

**University of Arkansas**  
**Agricultural Economics and Agribusiness**  
**AGEC 41403 Agricultural Finance**

Fall 2024, MWF 9:40-10:30 a.m., Maple Hill South Theater (MHSR 0143)

Instructor: Dr. Bruce L. Ahrendsen  
Phone: 479-575-6643 & via Microsoft Teams  
Home page Blackboard Learn, URL: [learn.uark.edu](https://learn.uark.edu)<sup>1</sup>

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Office Hours: Appointments are available on MWF 10:40-12:00 noon and TR 11:00-12:00 noon and can be scheduled on UA Success. At other times, I may also be available in AGRI 214 or via Microsoft Teams.<sup>2</sup> If you set an appointment and subsequently find out you cannot make it, call or e-mail me and leave a message to that effect. Please contact me if you have concerns, issues or questions about the course. I am here to help you succeed and I intend to make myself as accessible as possible during the semester.

Teaching Assistant: Lainey Detrick E-mail address: [ledeitri@uark.edu](mailto:ledeitri@uark.edu)

**Communications:** In this course our official mode of communication is in class and through uark.edu email, although I may also provide announcements on Blackboard. For individual conversations with me, you may contact me by Microsoft Teams, uark.edu email, or schedule an appointment to meet with me in my office. The course syllabus, note outlines, assignments, resources, practice problems, etc. are available on Blackboard. Students are responsible for checking their UARK accounts and Blackboard regularly. All communication between student and instructor and between student and student should be respectful and professional.

**Face-to-face (in person) delivery: This course meets in class MWF 9:40-10:30 am, MHSR 0143.**

**Expectations for participation:**

- 1) Come to the class prepared to discuss note outlines that are available on Blackboard and any readings. If you become ill or are required to quarantine,<sup>3</sup> contact me so we may discuss your situation for attendance.
- 2) Actively take notes on lecture material,
- 3) Ask questions and join discussion

**Catalog Description:** Methods and procedures whereby agricultural firms acquire and utilize funds required for their successful operation. Emphasis is placed upon role of finance and financial planning, and consideration is given to an understanding of financial firms serving agriculture. Prerequisite: AGEC 11003 (or ECON 20203 microeconomic principles) and AGEC 21003 (or ECON 20103 macroeconomic principles) and AGEC 21403 Financial Records (or ACCT 20103 Accounting Principles or an introductory accounting course).

**Optional Texts on Reserve:**

Moss, Charles B, and Michael Gunderson. *Agricultural Finance*. Taylor & Francis, 1<sup>st</sup> edition, 2013. ISBN 978-0-415-59907-8 (pbk), or ISBN 978-0-415-59904-7 (hbk), or in the Mullins Library Catalog, HD143.M67 2013.

Barry, Peter J., and Paul N. Ellinger. 2012. *Financial Management in Agriculture*. Prentice Hall, 7<sup>th</sup> edition. ISBN-10: 0-13-503759-X; ISBN-13: 978-0-13-503759-1.

Lee, Boehlje, Nelson and Murray. 1988. *Agricultural Finance*. Iowa State University Press, 8<sup>th</sup> edition. ISBN: 0-8138-0051-X (out of print).

These books and some other reference materials have been requested and may be found at the Main Reserve Desk in Mullins Library or at [uark.libguides.com/er.php?b=c](https://uark.libguides.com/er.php?b=c) or in Blackboard in the Library Reserves folder.

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<sup>1</sup> Contact the Help Desk at [help.uark.edu](https://help.uark.edu) or 479-575-2905 if you have any technical issues accessing Blackboard.

<sup>2</sup> Tutorials for navigating UA Success and UA Connect are available on the [Bumpers College website](https://bumperscollege.uark.edu/), ([bumperscollege.uark.edu/](https://bumperscollege.uark.edu/)) as well as, frequently asked questions. Microsoft Teams can be [downloaded for free](https://www.microsoft.com/en-us/microsoft-teams/download-app) ([www.microsoft.com/en-us/microsoft-teams/download-app](https://www.microsoft.com/en-us/microsoft-teams/download-app)) using your UARK login/password.

<sup>3</sup> COVID-19 campus guidance and testing, reporting, quarantine and health information may be found at: [health.uark.edu/coronavirus/](https://health.uark.edu/coronavirus/).

