



Vilesa: Development of a virtual learning learnin space as a tool for developing student's critical thinking, communication, collaboration and creativity skills in the context of COVID 19. No. 2021-1-LT01-KA220-HED-000023551.

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The case 'Economics'

The case study "Forest" gives you the opportunity to acquire practical skills in forest management, to plan your activities over a longer period of time, to get an idea of the rational use of natural resources.







Accounting of economic activity (fill by students)

		A	Area		Area o	f the cut	Capacity of			Income from
			Arable	Young			forest	Quantity of		agricultural
Years	Forest	Shrubs	land	growth	Forest	Shrubs	equipment	timber	Timber price	production
1	20	10	20							
2										
3										
4										
5										
6										





Accounting for financial activities (fill by students)

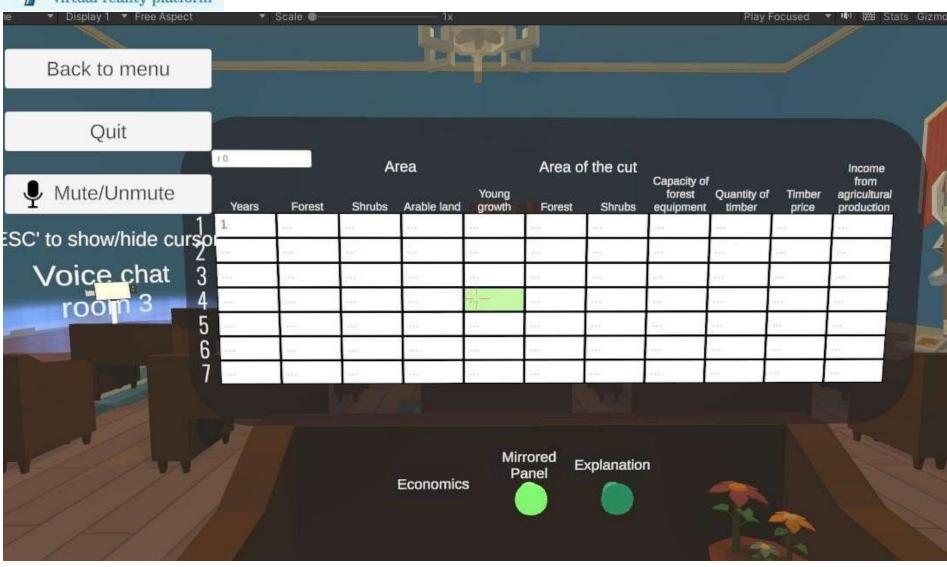
			F	Expenditu	re				In	come		
	Invoice					For the	Invoice					
	in the		For the			conversi	in the					
	bank at	For the	maintenan			on of a	bank at	Bank				Invoice in
	the	purchase	ce of	For	For	cut to	the	%%quot		Agricultur		the bank
	beginni	of	equipment	labor	afforestati	arable	beginni	%-		al		at the end
Year	ng of	equipme	in working	force	on 1ha-	land 1 ha	ng of	"20%"+"	Timbe	productio	Compensati	of the
S	the year	nt	order	m3-1	100	- 1000	the year	10%	r sold	n	on	year
1	0											
2												
3												
4												
5												
6												















Post-match analysis

Let's look at the basic strategies mentioned in the rules of the game.

- 1. Agricultural strategy, that is, the participant in the game does not cut down existing forests and shrubs and is engaged only in agricultural production. One of the variants of the mock trial is shown in the tables, provided that the other participants in the game gradually abandon agricultural production and switch to forest management. And so by choosing this strategy, it is possible to get about 34,000 monetary units in 6 years. The value of the forest in these years has reached 36,000 per 1 ha and totals 720,000 monetary units.
- 2. Agricultural strategy by increasing the area of arable land. The participant of the game preserves 20 ha of forest, cuts down 10 ha of scrubland and turns this area into arable land. Accounting for economic and financial activities is shown in the tables. In 6 years, under favorable conditions, the bank's bill reaches about 235,000 monetary units (that's 6.5 times more than in strategy 1) and the forest's value has reached 720,000 monetary units.









