



BFIN 4355 Capital Budgeting

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Course Description

Application and extension of the capital budgeting process as a tool of financial and economic analysis, planning and allocation of scarce resources using tools such as calculators and spreadsheets. **Prerequisites:** BFIN 3321

This course is appropriate for any student who wishes to learn more about capital budgeting and its applications.

Course Objectives

The course is designed to introduce students to theories and practices of capital budgeting, such as: basic measures of capital investment, capital structure decisions of the firm, and strategic planning for long term financing decisions. The course material will enable students to evaluate and analyze a firm's investment and capital structure decisions.

Outcomes	Assessments
Understand and apply the different measures of capital investment desirability.	Examinations and problem assignments
Understand and be able to construct a firm's cost of capital	Cases and Problems
Learn about the common theories of capital structure of a firm and understand why firms have the capital structure they do	Examinations
Interest in current financial occurrences and problems and how they can impact a firm's capital budgeting decisions	Review of current newspaper articles relevant to topics covered in class.

Class Schedule and Sequence of Instruction

Tentative class schedule

<i>Week of</i>	<i>Topic</i>	<i>Reading</i>	<i>Activities</i>
11-Feb-19	Investment Decisions	Chapter 1	
18-Feb-19	Time Value of Money	Chapter 2	Quiz 1
25-Feb-19	Capital Budgeting Basics	Chapter 3	HW 1
4-Mar-19	Replacement Decisions	Chapter 5	Case 1
11-Mar-19	Capital Rationing	Chapter 6	HW 2
18-Mar-19	Mid Term Exam		
25-Mar-19	WACC	Chapter 7	
1-Apr-19	Capital Structure	Chapter 9	Quiz 2
8-Apr-19	Distribution Policy	Chapter 10	HW 3
15-Apr-19	Mid-Term Break		
22-Apr-19	Foreign Investments	Chapter 13	
29-Apr-19	Introduction to Real Options	Chapter 15	Case 2
6-May-19	Final Exam		

Required Textbooks and Materials

1. Textbook: The Capital Budgeting Decision: Economic Analysis of Investment Projects by Harold Bierman, Jr. Publisher: Routledge. eText ISBN: 9781135656232
2. Knowledge of Algebra and Knowledge of spreadsheet applications



Grading

A - Achievement that is outstanding relative to the level necessary to meet course requirements.

B - Achievement that is significantly above the level necessary to meet course requirements.

C - Achievement that meets the course requirements in every respect.

D - Achievement that is worthy of credit even though it fails to meet fully the course requirements.

P - Achievement that is satisfactory, which is equivalent to a C- or better (achievement required for a P is at the discretion of the instructor but may be no lower than equivalent to a C-.)

NP - Represents failure (or no credit) and signifies that the work was either (1) completed but at a level of achievement that is not worthy of credit or (2) was not completed and there was no agreement between the instructor and the student that the student would be awarded an I (see also I).

I (Incomplete) - Assigned at the discretion of the instructor when, due to extraordinary circumstances, e.g., hospitalization, a student is prevented from completing the work of the course on time. Requires a written agreement between instructor and student.

Grading Scale (Based on points)

95 – 100 A	77 – 79 C+	59 – Lower	F
90 – 94 A-	74 – 76 C		
87 – 89 B+	70 – 73 C-		
84 – 86 B	67 – 69 D+		
80 – 83 B-	60 – 66 D		

Exams

Homework Assignments (3)	15%
Cases (2)	30%
Quizzes (2)	10%
Mid Term Exam	15%
Final Exam	30%

- CASES: Cases are activities designed to work in group. The details of topic and format of these activities will be discussed during the first session of this course.
- HOMEWORK: There are three assignments that require to solve problems from the textbook. Every assignment should be delivered the due date mentioned in the course outline. Problem Assignments have to be done using Excel and submitted on Blackboard.
- QUIZZES AND EXAMS: Questions and problems on exams won't be only based on the exercises and material reviewed in class, but also in the textbook readings. There is NO Make-up exams. Copying during any exam is against the ESC code of Academic Integrity.



Other Regulations and Policies

Attendance and Participation

Attendance and active classroom participation are required of each student. Tests will cover for all course material provided through lectures and presentations, readings, discussions, cases, and videos during class.

Absences and/or a lack of participation in discussions will impact negatively on the final grade. Each student is responsible for all material covered and/or assigned and any announcements made in any class session, whether student is present or not. Group activities require all students to participate and contribute to group discussions and projects.

Students are expected to come to class on time and to have read assigned material before class. There may be an occasional pop quiz to verify whether students have read the assignments before class.

All work must be turned in on time. Late work may be accepted but points will be taken off if work is not turned in to instructor when it is due. At all times, in class and group discussions, students are expected to respect contributions, questions, and opinions of other people. Demeaning others in any way is not acceptable.

Scholastic Dishonesty

You are expected to do your own academic work and cite sources as necessary. Failing to do so is scholastic dishonesty. Scholastic dishonesty means plagiarizing; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; altering, forging, or misusing a university academic record; or fabricating or falsifying data, research procedures, or data analysis.

If it is determined that a student has cheated, he or she may be given an "NP" for the course, and may face additional sanctions from the Study Center.