

<b>Course</b>	<b>FINC 5810 Capital Budgeting and Corporate Investment</b>		
<b>Term</b>	Spring 1, 2010 – Monday – 6:00 – 10:00 pm 1/4, 1/11, 1/25, 2/1, 2/8, 2/15, 2/22, 3/1 <b>No class on Monday, January 18 - MLK Holiday - Makeup class TBD by Instructor</b>		
<b>Instructor</b>	Name: Sina Rezaei Home Phone: (904) 642-5791 Work Phone: (904) 607-8164 Email: <a href="mailto:srezaei76@yahoo.com">srezaei76@yahoo.com</a>		
<b>Catalog Description</b>	The student examines the corporate investment decision process which includes working capital management, financial statement analysis, determination of cash flows, risk return analysis, forecasting, and asset investment.		
<b>Prerequisites</b>	Prerequisite: FINC 5000.		
<b>Course Level Learning Outcomes</b>	<b>Outcome</b>	<b>Expectation</b>	
	1. Students can utilize time value of money (TVM) concepts.	Students can use equations and financial calculators to solve for all variables within a stream of cash flows of a present or future value.	
	2. Students can evaluate capital budgeting decisions using standard methodologies	Students can employ NPV, IRR, and payback methods to analyze potential capital investments.	
	3. Students can discuss the impact of good capital budgeting techniques.	Students can identify the relative impact of making positive, neutral or negative NPV investment decisions on the value of a firm.	
	4. Students can identify relevant cash flows in a capital budgeting decision.	Students can detect, differentiate, and quantify the differences between relevant and irrelevant cash flows and incorporate the items in a cash flow estimation for the purposes of capital budgeting.	
	5. Students appreciate the interaction between investment decisions of a firm and the firm's cost of capital.	Students can explain the affect of risk in the investment process and its impact on the suppliers of capital and possible changes in their perceived risk of the firm.	
<b>Materials</b>	<ul style="list-style-type: none"> <li>Seitz, N. and Ellison, M. (2005). <i>Capital Budgeting and Long Term Financing Decisions</i>. (4<sup>th</sup> Edition). Harcourt Brace College Publishers. ISBN#0-324-25808-9</li> </ul>		

- Financial Calculator
- Supplemental Reading:**
- Current financial publications and literature, including but not limited to the Wall Street Journal, Barron's, Investor's Business Daily and Business Week. The online version of the Wall Street Journal is highly recommended.
  - **Research Paper Guidelines and Sample Paper** – See website @ [www.webster.edu/jack](http://www.webster.edu/jack) and click on the Student Resources category.

**Grading**

**Grading**

<b>Assignments</b>	<b>Maximum Points</b>
◆ Examinations (2@ 20% each)	<b>40 Points</b>
◆ Case Analysis	<b>50 Points</b>
◆ Homework	<b>5 Points</b>
◆ Class Participation and Attendance	<b><u>5 Points</u></b>
<b>TOTAL</b>	<b>100 Points</b>

Letter grades will be assigned pursuant to the following scores based on the percent of the total possible points (weighted according to the scale above) that you earned in the course.

Percentage of Total Points	Grade
95%-100%	A
90%-94%	A-
85%-89%	B+
80%-84%	B
75%-79%	B-
70%-74%	C
Below 70%	F

- **CR** Work that is performed as satisfactory graduate work (B– or better). A grade of "CR" is reserved for courses designated by a department, involving internships, a thesis, practicum, or specified courses.
- **I** Incomplete work
- **ZF** An incomplete which was not completed within one year of the end of the course. ZF is treated the same as an F or NC for all cases involving G.P.A., academic warning, probation, and dismissal.
- **IP** In progress
- **NR** Not reported

	<ul style="list-style-type: none"> <li>• <b>W</b> Withdrawn from the course</li> </ul>
<p><b>Activities</b></p>	<p><b>Examinations</b></p> <ul style="list-style-type: none"> <li>• Exams are non-cumulative and are each worth 20% of the final grade for a total of 40% of the final grade.</li> <li>• Exams will generally be on a take home basis. All exams will be due when noted and subject to grade reduction per instructor's discretion if turned in late</li> <li>• Difficulty points <u>may</u> be awarded for those questions that are deemed to be significantly challenging to the class.</li> </ul> <hr/> <p><b>Case Presentations</b></p> <ul style="list-style-type: none"> <li>• Four cases, worth 10 points each, will be analyzed by the students and associated questions answered.</li> <li>• Analysis expectations of the cases will be discussed in class.</li> <li>• Cases will be graded equally on (a) EFICIENCY AND EFFECTIVENESS OF CONTENT and (b) GRAMMAR.</li> <li>• Efficiency is judged by the conciseness of the students approach towards resolution and the associated narrative supporting the student's analysis and position.</li> <li>• Effectiveness is judged by the ability of the student to identify and resolve the issue or conflict of the case. Unique and interesting insights offered by the student will be rewarded with additional points.</li> <li>• The last case will be presented in the class by students. The final 10 points of the 50 points allocated to cases will be assigned based on the ability to discuss the material related to the final case.</li> </ul>