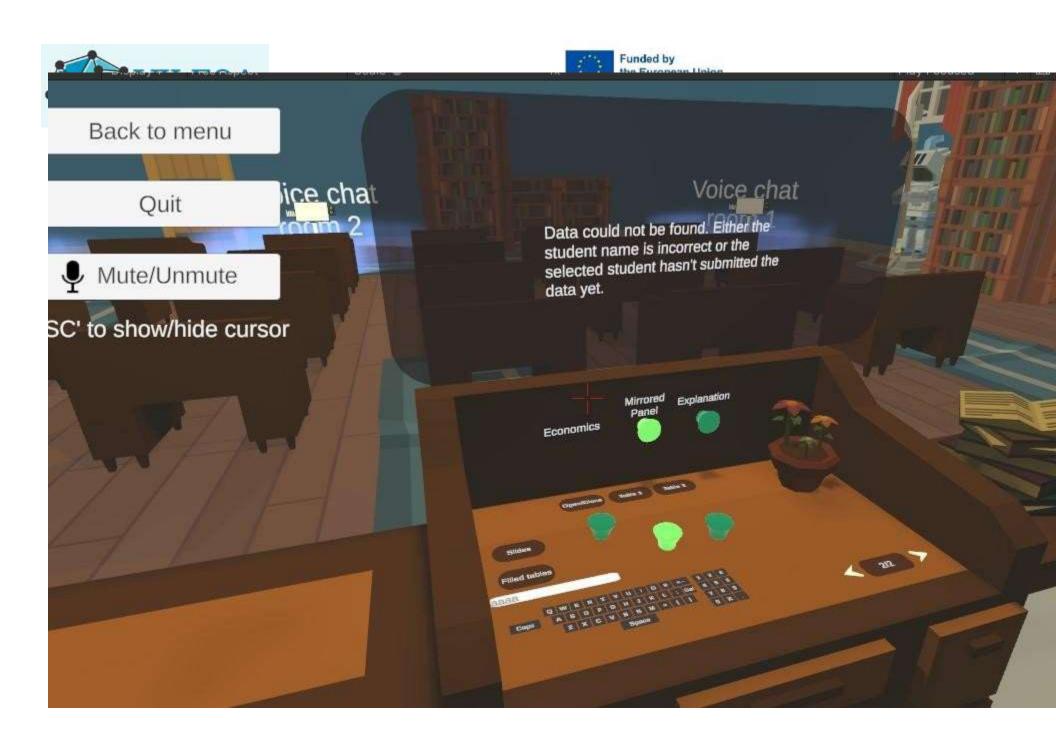


- 3. The mixed strategy, which differs from the previous one in that the bushes are cut down in the first year and a new forest is planted in these 10 ha, in the fourth year arable land is also forested. Thus, at the end of the game, the bill in the bank is about 200,000 monetary units, while the total value of the forest is 761,000, consisting of 720,000 (the old forest) plus 16,000 (10 ha of a 5-year-old young plant) and 25,000 (20 ha of a 3-year-old).
- 4. Forest development strategy. It provides for the immediate or gradual felling of 20 ha of old forests and shrubs and the replanting of free-range areas with a new forest. One of the variants of such housekeeping is presented in the tables. As can be seen, the bill in the bank in six years reaches almost 670, 000 monetary units, while the total value of the young stock is 82, 250.

Accounting for economic activity (Strategy 1)

		A	Area	1	Area o	f the cut	Capacity of			Income from
			Arable	Young			forest	Quantity of		agricultural
Years	Forest	Shrubs	land	growth	Forest	Shrubs	equipment	timber	Timber price	production
1	20	10	20	-	-	-	-	-	-	200
2	20	10	20	-	-	-	-	-	-	200
3	20	10	20	-	-	-	-	-	-	200
4	20	10	20	-	-	-	-	-	-	200
5	20	10	20	-	-	-	-	-	-	200
6	20	10	20	-	-	-	-	1	-	200
•••										
•••										

1. Agricultural strategy, that is, the participant in the game does not cut down existing forests and shrubs and is engaged only in agricultural production. One of the variants of the mock trial is shown in the tables, provided that the other participants in the game gradually abandon agricultural production and switch to forest management. And so by choosing this strategy, it is possible to get about 34,000 monetary units in 6 years. The value of the forest in these years has reached 36,000 per 1 ha and totals 720,000 monetary units.







