

CAPITAL BUDGETING 240-770 SUMMER 2007

CONTACT INFORMATION:

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OFFICE HOURS:

1:00 PM - 5:00 PM on Mondays and Fridays or by appointment.

TEXTBOOK:

Capital Budgeting and Long-Term Finance Decisions by Neil Seitz and Mitch Ellison.
4th Edition, Irwin McGraw-Hill, ISBN: 0-324-25808-9.

FINANCIAL CALCULATOR:

A financial calculator is required (unless you have ready access to Excel) for the course. My recommendation is Texas Instrument BA II Plus. But if you already have a different type with similar functions, like Hewlett-Packard HP-10B, you don't need to buy a new one. Calculators may be purchased at the University Bookstore, or Wal-Mart, or stores such as Office Depot, Best Buy, etc.

PREREQUISITE:

240 - 718: Financial Management at graduate level.

COURSE OBJECTIVE:

The purpose of this course is to help students develop their problem solving and critical thinking skills. Particular emphasis is placed on the student's ability to apply financial concepts and models in a variety of applied settings and to explain their assumptions and results in writing. A secondary emphasis is placed on using advanced computer spreadsheet techniques for obtaining numerical solutions to problems.

DISCUSSIONS:

You are encouraged to participate in class discussions. There is one discussion topic assigned for each module. You should express your opinions or make comments about other students' opinions on the topic. Although the participation in discussions is NOT explicitly graded, you may be rewarded for your regular participation if you find yourself on the borderline between two letter grades at the end of the course. In this situation, I may curve your grade up or leave it as it is based on your participation in class

discussions. I will track your involvement in the discussion and sometimes join the discussion throughout the course.

HOMEWORK:

There are about 8 - 20 end-of-chapter questions and/or problems assigned as homework for each module. The homework will NOT be graded and therefore you DON'T NEED TO SUBMIT. You are strongly encouraged, however, to do all of them to improve your performance in this course. You must thoroughly understand all the homework problems to do well on the exam. The solutions are provided to you in each module. But simply knowing the answer doesn't mean knowing how to get the answer. Please do your homework independently before checking the answer and repeat the process if necessary until you can solve the problem independently and correctly.

EXAMS:

There will be two non-cumulative exams, which include only calculation problems and essay questions similar (but definitely not identical) to the assigned homework problems for the relevant modules. Each exam will be available two days before its due date (See the Tentative Course Schedule below). You must complete and submit the exam within the two-day window.

CASE ASSIGNMENTS:

Two cases will be assigned to you over the semester and you are expected to use spreadsheet programs of your own design to solve the cases. Each case will be assigned to you at least one week before its due date.

GRADING METHOD:

The exams and cases will be weighted as following:

Exam 1: 35%;

Exam 2: 35%;

Case 1: 15%;

Case 2: 15%.

Your final grade on the course will be awarded according to the following scale:

100-90 = A

89-85 = AB

84 – 80 = B

79 – 75 =BC

74 –70 = C (hopefully we don't have to continue)

69 – 60 = D, and below 60 is a failing performance.

UNIVERSITY POLICY:

The university of Wisconsin-Whitewater is dedicated to a safe, supportive and non-discriminatory learning environment. It is the responsibility of all undergraduate and graduate students to familiarize themselves with the university policies regarding Special Accommodations, Misconduct, Religious Beliefs Accommodations, Discrimination and Absence for University Sponsored Events. (For details please refer to undergraduate and graduate timetables; The “Rights and the Responsibility” section of the Undergraduate Bulletin; the Academic Requirements and Policies and Facilities and Services sections of the Graduate Bulletin; and the “Student Academic Disciplinary Procedures”[UWS Chapter 14]; and the “Student Nonacademic Disciplinary Procedures”[UWS Chapter 17]

TENTATIVE COURSE SCHEDULE:

SECTION I: CAPITAL BUDGETING TECHNIQUES

Week 1	M 07/ 03- F 07/07	Module 1, Module 2, Module 3
Week 2	M 07/10 - F 07/14	Module 4, Module 5
Week 3	M 07/17 - F 07/21	Module 6, Module 7

Case 1 and Exam 1 are due on Sunday, July 23rd.

SECTION II: ESTIMATING PROJECT CASH FLOWS

Week 4	M 07/24 - F 07/28	Module 8, Module 9
Week 5	M 07/31 - F 08/04	Module 10, Module 11
Week 6	M 08/07 - F 08/11	Module 12

Case 2 and Exam 2 are due on Sunday, August, 13th.

IMPORTANT NOTES!!!

1. Exam 1 covers Module 1, 2, 3, 4, 6, and 7. Module 5 is for self-study and will NOT be included in exams.
2. Exam 2 covers Module 8, 9, 10, 11, and 12.
3. Make-up exams will only be given when the student presents a legitimate reason prior to the regularly scheduled exam.
4. It is your responsibility to know about administrative announcements made in class, including possible changes made in the syllabus. Any announcements and changes in the syllabus will be posted under “News”.