**ABM 3204 AGRIBUSINESS FINANCE**

2. INSTRUCTORS: Dr Kiiza B., PhD.

Ms Rosemary Isoto Emegu (BSc.Agric. MSc.Agric.&Applied Economics)

3. COURSE TYPE: Core for ABM III

4. COURSE STRUCTURE AND LOCATION

3 Credit units: 30 lecture hours (2 contact hour per week for 15 study weeks) and 30 tutorial hours. This course is taught in the upper lecture theatre under the department of Agricultural Economics and Agribusiness.

5. COURSE DESCRIPTION

Agricultural Finance addresses financing challenges and opportunities in agribusiness. The course discusses sources of finance, financing costs, analysis of investment opportunities, financial and risk management, legal issues relating to financing, and the financial sector in Uganda. The subject matter covered in this course relates to the use of financial tools and the understanding of concepts in making financial decisions in agribusiness.

6. COURSE OBJECTIVES

General objective

At the ends of the course it’s envisaged that students will be able to make effective financial decisions, this may include their own personal financial condition or the financing and management of agricultural production and agribusiness.

Specific objectives

1. To further develop the student’s understanding of financial statements and the ability to analyze the financial condition and performance of a business.
2. To develop the students analytical capacity and skills for evaluating investments, financing and risk management decision and to familiarize with the financial markets and credit institution that serve the agriculture sector.

7. RECOMMENDED REFERENCES FOR READING

* Fama, Eugene, F. and Merton H. Miller. The Theory of Finance (Hinsdale, Illinois: Dryden Press, 1972).
* Hirshleifer, Jack. Investment, Interest, and Capital (Englewood Cliffs, New Jersey: Prentice-Hall,Inc., 1970.
* Bussey, Lynn E. The Economic Analysis of Industrial Projects (Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1978).
* Samuelson, Paul A. "Some Aspects of the Pure Theory of Capital." Quarterly Journal of Economics LI(1936-37): 469-96.
* Pierce, James L. Monetary and Financial Economics (New York: John Wiley and Sons, 1984): 31-69.
* Moss, Charles B. "A Choice Theoretic Perspective on Including Financing Flows in Net Present Value."
* Dudley, Carlton L., Jr. "A Note on Reinvestment Assumptions in Choosing Between Net Present Value and Internal Rate of Return." Journal of Finance 22(Sept. 1972): 907-15.

8. COURSE CONTENT, METHODS OF INSTRUCTION AND TOOLS REQUIRED

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| TOPIC  | CONTENT  | METHOD OF INSTRUCTION AND TIME ALOCATED  | TOOOLS/ EQUIPMENT NEEDED |
| * 1. AGRIBUSINESS FINANCE
 | * Introduction
* Definition of terms that will be useful in understanding the course
 | Interactive lectures (2 hrs ) | Power point/ BB and chalk |
| * 1. THEORY OF FINANCIAL MANAGEMENT
 | * Acquisition of Capital
* Use of Capital
* Importance of Financial Activity
 | Interactive lectures (2 hrs ) | Power point/ BB and chalk |
| * 1. THEORY OF FINANCIAL MANAGEMENT CONTINUED..
 | * Difference Between Debt and Equity Capital
* Sources of Equity Capital
* Sources of Debt Capital
 | Interactive lectures (2 hrs ) | BB and chalk |
| * 1. TIME VALUE OF MONEY
 | * Compounding (Future Value)
* Discounting (Present Value)

Tutorial on practical application of time value of money | Interactive lectures (2 hrs)Tutorial (3 hrs) | Power point/ BB and chalk |
| * 1. RISK MANAGEMENT AND RETURN ANALYSIS
 | * Definition of Risk
* Measurement of Expected risk

Tutorial on solving problems on risks and return analysis | Interactive lectures (2 hrs) tutorial (3 hrs )  | Power point/ BB and chalk |
| * 1. RISK MANAGEMENT AND RETURN ANALYSIS
 | * Returns and Risk
* Basic Risk Management and Diversification
* Class presentations
 | Interactive lectures (2 hrs)Tutorial (3 hrs) | Power point/ BB and chalk |
| * 1. CAPITAL BUDGETING
 | * Methods of Investment Analysis
* Capital Budgeting and definitions

Class presentations on assigned topic | Interactive lectures (2 hrs)Tutorial (3 hrs) | Power point/ BB and chalk |
| * 1. CAPITAL BUDGETING continued
 | * Net Present Value
* Internal Rate of Return
* Cost of Capital

Tutorial on quantitative problems on the topic 8 | Interactive lecture (2 hrs)Tutorial (3 hrs) | Power point/ BB and chalk |
| * 1. CAPITAL STRUCTURE
 | * Capital Leverage
* Break-Even Analysis
* Theory of Capital Structure
 | Interactive lectures (2 hrs)Tutorial (3 hrs) | Power point/ BB and chalk |
| * 1. CAPITAL STRUCTURE continued
 | * Theory of Capital Structure

Tutorial on quantitative problems on the topic 10 | Interactive lectures (2 hrs )Tutorial (3 hrs) | Power point/ BB and chalk |
| * 1. ANALYSIS OF BUSINESS FINANCIAL STATEMENTS
 | * Balance Sheet,
* Income Statement
* Cash Flow Statement
 | Interactive lectures (2 hrs)Tutorial (3 hrs) | Power point/ BB and chalk |
| * 1. MANAGEMENT OF WORKING CAPITAL
 | * Financial Ratio Analysis
* Application of financial tools

Tutorial on quantitative examples of ratio analysis | Interactive lectures (2 hrs )Tutorial (3 hrs) | Power point/ BB and chalk |
| * 1. MANAGEMENT OF WORKING CAPITAL
 | * Managing Net Working Capital
* Current Assets

Tutorial on quantitative examples of capital management | Interactive lectures (2 hrs) tutorial (3 hrs) | Power point/ BB and chalk |
| MANAGEMENT OF WORKING CAPITAL continued…  | * Cash Management.
* Inventory Management
 | Interactive lectures (2 hrs) | Power point/ BB and chalk |
| * 1. OTHER TOPICS
 | * Enterprise Budgeting
* Business Plan Development
 | Interactive lectures (2 hrs)  | Power point/ BB and chalk |

**9. SUMMARY OF TIME NEEDED**

Lectures 30 hrs

Tutorials (and assignments) 30hrs

**10. COURSE ASSESSMENT:**

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| Continuous assessment (Quizzes): | There will be 2 Quizzes arising from tutorials and assignments during week 5, 10 and 15 of the semester | 20% |
| Continuous assessment  | Students will write 3 practical reports | 10% |
| Home work | Students will do 2 homeworks | 10% |
| University Examination: | Final examination during week 16-17 of the semester | 60% |