AGRICULTURAL ECONOMICS 630
Financial Analysis for Agribusiness Firms
Syllabus, Fall 2005

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

Instructor: Dr. Victoria Salin, Associate Professor
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Office Hours: Mon. 9:30-10:30am, Thurs. 3:45-5:15pm, Fri. 2:00-3:30pm.
*Please make an appointment if these times are not convenient for you.*

Secretary: Nicole Atwell
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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


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.

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. 8 - Quest Foods
- Sep. 15 - Whole Foods Market
- Sep. 22 - Dean Foods
- Sep. 29 - Fonterra
- Oct. 11 - Charoen Pokphand
- Oct. 20 - Sheaffer Int'l
- Nov. 3 - Hawaii Best B
- Nov. 10 - Bunge
- Nov. 17 - Rabobank Group

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.
**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 14, 2005 from 1:00-3:00 pm**. Please bring a blue book.

**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:** Your active involvement in class is very important to learning the material and to improving 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.

**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.”

__________________________________________________________________________  ______________________
Student’s Signature          Date