**Course objectives:** 1) to describe and identify the alternative sources and uses of funds and the characteristics of financial intermediaries in the credit market; 2) to identify and describe the role of credit for farms and other small businesses and to use financial analysis techniques to analyze the usefulness of credit under different circumstances; and 3) to demonstrate an understanding and the use of various techniques and tools of financial analysis.

**Attendance and Out-of-Class Work:** Classroom attendance is expected. Students who miss class and do not contribute to class discussion usually perform worse than those students who regularly attend class. Students should be prepared to discuss “What’s in the news.” Almost every day there is a news item that is relevant to the finance course. In order to be successful, each student is expected to be prepared for each class and engage in a minimum of six hours of out-of-class work per week on average for the three credit hours earned. If you become ill or are required to quarantine, contact me so we may discuss your situation for attendance.

**Exams, Assignments, and Grading:** Two, one-hour exams during the semester will be over material since the previous hour exam except when materials in previous sections are required to accomplish the task in the current section. The final exam is comprehensive and required. The one-hour exams may be made up only if permission is requested and granted at least one week in advance for University-sponsored activities. No exams will be given early or late for specific individuals for other reasons unless verified medical emergencies. If you have received the instructor’s permission to miss an exam on the day that it is scheduled, your final exam percentage will be increased by the percentage of the exam missed. If you do not have a valid excuse for missing the exam, a zero will be recorded for the exam missed.

You will need to bring a SCANTRON Form No. 882-E to each exam. You must use a pencil to answer your exam and have a good eraser. Simple four function calculators will be provided for exams. The use of programmable calculators, cell phones, or other electronics will constitute a zero on your exam. Do not take out your cell phone to check the time or to turn off the ringing as any visual signs will void your test score. No notes, material or technology may be used during exams unless specifically authorized by the instructor.

All assignments must be submitted by the *beginning* of the class period on the day they are due or earlier. Quizzes will be given in class. Late assignments and missing a quiz will be graded with a zero. The three lowest quiz scores will be dropped whether you performed relatively poorly or you missed a quiz for whatever reason. Homework assignments are not collected, but they are to be completed by you to assist in preparing for exams.

The percent weighting of the exams, quizzes and other assignments are as follows:

Questionnaire/Quiz/Homework	10	Throughout the semester as assigned Any guest speaker will count as a quiz
Exam 1	25	Sept. 30, Monday, tentative
Case Study Assignment	15	Nov. 6, Wednesday, tentative, portions may be due earlier
Exam 2	25	Nov. 8, Friday, tentative (final W date Nov. 15) <sup>4</sup>
Comprehensive Final Exam <sup>5</sup>	25	Dec. 11, Wednesday, 10:15 am - 12:15 pm

Letter grades<sup>6</sup> will be assigned based on your final weighted numerical average.

A = 90-100, B = 80-89, C = 70-79, D = 60-69, F < 60

Grades may be curved upward (so that, for example, you might earn an A with an 89 average or a B with a 78 average), but this will not be done until final averages are computed at the end of the semester after the final exam. If at any time during the semester you wish to discuss your performance in the course, please schedule an appointment on Teams or come by the instructor’s office.

Students attempting to receive graduate credit for this course will complete a Case Study individually and are expected to complete the Case Study report at a higher level consistent with graduate work.

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<sup>4</sup> See academic semester calendar for important dates: [registrar.uark.edu/academic-dates/academic-semester-calendar](https://registrar.uark.edu/academic-dates/academic-semester-calendar)

<sup>5</sup> The final exam policy for accommodation of students having three or more final exams on the same day may be found at: [catalog.uark.edu/undergradatecatalog/academicregulations](https://catalog.uark.edu/undergradatecatalog/academicregulations) and [registrar.uark.edu/registration/final-exam-schedule](https://registrar.uark.edu/registration/final-exam-schedule)

<sup>6</sup> The academic regulations for grades and marks are at:

[catalog.uark.edu/undergradatecatalog/academicregulations/#gradesandmarkstext](https://catalog.uark.edu/undergradatecatalog/academicregulations/#gradesandmarkstext). A: Outstanding achievement, given to a relatively small number of excellent scholars; B: Good achievement; C: Average achievement; D: Poor but passing work; F: Failure, unsatisfactory work.

