

University of Arkansas – Fort Smith
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General Syllabus:

FIN 43133 Capital Budgeting

Credit Hours: 3

Lecture Hours: 3

Laboratory Hours: 0

Prerequisites: FINN 37103 Business Finance and admission to the College of Business, or consent of instructor

Effective Catalog: 2018-2019

I. Course Information

A. Catalog Description

Introduces the theory, methods and concerns of capital budgeting. The purpose of this course is to develop a framework for analyzing a corporation's capital budgeting decisions with emphasis on various techniques, risk in capital budgeting, the cost of capital, capital rationing, and external growth through mergers and acquisitions.

II. Student Learning Outcomes

A. Subject Matter

Upon successful completion of the course, the student will be able to:

1. Discuss the major components of a firm's financial plan including the role of financial statement projections.
2. Compare firm financial ratios to a set of industry averages, correlate trends, and analyze areas of strengths and weaknesses.
3. Differentiate the components of cost of capital and explain why it is necessary to use the weighted average cost of capital in capital budgeting.
4. Evaluate project acceptability using a variety of capital budgeting tools.
5. Estimate the relevant cash flows that are to be used in capital budgeting decisions.
6. Assess how risk will affect capital budgeting decisions.

B. University Learning Outcomes

The course emphasizes the following areas:

Analytical Skills

Critical Thinking Skills - Students will demonstrate critical thinking skills by rationally and intuitively organizing information and applying technical principles and theories

when analyzing real-world situations. Students will solve application problems by identifying relevant information and correctly solving finance problems.

III. Major Course Topics

- A. Accounting for Financial Management
- B. Analysis of Financial Statements
- C. Corporate Valuation and Financial Planning
- D. Determining Cost of Capital
- E. Capital Budgeting Decision Criteria
- F. Estimating Cash Flow and Analyzing Risk
- G. Capital Structure Decisions
- H. Dynamic Structures and Corporate Valuation
- I. Mergers and Corporate Control