu/rule7.htm). Plan your other meetings around class time.

Student Needs: All students who have the need for adjustments to enable their learning will be accommodated. 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 so your professor can best accommodate your needs. The phone number is 845-1637.

**Academic Integrity:** 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: http://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.”

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Student’s Signature                             Date