



University of Wisconsin – Madison

## I. General Information

**Course Title:** Agricultural Finance  
**Course Subject/Number:** Ag and Applied Economics 419  
**Class Location:** Engineering Hall 2255  
**Credit Hours:** 3 Credits  
**Course URL:** <https://canvas.wisc.edu/courses/103378>

### Instructor contact information (\*\* preferred contact), and office hours

Kyle W. Stiegert  
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### Course Designations and Attributes:

Level – Intermediate.

**Instructional Mode: All Face-to-Face**

## II. Instructional Information

**Learning Objectives:** This course will acquaint students with financial concepts and principles used in managing the financial resources of a firm. We explore issues within the nexus of quantitative financial analysis, decision analysis, and firm management, Specific attention are given to financial management problems related to the operation of agricultural businesses but the concepts considered in this course can be applied to any other business. The course is divided into two distinct sections. The first section focuses on financial analysis and control and considers accounting concepts, financial strategies, and ratios used in assessing the financial performance of firms. The second section of this course focuses on capital budgeting techniques used to evaluate investment options over time. The emphasis of this latter section will be discounted cash flows and the time value of money.

In completing this class, students will

- a. Demonstrate a basic understanding of the links between accounting information and financial decision-making.
- b. Learn and apply the financial tools of risk management, time value of money, and investment analysis.
- c. Synthesize knowledge about the financial decision-making and success of a business.

It is understood that students may sometimes be unable to attend class due to other commitments or personal emergencies. In those cases where students are unable to take a quiz, the quiz points will be shifted to the final examination. So, for example, the weight of the final exam would be increased to 52% percent if two quizzes were missed. Students are advised to take quizzes when they are scheduled, versus pushing the points back to the final examination.

**Course Description:** Introduction to basic finance concepts. Topics include financial statements, ratio analysis and interpretation, investment analysis, capital budgeting, credit concepts, and capital markets.

**How 3 credits are earned:** the class is organized based on an expected time investment of 45 hours of work per credit hour. One credit is the learning that takes place in at least 45 hours of academic activities, which include time in lectures or class meetings, in person or online, labs, exams, presentations, tutorials, reading, writing, studying, preparation for any of these activities, and any other learning activities.

**GRADING:** The grading for this course uses the following basic structure:

Graded Item	Number of items	Points per item	Total possible points
Quizzes	4	60	240
Problem Sets	5	50	250
Attendance			110
Final Exam	1	400	400
<b>Total</b>			<b>1000</b>

% of Base*	
90-100	A
85-89.99	AB
80-84.99	B
75-79.99	BC
70-74.99	C
60-69.99	D
< 60% of base	F

Base= mean score of top 5% of all final grades

**Example:** 44 students in the class.  $44 \cdot .05 = 2.2$ .  $Base = (\#1 + \#2 + [\#3 \cdot .2]) / 2.2$

Let  $\#1 = 95\%$ ,  $\#2 = 93.5\%$ ,  $\#3 = 93.1\%$ , **Base** =  $(95 + 93.5 + [93.1/5]) / 2.2 = 94.15$

Thus, the A-range for the class is 84.73-100, AB-range is 80.02-84.72, and so on.

NOTE: Scaling of the class using the Base IS the final adjustment. If you want a certain grade, please work hard enough to avoid close calls in the grading procedure.

I only adjust homeworks and quiz grades during the semester shortly after the grade has posted. Thus, do not approach me in December asking me to look over problem sets that were graded far earlier: that is too late.

### **Details about Quizzes and Problem Sets:**

**Quizzes** are 60 points each representing 24% of final grade:

There is a quiz every three weeks for a total of four. Each quiz is on Monday. They are scheduled based on completion of the relevant course content (see schedule below). Each quiz will be based on assigned material from the textbook and other assigned readings. Quizzes are taken online through Canvas. They are timed and involve multiple-choice type questions. Each quiz must be completed in class. You are expected to bring a laptop, ipad or some device that allows you to take the quiz in class. We will have a practice quiz one week before the first quiz so that you can test your technology.

**Problem Sets** are 50 points each representing 25% of the grade.

There is one problem set every three weeks for a total of five. Each problem set is due on the Wednesday before the Monday quiz. I will go over the answers in class on Friday before the Monday quiz.

**Attendance:** About 10-15 times throughout the semester, I will take attendance by having you sign in. The attendance grade will be based on the percentage of times that you are in attendance on quiz days, sign-in days, and days I turn back homework. I allow one missed class in calculating the attendance grade. Students that are quite active in class are allowed two missed class. There are no excused absences for a missing a single class. If a personal issue arises that causes you to miss several classes (i.e. accident, prolonged illness), please contact me and we will work out something that is fair.

### **Required Materials:**

#### Main Text for the Course

Barry, P.J., and Ellinger P.N., Financial Management in Agriculture, 7th Edition, Pearson Prentice Hall, Upper Saddle River, NJ, 2012. Publisher: Pearson

**Print ISBN: 9780135037591, 013503759X**

**eText ISBN: 9780133003666, 0133003663**

### **CLASS OUTLINE**

09/05 Class Overview, brief discussion of Chapter 1.

