

SYLLABUS

AGEC 600: AGRICULTURAL FINANCE

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Objectives

The primary goal of AGEC 600 is to open the area of financial economics to students through reading, discussion, lectures, and homework. The course will include theoretical material but will emphasize potential research, extension, and business applications. Emphasis is placed on the financial management of firms without publicly traded equity capital¹. Some specific objectives are for students to:

- (1) Develop greater knowledge of the budgeting and analysis of capital investments.
- (2) Develop a sound understanding of the capital structure decisions of non-corporate firms.
- (3) Become acquainted with mathematical programming applications in finance, including models of risky choices and models of optimal debt financing and investment.

Prerequisite

Students are presumed to have a finance background comparable to AGEC 524 or MBA level finance. You are assumed to be familiar with net present value budgeting and should be familiar with financial statements and ratio analysis. We will be doing some mathematical programming. Thus, at least rudimentary knowledge of LP is needed. AGEC 552 is sufficient.

Grading and Exams

The course grade is based on homework, class participation, and an oral final exam. Because of diversity of backgrounds, the course grades will have a significant subjective component. Those of you with more background in economics and finance are expected to push yourselves further into theoretical areas and research methods. Completion of all homework assigned and a high degree of class attendance is necessary and sufficient for a grade of B or better. There will be an oral final exam with a list of potential questions provided in advance.

¹ The phrase "firms without publicly traded equity" is long and awkward, but is in fact what I mean. Sometimes I will use "non-corporate firms" or "small businesses" as a shorter substitute.