**Academic Honesty:** Do not cheat. All papers submitted for this course must be original and may not have been submitted for another course without the instructor's knowledge. Copying or plagiarism is not allowed. Plagiarism includes copying verbatim text, paragraphs, sentences, etc. from other sources without properly quoting, noting, or citing the source. If you are caught cheating, campus procedures will be followed to exact the appropriate punishment. The campus policy on academic honesty states: "As a core part of its mission, the University of Arkansas provides students with the opportunity to further their educational goals through programs of study and research in an environment that promotes freedom of inquiry and academic responsibility. Accomplishing this mission is only possible when intellectual honesty and individual integrity prevail." "Each University of Arkansas student is required to be familiar with and abide by the University's 'Academic Integrity Policy' which may be found at [honesty.uark.edu/policy/index.php](http://honesty.uark.edu/policy/index.php). Students with questions about how these policies apply to a particular course or assignment should immediately contact their instructor."

**Student Accountability and Safety:** Safety Violations of campus and/or classroom safety policies will be considered conduct violations. Detailed information about such violations is located at the Office of Student Standard and Conduct website: [ethics.uark.edu/](http://ethics.uark.edu/).

**Inclement Weather Policy:** If the University decides to close, have a delayed opening, or calls for an early dismissal (575-7000, or [emergency.uark.edu](http://emergency.uark.edu), or [safety.uark.edu/inclement-weather](http://safety.uark.edu/inclement-weather)), our class will not meet if applicable. For example, if the University has a delayed opening after 9:40 a.m., or early dismissal of before 10:30 a.m., our class will not meet. The final exam will be held during its scheduled day and time unless the final exam time is affected by the University officially closing, delays opening, or dismisses early. Some of you have a more difficult commute to class than do others. The instructor leaves it to the student's personal judgment to determine whether to attend class during inclement weather. For information on the University's hours and Razorback Transit routes, check the University's Weather page at [emergency.uark.edu](http://emergency.uark.edu) whenever the weather is bad.

**Emergency Procedures:** Many types of emergencies can occur on campus; instructions for specific emergencies such as severe weather, active shooter, or fire can be found at [emergency.uark.edu](http://emergency.uark.edu).

**Severe Weather (Tornado Warning):**

- Follow the directions of the instructor or emergency personnel
- Seek shelter in the basement or interior room or hallway on the lowest floor, putting as many walls as possible between you and the outside
- If you are in a multi-story building, and you cannot get to the lowest floor, pick a hallway in the center of the building
- Stay in the center of the room, away from exterior walls, windows, and doors

**Violence / Active Shooter (CADD):**

- CALL- 9-1-1
- AVOID- If possible, self-evacuate to a safe area outside the building. Follow directions of police officers.
- DENY- Barricade the door with desk, chairs, bookcases or any items. Move to a place inside the room where you are not visible. Turn off the lights and remain quiet. Remain there until told by police it's safe.
- DEFEND- Use chairs, desks, cell phones or whatever is immediately available to distract and/or defend yourself and others from attack.

**Course Materials Protection**

Tape-recording and/or any other form of electronic capturing of lectures is expressly forbidden. Any recording provided via Blackboard may only be used for this course and may not be distributed. Be aware that this is a legal matter involving intellectual property rights as described below:

State common law and federal copyright law protect my syllabus and lectures. Whereas you are authorized to take notes in class thereby creating derivative work from my lecture, the authorization extends only to making one set of notes for your own personal use and no other use. You are not authorized to record my lectures, to provide your notes to anyone else or to make any commercial use of them without expressed, prior permission from me.

Persons authorized to take notes for the Center for Educational Access, for the benefit of students registered with the Center, will be permitted to do so, but such use still is limited to personal, non-commercial use. Similarly, you are permitted to reproduce notes for a student in this class who has missed class due to authorized travel, absence due to illness, etc. However, to be clear, any class notes must not be sold or made available for any commercial use.

**Use of Generative Artificial Intelligence (AI):** Prohibited: The use of generative artificial intelligence tools, e.g. ChatGPT, in any capacity while completing academic work that is submitted for credit, independently or collaboratively, will be considered academic dishonesty in this course and reported to the Office of Academic Initiatives and Integrity.

