



COURSE REGISTRATION FORM

Teacher	Sanjin Ivanović
University	University of Belgrade, Faculty of Agriculture
Course	Capital Investment Evaluation
Target	Agricultural Middle Schools
Type	classic
Duration	1 day - 8 hours

Description	<p>Target group of the course are professors of agricultural middle schools. They will become familiar with basic elements of economic profitability and financial feasibility of capital investments in agriculture.</p> <p>Capital investments involve purchase of fixed assets in agriculture such as buildings, equipment, breeding livestock, land and permanent crops. Investments are undertaken because of two reasons:</p> <ul style="list-style-type: none">- to replace existing fixed assets with the same new assets or- to purchase more modern fixed assets instead of existing ones. <p>Without investments in modernization of fixed assets technical and technological development in agriculture is impossible. Respectively, capital investments are precondition to maintain competitiveness of agricultural producers. However, before investments in agriculture are undertaken it is necessary to check their acceptability. Only those investments which are acceptable should actually be undertaken in practice.</p> <p>Within this course participants will learn to calculate the net present value of the investment as well as to check whether the investment will generate sufficient cash to make the principal and interest payments on borrowed funds used to purchase the asset.</p>
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Contents	<ol style="list-style-type: none">1. Capital budgeting (concept and methodology for determination of economic profitability and financial feasibility of investments in agricultural enterprises and family farms).2. Practical application of capital budgeting in agricultural production.
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Objectives	<ol style="list-style-type: none">1. Acquiring basic knowledge in evaluation of capital investments in agricultural production and selection of investments that will improve the financial performance of the business.2. Practical performance of assessment of economic effectiveness and financial feasibility of investments.
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Activities

1. First class – Participants attend introductory lecture. The topics of the lecture are difference between fixed and working assets as well as characteristics of investments in agriculture. Participants calculate amount of investments in purchase of fixed assets and influence of various factors on this amount.
2. Second and third class – Using an example, participants determine cash revenues, cash expenses and net cash flow of investment.
3. Fourth – Participants attend lecture on time value of money, appropriate discount rate and use of mathematical tables which are necessary to determine net present value of investment and its financial feasibility.
4. Fifth and sixth – Participants independently (using examples) determine net present value of the investments in agriculture.
5. Seventh and eighth class – Participants independently (using examples) determine financial feasibility of the investments in agriculture.

Materials

Appropriate examples of evaluation of investments in agricultural production will be used during the training (there will be evaluated investments in agricultural land, investments in livestock production, investments in orchards and vineyards).
For successful participation in the course attendants will receive and use mathematical tables (present value of \$1) – formula: $\$1/(1+i)^n$.