AEC 853
FINANCIAL MANAGEMENT IN AGRICULTURE
Spring 2007

Instructor: Zhengfei Guan
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Course Schedule: Monday, Wednesday
10:20-11:40 am
48 AGH

Office Hours: Monday, Wednesday or by appointment
1:00-2:30 pm

Objectives:
The main objective of the course is to provide students with working knowledge of
financial management concepts and to help students gain insights on certain financial
economics topics. Students will learn how to apply a variety of financial management
concepts to problems faced by firms that operate in the agricultural sector.

Prerequisites:
Students need to have taken a microeconomic theory course and a basic statistics
course, both at the Masters level. Additional knowledge of discounting, present value
concepts, and statistics and econometrics will be helpful. Calculus and linear algebra will
be kept to a minimum, but used freely when needed.

Texts:
The course will use Corporate Finance (8th edition, by Ross, Westerfield, and Jaffe) for
basic financial management concepts. In addition, the instructor will extend it to more
advanced materials. There is a list of relevant texts at the end of this syllabus, and the
instructor will give reading assignments as the course progresses.

Grading:
Grades will be determined as a function of problem sets, a research project, a mid-term
exam, and a comprehensive final exam. The problem sets may include some group
learning experiences. The following approximate weights will be used to determine the
final grade:

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Problem Sets</td>
<td>20%</td>
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<tr>
<td>Research Project</td>
<td>20%</td>
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<tr>
<td>Mid-Term Exam</td>
<td>30%</td>
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<tr>
<td>Final Exam</td>
<td>30%</td>
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The mid-term exam will be given at a date towards the middle of the semester. Students
will be given at least one full week notice to prepare for the mid-term and final exams.
Research Project:
Identify a capital budgeting problem facing a firm and prepare a detailed report to the firm's management analyzing the investment decision and your recommended action. Be sure to describe both the firm and the investment problem in detail and justify the framework you use in evaluating the problem. Carefully describe the data you used as inputs in the analysis and any assumptions you make in the analysis. Your project will be graded based on the problem description, analysis, written presentation and oral presentation.

General Topics to be Covered
- Business organizations
- Tax system
- Financial analysis and planning
- Present value concepts
- Traditional capital budgeting
- Portfolio problems
- Equilibrium asset pricing models
- Firm value and optimal capital Structure
- Option pricing models
- Real options (and capital budgeting revisited)
- Other topics
Relevant Books


