

## Course Syllabus – Winter 2008

### AREc 467/567 - CAPITAL BUDGETING IN AGRICULTURE (1 Credit)

<b>Instructor</b>	Thorsten M. Egelkraut 200B Ballard Extension Hall <a href="mailto:yourarecprofessor@yahoo.com">yourarecprofessor@yahoo.com</a> phone (541) 737-1406
	Phone and e-mail are the best way to contact the instructor.
<b>Class Time and Location</b>	Tue 10:00-10:50 am (Jan 7 to Feb 6, 2008) – Bexell 211 W 12:00-13:50 pm (Jan 7 to Feb 6, 2008) – Education 126
<b>Office Hours</b>	by appointment
<b>Course Structure</b>	<p>The course will provide an overview of capital budgeting techniques as applied to agribusiness decisions. Specific topics covered include methods of controlling land, and leasing versus buying non-land capital assets. Lecture attendance is optional but strongly encouraged. Students who don't do the homework or don't attend class regularly typically do poorly on the tests. If you miss a homework, quiz, or an in-class assignment because you were not in class, you will receive a zero grade for that assignment.</p> <p>This is a senior level course. Students are expected to display a great deal of independence and maturity. If questions emerge, the first step towards finding the needed information should involve the library (and/or the internet), the second the instructor. Students are expected to come prepared to office hours and sufficiently early (i.e. not an hour before assignments are due).</p>
<b>Course Objectives</b>	The class provides practical experience in identifying, formulating, solving, and interpreting common capital budgeting problems faced by sole proprietors in production agriculture and agribusiness.
<b>Prerequisites</b>	Students are required to have basic accounting, business finance, and agricultural business management. Knowledge in farm financial reporting and analysis either through prior coursework or practical experience is also recommended. Those who have not had these prerequisite courses must obtain instructor approval.

## **Grading**

The final grade for the course consists of:

A. Homework (100 points total). Three homework problems will be given during the 5 weeks of classes. Homework assignments are due at the beginning of the first class in the week following the lecture the homework was assigned. Homework will be given a zero grade if not turned in when due. The homework will provide experience in various types of capital budgeting problems.

B. Classwork (300 points total). Three announced quizzes will be given in class (150 points total). The class will also have a one hour final exam (150 points total) during finals week. The tests will cover material discussed in class and techniques learned by doing the homework. Several different types of questions will be used on quizzes and tests, including problems, definitions and essay questions.

Graduate students enrolling in the course will also be expected to complete a special project. The point system listed above will be modified to allow for this additional requirement.

### Grading Scale

A	=	93.0+
A-	=	90.0 – 92.9
B+	=	87.0 – 89.9
B	=	83.0 – 86.9
B-	=	80.0 – 82.9
C+	=	77.0 – 79.9
C	=	73.0 – 76.9
C-	=	70.0 – 72.9
D+	=	67.0 – 69.9
D	=	63.0 – 66.9
D-	=	60.0 – 62.9
F	=	below 60.0

I consider myself a fair grader, but I do not believe in grade inflation. You do get the grade you earn. I do not curve.

**Course Material** no text required, handouts in class

## **Students with Disabilities**

Accommodations are collaborative efforts between students, faculty and Services for Students with Disabilities (SSD). Students with accommodations approved through SSD are responsible for contacting the faculty member in charge of the course prior to or during the first week of the term to discuss accommodations. Students who believe they

are eligible for accommodations but who have not yet obtained approval through SSD should contact SSD immediately at 737-4098.

### **Expectations for Student Conduct**

Expectations for student conduct, cheating policies, etc. can be found at <http://oregonstate.edu/admin/stucon/achon.htm>

If you cheat on exams, you will receive an F. I will not negotiate. Example: In another course, a student had his class notes open on the floor. He assured me that he had not looked at them since he started the exam but merely forgot to close them. Needless to say, he failed the course. I have no tolerance for cheating, and I do not hesitate to punish those who do.

### **Course Outline**

<u>Date</u>	<u>Topics/Assignments</u>
Week 1	Introduction to capital budgeting: selecting the appropriate method, data needs.
Week 2	Quiz over introductory material. Tax issues, example problems.
Week 3	Homework #1 due. Calculating discount rates, example problems.
Week 4	Homework #2 due. Quiz over very simple capital budgeting problem. Lease versus buy problem, example problems.
Week 5	Homework #3 due. Quiz over more complicated capital budgeting problem. Land purchase decision, example problems.
February 11	Final exam, 7:00-9:00 pm, Ballard Extension Hall 118