**Miscellaneous:** Turn off cell phones and other electronic devices prior to class. If you want to request reasonable accommodations for this class due to a disability, you must first register with the Center for Educational Access (CEA) and deliver to me an official Accommodation Letter from the CEA. For details, see: [cea.uark.edu/](http://cea.uark.edu/).

**Disclaimer:** The instructor reserves the right to alter the contents, requirements, and/or scheduling of this course as he sees fit.

**Course Outline:**

I. Introduction, Chapter 1 (Class 1) Aug. 19

- A. Course Objectives and Organization
- B. Financial Issues

II. Financial Markets and Policy, Chapter 17 (Classes 2-5)

- A. Financial Markets and Intermediation
- B. Monetary Policy
- C. Fiscal Policy

III. Credit Institutions, Chapters 18-24, excluding pages 352-63 (Classes 5-15) (No class on Labor Day Holiday)

- A. Market Share of the Debt Market (Class 5)
- B. Acquisitions of Funds and Credit Extension (Classes 6-7)
- C. Commercial Banks (Classes 8-10)
- D. Farm Credit System (Classes 10-12)
- E. Insurance Companies (Class 12-13)
- F. Merchants, Dealers, and Other Lenders and Taxes (Classes 12-14)
- G. Farm Service Agency and Rural Development (Classes 14-15)
- H. Commodity Credit Corporation (Class 15)
- I. State Agencies (Class 15)

IV. Resource Acquisition and Control, Chapter 5 (Class 16)

- A. Equity (Class 16)
- B. Non-equity (Class 16)

**Exam 1 (Class 18) Sept. 30 tentative**

V. Credit and Repayment Terms, Chapters 6, 7 (Classes 17-20)

- A. Role of Credit
- B. Classification of Credit
- C. Evaluating Credit Capacity
- D. Working with Lenders
- E. Cost of Credit
- F. Credit Terms

VI. Financial Statements, Chapters 8, 9, 10 (Classes 21-26) (Fall Break no class); Download two articles **1)** Ellinger, P.N., B.L. Ahrendsen, and C.B. Moss, 2012. "Balance Sheet and Income Statement Issues in ARMS." *Agricultural Finance Review* Vol. 72, Issue 2: 247-253, and **2)** Ahrendsen, B.L. and A.L. Katchova, 2012. "Financial Ratio Analysis using ARMS." *Agricultural Finance Review* Vol. 72, Issue 2: 262-272, by searching for the journal title at [libraries.uark.edu](http://libraries.uark.edu), and then select Emerald A-Z Current Journals; or select the Library Reserves folder on Blackboard, select the journal title (eJournal), and select Emerald A-Z Current Journals the journal title.

- A. The Balance Sheet (Classes 21-23)
- B. The Income Statement (Classes 23-24)
- C. The Cashflow Statement (Classes 24-26)

- VII. Credit Analysis, Chapters 11, 19 (pp. 351-363)
  - A. Cash Flow Problems (Classes 26-27)
  - B. Credit Lines (Class 28)
  - C. Making Loans and Loan Processing (Classes 28-29)
  - D. Coordinating Financial Statements (Class 30)
  - E. "Red Flags" (Class 30-32)

**Exam 2 (Class 34) Nov. 8, tentative**

- VIII. Investment Analysis and Capital Budgeting, Chapters 3, 4 (Classes 33-43)
  - A. Time Value of Money (Classes 33-35)
  - B. Mathematics of Compounding Interest (Class 35)
  - C. Methods of Investment Analysis (Classes 35-38) (Thanksgiving Break) November 21-25
  - D. Cost of Capital (Classes 39-40)
  - E. Financial Feasibility (Class 41)
  - F. Real Estate Evaluation (Classes 41)
- IX. Risk Management, Chapters 2, 13, 14 (time permitting)
  - A. Economic Activities of the Firm
  - B. Risk and Return Objectives
  - C. Types of Risk and Uncertainty
  - D. Risk Management Strategies
  - E. Insurance
  - F. Evaluating Risky Situations
- X. Additional Financial Management Topics, Chapters 12, 15, 16 (time permitting)
  - A. Credit Instruments
  - B. Retirement Planning
  - C. Estate Planning