	<p><b>Class Participation and Attendance</b></p> <ul style="list-style-type: none"> <li>• Students are expected to attend all class sessions of every course for the full 36 contact hours. In the case of unavoidable absence, the student must contact the instructor. The student is subject to appropriate academic penalty for incomplete or unacceptable makeup work, or for excessive or unexcused absences. Generally, a student who misses more than one four-hour course period (per course) without a documented military or medical excuse and advanced permission of the instructor should withdraw from the class. The University reserves the right to involuntarily drop enrolled students from classes, which they do not attend. <b>PLEASE BE ADVISED: CONTINUOUSLY EFFECTIVE POLICY FROM FALL 1998:</b> <u>students who do not attend the first class session, who have not made prior arrangements with the instructor for being absent, will be dropped from their courses.</u></li> <li>• Attendance the last day of class is mandatory to ensure that all work is completed and to be awarded a passing grade. An Incomplete will not be acceptable without documental proof (Death Notice, Doctor’s Letter, etc.) as to absence relating to non-completion of class work. These must be faxed 904-262-1459 or dropped off to Webster University by the Monday after the term ends.</li> <li>• Participants are expected to arrive on time and be actively involved in the learning experience. Each student should desire to learn, participate, and proactively contribute to the learning of others during each discussion and exercise.</li> <li>• Students are to participate in classroom discussions. The discussions are an opportunity for students to reveal their understanding of the assignments made for the current and previous classes.</li> <li>• Assignments are given to prepare the student to participate in class discussions; therefore, it is imperative that reading assignments and associated questions for discussion be completed prior to class.</li> <li>• A maximum of 5 points will be awarded based on the level and quality of participation and preparation.</li> <li>• Failure to turn in an assignment within one week will result in a grade of "0" for that assignment. In addition, failure to submit an assignment will lower the final grade by an additional two points.</li> <li>• All assignments are due as detailed in the Course Schedule.</li> <li>• Late assignments will be accepted on instructor’s discretion</li> <li>• Late assignments will not be accepted for the final assignments the last week of the course to allow timely completion and grades to be submitted.</li> </ul>
<p><b>Policy Statements:</b> <b>University Policies</b></p>	<p>University policies are provided in the current course catalog and course schedules. They are also available on the university website. This class is governed by the university’s published policies. The following policies are of particular interest:</p> <p><b>Academic Honesty</b></p> <p>The university is committed to high standards of academic honesty. Students will be held responsible for violations of these standards. Please refer to the university’s academic honesty policies for a definition of</p>

	<p>academic dishonesty and potential disciplinary actions associated with it.</p> <p><b>Drops and Withdrawals</b></p> <p>Please be aware that, should you choose to drop or withdraw from this course, the date on which you notify the university of your decision will determine the amount of tuition refund you receive. Please refer to the university policies on drops and withdrawals (published elsewhere) to find out what the deadlines are for dropping a course with a full refund and for withdrawing from a course with a partial refund.</p> <p><b>Special Services</b></p> <p>If you have registered as a student with a documented disability and are entitled to classroom or testing accommodations, please inform the instructor at the beginning of the course of the accommodations you will require in this class so that these can be provided.</p> <p><b>Disturbances</b></p> <p>Since every student is entitled to full participation in class without interruption, disruption of class by inconsiderate behavior is not acceptable. Students are expected to treat the instructor and other students with dignity and respect, especially in cases where a diversity of opinion arises. Students who engage in disruptive behavior are subject to disciplinary action, including removal from the course.</p> <p><b>Student Assignments Retained</b></p> <p>From time to time, student assignments or projects will be retained by The Department for the purpose of academic assessment. In every case, should the assignment or project be shared outside the academic Department, the student's name and all identifying information about that student will be redacted from the assignment or project.</p> <p><b>Contact Hours for this Course</b></p> <p>It is essential that all classes meet for the full instructional time as scheduled. A class cannot be shortened in length. If a class session is cancelled for any reason, it must be rescheduled.</p>
<p><b>Course Policies</b></p>	<p><b>Make-Up Requirements</b></p> <ul style="list-style-type: none"> <li>• For each class hour missed, a one (1) page, double-spaced, typed paper, with one (1) reference will be submitted by the end of the term. The instructor will assign the topic. A four (4) hour class will require four (4) pages supported with (4) references from popular or academic press.</li> <li>• This paper will be graded and incorporated in the class participation grade. If the make-up work is not submitted, the student's final grade will be reduced one (1) letter grade.</li> <li>• Students are responsible for any class material presented during their absence, and any assignments due should be submitted prior to the absence, if possible.</li> </ul>