Accounting for financial activities (Strategy 1)

	Invoice		E	Expenditu	ire		Invoice		Ir	ncome		
	in the		For the			For the	in the					Invoice
	bank at	For the	maintenan			conversio	bank at	Bank				in the
	the	purchase	ce of	For	For	n of a cut	the	%%quot				bank at
	beginnin	of	equipment	labor	afforestati	to arable	beginnin	%-		Agricultur		the end
Year	g of the	equipme	in working	force	on 1ha-	land 1 ha	g of the	"20%"+"	Timbe	al	Compensati	of the
S	year	nt	order	m3-1	100	- 1000	year	10%	r sold	production	on	year
1	0						0	0		4000		4000
2	4000						4000	4400		4000		8400
3	8400						8400	9240		4000		13240
4	13240						13240	14564		4000		19564
5	19564						19564	21520		4000		26520
6	26520						26520	29172		4000		34172

1. Agricultural strategy, that is, the participant in the game does not cut down existing forests and shrubs and is engaged only in agricultural production. One of the variants of the mock trial is shown in the tables, provided that the other participants in the game gradually abandon agricultural production and switch to forest management. And so by choosing this strategy, it is possible to get about 34,000 monetary units in 6 years. The value of the forest in these years has reached 36,000 per 1 ha and totals 720,000 monetary units.





Accounting for economic activity (Strategy 2)

		A	Area		Area o	f the cut	Capacity of			Income from
			Arable	Young			forest	Quantity of		agricultural
Years	Forest	Shrubs	land	growth	Forest	Shrubs	equipment	timber	Timber price	production
1	20	10	20			2	1000	i-1000	20	200
2	20	8	22			2	1000	i-1000	30	200
3	20	6	24			2	1000	ā-1000	35	200
4	20	0	30			4	2000	Ā-2000	35	250
5	20	0	30							250
6	20	0	30							250
					_					

2. Agricultural strategy by increasing the area of arable land. The participant of the game preserves 20 ha of forest, cuts down 10 ha of scrubland and turns this area into arable land. Accounting for economic and financial activities is shown in the tables. In 6 years, under favorable conditions, the bank's bill reaches about 235,000 monetary units (that's 6.5 times more than in strategy 1) and the forest's value has reached 720,000 monetary units.





Accounting for financial activities (Strategy 2)

			F	Expenditu	re				In	come		
	Invoice					For the	Invoice					
	in the		For the			conversi	in the					
	bank at	For the	maintenan			on of a	bank at	Bank				Invoice in
	the	purchase	ce of	For	For	cut to	the	%%quot		Agricultur		the bank
	beginni	of	equipment	labor	afforestati	arable	beginni	%-		al		at the end
Year	ng of	equipme	in working	force	on 1ha-	land 1 ha	ng of	"20%"+"	Timbe	productio	Compensati	of the
S	the year	nt	order	m3-1	100	- 1000	the year	10%	r sold	n	on	year
1	0	1200	250	1000		200	-2650	-3180	20000	4000		28820
2	28820		250	1000		200	19370	21307	30000	4400		55707
3	55707		250	1000		200	54257	59683	35000	4800		99483
4	99483	2400	500	2000		400	94183	103604	70000	7500		181101
5	181101						181101	199211		7500		206711
6	206711						206711	227382		7500		234882

2. Agricultural strategy by increasing the area of arable land. The participant of the game preserves 20 ha of forest, cuts down 10 ha of scrubland and turns this area into arable land. Accounting for economic and financial activities is shown in the tables. In 6 years, under favorable conditions, the bank's bill reaches about 235,000 monetary units (that's 6.5 times more than in strategy 1) and the forest's value has reached 720,000 monetary units.





