



FH Salzburg

Course Syllabus

Study programm	Business Management
Course code	BWIB2INVIL
Course title	Capital Budgeting
Term / year of study when the course is delivered	Spring/Summer Term
Cycle	1st cycle
ECTS credits / contact hours	3 / 28
Teaching units (hours/week - SWS)	2
Course type	ILV (Interactive lecture)
Prerequisites	B2 level in English
Language of instruction	English
Course content	<p>The course introduces two key elements of financial mathematics – compound interest calculation and annuities computation – before dealing more closely with capital budgeting methods</p> <ul style="list-style-type: none">• Compound interest calculation: key concepts, present value and final value of capital, interest rate computation, equivalent interest rates, interest period• Computation of annuities: key concepts, full-year annuities, intra-year annuities, interest rate of annuities, term of annuities, use of software for compound-interest and annuity calculations

	<ul style="list-style-type: none"> • Capital budgeting: definition of "capital expenditure", processes and methods of capital budgeting <ul style="list-style-type: none"> ○ Static capital-budgeting methods ○ Dynamic capital-budgeting methods ○ Assessment of risk and uncertainty: definition of risk, risk measures, decision making under uncertainty. 															
Learning outcomes	<p>By the end of this course, students will be able to:</p> <ul style="list-style-type: none"> • Evaluate the profitability of an investment project • Compare mutually exclusive investment opportunities • Determine the equivalent annual value for a given project • Use various methods to compute the rate of return • Make an accept or reject decision based on the rate of return 															
Learning methods	Mixture of lectures, practical problems, case studies, class discussions															
Assessment methods & criteria	<ul style="list-style-type: none"> • Final written exam • In-class participation 															
Grading Scale	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%;">1</td> <td style="width: 85%;">Excellent</td> <td style="width: 10%;">100 - 93%</td> </tr> <tr> <td>2</td> <td>Good</td> <td>83 - 92%</td> </tr> <tr> <td>3</td> <td>Good average</td> <td>70 - 82%</td> </tr> <tr> <td>4</td> <td>Below average</td> <td>50 - 69%</td> </tr> <tr> <td>5</td> <td>Insufficient</td> <td>< 50%</td> </tr> </table>	1	Excellent	100 - 93%	2	Good	83 - 92%	3	Good average	70 - 82%	4	Below average	50 - 69%	5	Insufficient	< 50%
1	Excellent	100 - 93%														
2	Good	83 - 92%														
3	Good average	70 - 82%														
4	Below average	50 - 69%														
5	Insufficient	< 50%														
Recommended resources	Chan S. P. (2015): Contemporary Engineering Economics, 6th ed. Pearson															
Attendance	75%															

Version: 16 July 2019



FH Salzburg