FIN 5318 (27755) : Capital Formation, Analysis, Budgeting — Spring 2005
Mondays 6:00-8:50 p.m., BUSN 303

Note: January 17th is a holiday, with no classes held. March 21-26 is spring break.

Instructor: Dr. Anthony F. Herbst, aherbst@utep.edu Web: http://utminers.utep.edu/aherbst

Dept. Telephone: 747-5245

Office: Business 248 — Office hours: 3:45-5:50pm Monday, Wednesday, and by prior appointment. E-mail: Any time.

I. Course Description: FIN 5318 Capital Formation, Analysis, and Budgeting (3-0). This course is designed to provide an in-depth study of the cost of capital and arguments concerning the appropriate specification of capital costs; analysis of the capitalization package of the firm; study of cash flows as they relate to the investment decision; risk analysis in the capital budgeting process and a study of techniques of capital budgeting under various constraints.

II. Required text and other required material:


(2) Selected cases from Harvard and University of Western Ontario:

Harvard: Dynatronics, Inc. (abridged) (9-290-064)
          Wilmington Tap & Die (9-185-124)
          Investment Analysis & Lockheed Tri Star (9-291-031)
UWO: Graphite Mining Corporation (9-96-B014)

NOTE: The cases will be ordered by the bookstore after the class role has stabilized because they are non-returnable and must be paid for by the bookstore. Note that it is illegal as well as unethical to make photo copies of these or textbooks. Anyone found to have an unauthorized photocopy (Xerox) of any of the above cases or books will be referred to the Dean of Students for possible sanctions.

(3) The Wall Street Journal (These are available through your instructor at student rates for the term. The WSJ is required, not optional.)
III. Computer Requirements: The use of computers for analysis, record keeping, and report generation is expected and required. If you do not have an e-mail account you must get one immediately. You can expect to be provided during the semester with course materials via e-mail, and there is a wealth of information related to the course available over the Internet that requires you to use e-mail and the Internet. Even if you have an account outside UTEP you should have a UTEP account; you may have e-mail automatically forwarded to your other account from UTEP if you like. (It may even work, if some problems with the software are fixed.)

IV. Course Objectives: This course covers capital investment analysis and selection and related considerations such as cost of capital and economic policy and environment for investment.

V. Instructional Methodology: Lecture, case analysis and presentation, group discussion, and student debate.

VI. Course Content Objectives:

<table>
<thead>
<tr>
<th>Topic</th>
<th>(Approximate)</th>
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<tbody>
<tr>
<td>Fundamental concepts</td>
<td>40</td>
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<tr>
<td>Analytical techniques</td>
<td>40</td>
</tr>
<tr>
<td>Computer applications</td>
<td>10</td>
</tr>
<tr>
<td>Economic policy and environment</td>
<td>10</td>
</tr>
</tbody>
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VII. Basis for Grade:

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<tr>
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<tbody>
<tr>
<td>Class Participation</td>
<td>20</td>
</tr>
<tr>
<td>Midterm Exams (1 @ 30)</td>
<td>30</td>
</tr>
<tr>
<td>Final Examination</td>
<td>50</td>
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<tr>
<td>Total</td>
<td>100</td>
</tr>
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(midterm date: Monday, March 7th)

"Other" includes being prepared for class, regular, voluntary class participation in the discussions of the assigned readings, and the analysis of cases, for which the quality as well as quantity of participation is important.

The class participation mark will include any quizzes or special reports that may be given during the term, and the instructor's assessment of the student's contribution to class discussion of assigned readings and problems. This is an interactive graduate-level class, not a straight lecture class for 'couch potatoes'. Note that those who would make a habit of disturbing the class with prolonged private conversations, late arrival, absences, etc., may receive a negative class participation assessment. The classroom standard expected is "professional behavior appropriate to business managers."

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VIII. FINAL EXAM SCHEDULE:

Monday, May 2nd, 1900-2145 (7:00pm-9:25pm)

IX. The University's scholastic integrity policy (page 59-60 of the undergraduate catalog) is required to be included on Spring 2005 syllabi:

**Scholastic Integrity**

"The University of Texas at El Paso prides itself on its standards of academic excellence. In all matters of intellectual pursuit, UTEP faculty and students must strive to achieve excellence based on the quality of work produced by the individual. In the classroom and in all other academic activities, students are expected to uphold the highest standards of academic integrity. Any form of scholastic dishonesty is an affront to the pursuit of knowledge and jeopardizes the quality of the degree awarded to all graduates of UTEP. It is imperative, therefore, that the members of this academic community understand the regulations pertaining to academic integrity and that all faculty insist on adherence to these standards.

"Any student who commits an act of scholastic dishonesty is subject to discipline. Scholastic dishonesty includes, but is not limited to, cheating, plagiarism, collusion, the submission for credit of any work or materials that are attributable in whole or in part to another person, taking an examination for another person, any act designed to give unfair advantage to a student or the attempt to commit such acts. Proven violations of the detailed regulations, as printed in the Handbook of Operating Procedures (HOP), and available in the Office of the Dean of Students, and the homepage of The Dean of Students (DOS) at www.utep.edu may result in sanctions ranging from disciplinary probation, to failing grade on the work in question, to a failing grade in the course, to suspension or dismissal, among others."

X. IMPORTANT NOTICES

It is the responsibility of each student to determine from the course bulletin (Spring 2005 Schedule of Classes) the official withdrawal date and other administrative detail.

"If you feel you may have a disability that requires accommodations, contact the Disabled Student Services Office at 747-5148, go to the Union Bldg, East, Room 106, or e-mail dss@utep.edu"

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