Accounting for economic activity (Strategy 3)

		A	Area		Area o	f the cut	Capacity of			Income from
			Arable	Young			forest	Quantity of		agricultural
Years	Forest	Shrubs	land	growth	Forest	Shrubs	equipment	timber	Timber price	production
1	20	10	20			10	5000	i-5000	30	200
2	20		20	10						200
3	20		20	10						200
4	20			30						
5	20			30						
6	20			30						

3. The mixed strategy, which differs from the previous one in that the bushes are cut down in the first year and a new forest is planted in these 10 ha, in the fourth year arable land is also forested. Thus, at the end of the game, the bill in the bank is about 200,000 monetary units, while the total value of the forest is 761,000, consisting of 720,000 (the old forest) plus 16,000 (10 ha of a 5-year-old young plant) and 25,000 (20 ha of a 3-year-old).





Accounting for financial activities (Strategy 3)

			H	Expenditu	re				In	come		
	Invoice					For the	Invoice					
	in the		For the			conversi	in the					Invoice
	bank at	For the	maintenan			on of a	bank at	Bank				in the
	the	purchase	ce of	For	For	cut to	the	%%quot		Agricultur		bank at
	beginnin	of	equipment	labor	afforestati	arable	beginnin	%-		al		the end
Year	g of the	equipme	in working	force	on 1ha-	land 1 ha	g of the	"20%"+"	Timbe	productio	Compensati	of the
S	year	nt	order	m3-1	100	- 1000	year	10%	r sold	n	on	year
1	0	6000	1250	5000			-12250	-14700	20000	4000		139300
2	139300				10000		129300	142230		4000	2000	148230
3	148230						148230	163053		4000		167053
4	167053				20000		147053	161758			8000	169758
5	169758						169758	186734				186734
6	186734						186734	205407				205407

3. The mixed strategy, which differs from the previous one in that the bushes are cut down in the first year and a new forest is planted in these 10 ha, in the fourth year arable land is also forested. Thus, at the end of the game, the bill in the bank is about 200,000 monetary units, while the total value of the forest is 761,000, consisting of 720,000 (the old forest) plus 16,000 (10 ha of a 5-year-old young plant) and 25,000 (20 ha of a 3-year-old).





Accounting for economic activity (Strategy 4)

		A	Area		Area o	f the cut	Capacity of			Income from
			Arable	Young			forest	Quantity of		agricultural
Years	Forest	Shrubs	land	growth	Forest	Shrubs	equipment	timber	Timber price	production
1	20	10	20	30		10	5000	i-5000	20	
2	20			35	5		5000	Ā-5000	20	
3	15			40	5		5000	Ā-5000	20	
4	10			45	5		5000	Ā-5000	30	
5	5			50	5		5000	Ā-5000	35	
6				50						
•••										
•••										

4. Forest development strategy. It provides for the immediate or gradual felling of 20 ha of old forests and shrubs and the replanting of free-range areas with a new forest. One of the variants of such housekeeping is presented in the tables. As can be seen, the bill in the bank in six years reaches almost 670, 000 monetary units, while the total value of the young stock is 82, 250.





Accounting for financial activities (Strategy 4)

	Invoice		F	Expendit	ure		Invoice		Inco	ome		
	in the		For the				in the					Invoice
	bank at	For the	maintenanc			For the	bank at	Bank				in the
	the	purchase	e of	For		conversion	the	%%quo		Agricul		bank at
	beginnin	of	equipment	labor	For	of a cut to	beginnin	t%-		tural		the end
Yea	g of the	equipme	in working	force	afforestatio	arable land	g of the	"20%"+	Timber	product	Compensatio	of the
rs	year	nt	order	m3-1	n 1ha-100	1 ha - 1000	year	" 10%	sold	ion	n	year
1	0	6000	1250	5000	30000		-42250	-50700	100000		6000	55300
2	55300		1250	5000	5000		44050	48455	100000		1000	149455
3	149455	6000	1250	5000	5000		132205	145426	100000		1000	246426
4	246426		1250	5000	5000		235176	258694	150000		1000	409694
5	409694	6000	1250	5000	5000		392444	431688	175000		1000	607688
6	607688		1250				607688	688457				668457
												_

^{4.} Forest development strategy. It provides for the immediate or gradual felling of 20 ha of old forests and shrubs and the replanting of free-range areas with a new forest. One of the variants of such housekeeping is presented in the tables. As can be seen, the bill in the bank in six years reaches almost 670, 000 monetary units, while the total value of the young stock is 82, 250.