09/07 Financial Statements and Information Flows (Chapter 2) – Balance Sheet

09/10 Financial Statements and Information Flows (Chapter 2) – Income Statement

09/12 Financial Statements and Information Flows (Chapter 2) – Income Statement

09/14 Financial Statements and Information Flows (Chapter 2) – Cash Flow Statement

09/17 Financial Analysis and Control (Chapter 3)

09/19 Financial Analysis and Control (Chapter 3)

09/21 Financial Planning and Feasibility Analysis (Chapter 4)

09/24 **Quiz 1(Chapters 1-3)**

09/26 Financial Planning and Feasibility Analysis (Chapter 4)

09/28 Capital Structure and Leverage (Chapter 6)

10/01 Capital Structure and Leverage (Chapter 6)

10/03 Risk Management (Chapter 7)

10/05 Risk Management (Chapter 7)

10/08 The Time Value of Money (Chapter 8)

10/10 The Time Value of Money (Chapter 8)

10/12 The Time Value of Money (Chapter 8)

10/15 **Quiz 2 (Chapters 4,6,7,8)**

10/17 Investment Analysis (Chapter 9)

10/19 Investment Analysis (Chapter 9)

10/22 Investment Analysis (Chapter 9)

10/24 Investment Analysis: Inflation, Risk, Financial Planning (Chapter 11)

10/26 Investment Analysis: Inflation, Risk, Financial Planning (Chapter 11)

10/29 Investment Analysis: Inflation, Risk, Financial Planning (Chapter 11)

10/31 Ownership and Leasing Farm Land (Chapter 12)

11/02 Ownership and Leasing Farm Land (Chapter 12)

11/05 **Quiz 3 (Chapters 9,11,12)**

11/07 Leasing Non-Real Estate Assets (Chapter 13)

11/09 Leasing Non-Real Estate Assets (Chapter 13)

11/12 Leasing Non-Real Estate Assets (Chapter 13)

11/14 Costs of Financial Capital (Chapter 10)

11/16 Costs of Financial Capital (Chapter 10)

11/19 Bond Valuation (Power Point Handout)

11/21 Bond Valuation (Power Point Handout)

**11/26 Quiz 4 (Chapters 10, 13)**

11/28 Stock Valuation (Power Point Handout)

11/30 Stock Valuation (Power Point Handout)

12/03 Business Organization (Chapter 20)

12/05 Business Organization (Chapter 20)

12/07 Legal Aspects of Agricultural Finance (Chapter 19)

12/10 Legal Aspects of Agricultural Finance (Chapter 19)

12/12 Review

***12/18 FINAL EXAMINATION-12:25PM-2:25PM***

### **III. Other information and statements**

**Plagiarism:** Plagiarism is a serious offense. All sources and assistance used in preparing your papers must be precisely and explicitly acknowledged. Ignorance of what constitutes plagiarism or academic misconduct is not a defense. It is your responsibility to be sure. The web creates special risks. Cutting and pasting even a few words from a web page or paraphrasing material without a reference constitutes plagiarism. If you are not sure how to refer to something you find on the internet, you can always give the URL. It is generally better to quote than to paraphrase from material on the web, because in the absence of page numbers it can be hard to find passages that are paraphrased rather than quoted. For more information on writing and source citation, the following may be helpful <http://writing.wisc.edu/Handbook/Documentation.html>

**Academic Integrity:** By enrolling in this course, each student assumes the responsibilities of an active participant in UW-Madison's community of scholars in which everyone's academic work and behavior are held to the highest academic integrity standards. Academic misconduct comprises the integrity of the university. Cheating, fabrication, plagiarism, unauthorized collaboration, and helping others commit these acts are examples of academic misconduct, which can result in disciplinary action. This includes but is not limited to failure on the assignment/course, disciplinary probation, or suspension. Substantial or repeated cases of misconduct will be forwarded to the Office of Student Conduct & Community Standards for

additional review. If you have any questions about what constitutes academic misconduct, please read the following information <http://students.wisc.edu/doso/acadintegrity.html> or come talk with one of the instructors.

**Accommodations for students with disabilities:** “The University of Wisconsin-Madison supports the right of all enrolled students to a full and equal educational opportunity. The Americans with Disabilities Act (ADA), Wisconsin State Statute (36.12), and UW-Madison policy (Faculty Document 1071) require that students with disabilities be reasonably accommodated in instruction and campus life. Reasonable accommodations for students with disabilities is a shared faculty and student responsibility. Students are expected to inform faculty [me] of their need for instructional accommodations by the end of the third week of the semester, or as soon as possible after a disability has been incurred or recognized. Faculty [I], will work either directly with the student [you] or in coordination with the McBurney Center to identify and provide reasonable instructional accommodations. Disability information, including instructional accommodations as part of a student's educational record, is confidential and protected under FERPA. <http://mcburney.wisc.edu/facstaffother/faculty/syllabus.php>

## **DIVERSITY & INCLUSION**

**Institutional statement on diversity:** “Diversity is a source of strength, creativity, and innovation for UW-Madison. We value the contributions of each person and respect the profound ways their identity, culture, background, experience, status, abilities, and opinion enrich the university community. We commit ourselves to the pursuit of excellence in teaching, research, outreach, and diversity as inextricably linked goals.