<b>Weekly Schedule</b>	<p><b>Pre-Assignment:</b></p> <ul style="list-style-type: none"> <li>• Read Chapters 1, 2, complete associated homework. Bring your financial calculator to class. Students are expected to be able to use the financial calculator prior to attending the class.</li> <li>• On a weekly basis complete all assigned homework problems and cases. Homework questions, problems and cases may be discussed in class.</li> </ul> <p><b>Week 1      THEME: Foundations of Capital Budgeting</b></p> <p><b>Topics:</b></p> <ul style="list-style-type: none"> <li>◆ Introductions of Course Syllabus Review</li> <li>◆ Chapter 1, Long Term Financial Decisions</li> <li>◆ Chapter 1 Homework: Questions 1-4, 1-5, 1-15, 1-16</li> <li>◆ Chapter 2, Market Imperfections</li> <li>◆ Chapter 2 Homework: Questions 2-6, 2-9, 2-11</li> </ul> <p><b>Assignments for Week 2:</b></p> <ul style="list-style-type: none"> <li>• Read Chapters 4 &amp; 5.</li> <li>• Answer questions 4-5, 4-12</li> <li>• Answer problems 5-1 and 5-4</li> <li>• Case problem in Chap. 1, “Night Baseball”, answer all questions</li> </ul> <p><b>Week 2      THEME: Measuring Money</b></p> <p><b>Topics:</b></p> <ul style="list-style-type: none"> <li>◆ Turn in Case #1</li> <li>◆ Chapter 4, Value Driven Management</li> <li>◆ Chapter 5, You can Trust NPV</li> <li>◆ Homework Review</li> </ul> <p><b>Assignments for Week 3:</b></p> <ul style="list-style-type: none"> <li>◆ Read Chapters 6 &amp; 7</li> <li>◆ Answer problems 6-1, 6-2, 6-3</li> <li>◆ Answer problems 7-7, 7-17, 7-18</li> <li>◆ Case problem in Chap. 5, “Midcity Center”, answer all questions</li> </ul> <p><b>Week 3      THEME: Ranking Investments</b></p> <p><b>Topics:</b></p> <ul style="list-style-type: none"> <li>◆ Turn in Case #2</li> <li>◆ Chapter 6, Alternative Measures</li> <li>◆ Chapter 7, Ranking Mutually Exclusive Investments</li> <li>◆ Homework Review</li> </ul> <p><b>Assignments for Week 4:</b></p> <ul style="list-style-type: none"> <li>◆ Read Chapter 8</li> <li>◆ Answer Problem 8-3</li> <li>◆ Test #1 (Take home, due back week 5)</li> </ul>
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**Week 4**

**THEME: Estimating Cash Flow**

**Topics:**

- ◆ Chapter 8, Estimating Incremental Cash Flows
- ◆ Homework Review
- ◆ Distribute Test #1

**Assignments for Week 5:**

- Read Chapter 11
- Answer problems 11-3, 11-4, 11-5
- Return Test #1

**Week 5**

**THEME: RISK**

**Topics:**

- ◆ Return Test #1
- ◆ Chapter 11, Introduction to Risk Analysis
- ◆ Homework Review

**Assignments for Week 6:**

- Read Chapters 13 & 14.
- Answer Problems 13-13, 13-14
- Answer problems 14-3, 14-11
- Case problem in Chap. 8, “Walton Medical”, pages 266-267

**Week 6**

**THEME: Risk Continued**

**Topics:**

- ◆ Turn in case #3
- ◆ Chapter 13, Risk from the Company Perspective
- ◆ Chapter 14, Risk from the Shareholders’ Perspective
- ◆ Homework Review

**Assignments for Week 7:**

- Read Chapters 16 & 19
- Answer problems 16-7, 16-12, 16-13
- Answer problems 19-3, 19-13

**Week 7**

**THEME: Cost of Capital**

**Topics:**

- ◆ Chapter 16, Cost of Capital
- ◆ Chapter 19, Dividend Policy and Investment Decisions
- ◆ Homework Review

**Assignments for Week 8:**

- Read Chapter 21.
- Answer problems 21-1, 21-5, 21-7, 21-8
- Test #2 (Take home, due week 9)

	<p><b>Week 8</b>    <b>THEME: Leases</b>  <b>Topics:</b></p> <ul style="list-style-type: none"> <li>◆ Chapter 21, Lease Analysis</li> <li>◆ Distribute Test #2</li> </ul> <p><b>Assignments for Week 9:</b></p> <ul style="list-style-type: none"> <li>◆ Return Test #2</li> <li>◆ Case problem #4 in Chap. 21 “Lease Analysis”, answer questions 1 &amp; 2</li> </ul> <p><b>Week 9</b>    <b>THEME: Final Exam and Case</b></p> <ul style="list-style-type: none"> <li>◆ Return Test #2</li> <li>◆ Return &amp; Discuss Case #4</li> </ul>
<p><b>Additional Information</b></p>	<p>Reviewed by: <u>  <i>J. Ewing</i>  </u></p> <p>Job Title: <u>  Faculty Coordinator  </u></p> <p>Date: <u>  08/10/09  </u></p>