Analysis of the task:

Compare the strategy you develop with all the strategies offered by the post-match and analyze its pros and cons. Determine which strategy is the best!

You have 50 ha of land at your disposal, of which 20 ha is occupied by forest, 10 ha by bushes and 20 ha by arable land. The forest is about 60 years old and is worth 600,000 monetary units (1 ha - 30,000).

Possible basic strategies for your operation:

- 1) do not cut down existing forests and bushes and engage in agricultural production;
- 2) preserve 20 ha of forest, cut down 10 ha of bushes, add this area to arable land or plant it with forest:
- 3) cut down (immediately or gradually) the existing 20 ha of forest and 10 ha of bushes and plant this area with forest or add it to arable land.

Deforestation requires the purchase of machinery.

Types of technology, capacity, price and service life:

(I) Moritz Fr70/75

Under the motto The concept remains, but everything is new, Pfanzelt presented the two new Moritz models in spring 2020.

- 50 or 75HP engine
- Separate traction, on-board and power hydraulics (96l and 300 bar)
- Mechanical PTO
- Two three-point category 1 attachment mounts
- Full operation of vehicle and attachments by professional remote control
- Forestry cable winches with up to 7.2 metric tonnes tractive force

Power	Area of	Price	Warranty	Maintenance costs (per
	deforestation		(years)	year)
500	0,5	500	3	150

(II) Hydraulic rotating tree saw LT3200

The TR Series Models are ideal maintenance tool for land owners to remove invasive trees. This high-speed saw cuts 11" in a single pass, up to a 22" tree with repositioning. The PTO powered cutting disc will cut as fast as an operator can back up. The LT3200 is equipped with a pushing bar





to direct the fall of trees away from the operator, while the TR3200 has a hydraulic grapples that can carry and stack trees.





]	Power	Area of	Price	Warranty	Maintenance costs (per
		deforestation		(years)	year)
	1000	1	1200	2	250

Info

So, 1000 cubic meters can be obtained from 1 ha of forest, and 500 cubic meters of timber from 1 ha of scrubland. With this technique and for the same cost, you can clear twice the area with brushwood.

Can cut 1, 2, 3, etc. ha of forest or bush. If you want to cut down more than 1 ha per year, you need to hire labor, who must pay 1 unit of money for 1 cubic meter of timber.

You can plant the cleared area of forest, scrub land, as well as arable land with forest, the value of which will increase during the game. Planting costs: 1 ha - 1000. This measure is stimulated by the state by paying compensation: 1 ha - 200. The increase in the value of the forest is given in the table.

If you want to turn the clearing into arable land and produce agricultural products, then 1 ha costs 100.

Timber prices and income from the sale of agricultural products depend on supply.

Timber price

Age of the forest from the moment of planting	The value of 1 ha of forest
(in years)	
1	1 000
2	1 100
3	1 250
4	1 400
5	1 600
6	1 850
7	2 100
8	2 400
9	2 700
10	3 000
60-64	30 000
65-70	36 000

The price of common materials

Average amount of aggregates	1 M ³ timber price	
per holding (1000 m3)	In the internal market	In the external market





()-2	35	40
2	2-5	30	35
4	5-10	30	30
]	10-20 20-30	25	25
2	20-30	20	20

Income from agricultural production

Average area of arable land (ha) per holding	Annual income from 1 ha of arable land
0-10	250
10-20	200
20-50	100

Annual economic and financial activity must be shown in tables.

When starting, there is no bank account. This means that you need to take out a loan to purchase the necessary equipment and pay for labor. This credit consists of the following expenses:

- for the purchase of equipment,
- for maintaining equipment in working order,
- for labor payment,
- for planting a forest,
- for turning a clearing into arable land.

20% of the loan amount must be paid annually for the loan. Only then should the annual income be added:

- for the sold timber,
- from agricultural production,
- compensation for planting the new forest.

As a result, a bank invoice for the end of the year is obtained.