

## FIN 5318 - CAPITAL FORMATION, ANALYSIS AND BUDGETING

Syllabus and Course Calendar  
Fall 2020 Online Edition

Instructor: Dr. Eddie Wei, CFA

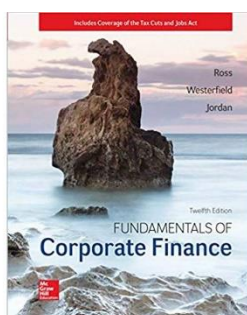
Contact: zwei@utep.edu; & course message center

Technology support: Help desk: 915-747-4357 (help); TS.UTEP.EDU

Live Sessions: weekly live lectures via Bb Collaborate Ultra. Time/date: Mondays, 6:00-8:00 pm  
(Attendance is encouraged but optional, as all live sessions will recorded)

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**REQUIRED TEXT:** Fundamentals of Corporate Finance, by Ross/Westerfield/Jordan (RWJ), 12<sup>th</sup> ed.  
ISBN: 978-1-259-91895-7



**REQUIRED CALCULATORS:** The course materials require students to be proficient in basic spreadsheet such as Excel. You will also want to have access to a *business* calculator, such as Texas Instrument **TIBA II Plus** by Texas Instrument (recommended). Your calculator should be able to compute the net present value (NPV) and the internal rate of return (IRR) on an uneven stream of cash flows.

### CATALOG COURSE DESCRIPTION

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.

### TOPICS

This course examines the relevant aspects of capital budgeting analysis, capital formation, and capital structure. Topics include capital budgeting criteria, cash flow estimations, project analysis and evaluation, raising capital (IPO), financial leverage and capital structure policy.

### LEARNING OUTCOMES

After successful completion of the course, students will be able to demonstrate a good understanding and applications of

- Capital budgeting techniques - Payback, NPV and IRR
- Pro forma financial statements – forecasting balance sheets and income statements
- Project analysis – scenario analysis, sensitivity analysis, and breakeven analysis

- Initial public offering (IPO)
- Capital structure policy

#### GRADE COMPONENTS AND CRITERIA:

Two exams @ 20% each	50%
Group project	30%
Individual assignments & participations	20%
Total	100%

A: 90% or up
B: 80 – 89%
C: 70 – 79%
D: 60 – 69%
F: below 60%

**Exams:** two non-cumulative exams will be given.

- Both exams have 33 multiple-choice questions each. Exam 1 covers ch9-11 and exam 2 covers ch14-16. For each exam, about two-third are problem-solving types of questions and one-third are concepts/definitions/understanding types.
- The exams will be open-book and online at Blackboard. The instructions are as follows:
  - You have 120 minutes to finish the exam once you start taking the test.
  - The questions will appear one at a time. Please submit the answer to each question before moving to the next. **No backtracking is allowed.**
  - On the day of the exam, you have a 14-hour window to take the exam, from 8:00 am – 10:00 pm.

**Group project:** The class will be divided into groups of 3-4 students per group. Please see the “Project Guidelines” for details.

#### **Individual assignments:**

- 6 homework assignments will be given (see course calendar/outline below).
- Late assignments are accepted with 50% reduced credits.
- The last day to turn in any late assignments is Dec. 10, 2020, the last day of class.
- All assignments are to be submitted online at Bb.
- Typed assignments are preferred, but scanned handwritten assignments are acceptable. However, your handwriting must be neat and legible.

#### **Bb Collaborate Ultra weekly Live Lectures/Office Hours:**

Mondays (11/09, 11/16, 11/23, 11/30, 12/07), 6:00 – 8:00 pm.

- To go over the course materials
- To answer any course-related questions
- To go over selected problems
- To provide guidance to the group projects
- Attendance is optional, as all live lectures will be recorded and made available at Bb.

#### ATTENDANCE POLICY

Because this is an online course, attendance is determined by class participation online. Participation is determined by completion of the following activities:

- Reading/Viewing all course materials in a timely manner to ensure understanding of assigned materials
- Though optional, attending live virtual Live Lectures are strongly encouraged, if your schedule allows.
- Completing all Module (weekly) Activities (assignments, exams, etc.)
- Completing the group project.

## **TECHNOLOGY REQUIREMENTS**

Course content is delivered via the Internet through the Blackboard learning management system (LMS). Ensure your UTEP e-mail account is working and that you have access to the Web and a stable web browser. Mozilla Firefox and Google Chrome are the most supported browsers for Blackboard; other browsers may cause complications with the LMS. When having technical difficulties, update your browser, clear your cache, or try switching to another browser.

You will need to have or have access to a computer/laptop, scanner, a webcam, and a microphone. You will need to download or update the following software: Microsoft Office, Adobe, Flashplayer, Windows Media Player, QuickTime, and Java. Check that your computer hardware and software are up-to-date and able to access all parts of the course.

If you encounter technical difficulties beyond your scope of troubleshooting, please contact the [Help Desk](#) as they are trained specifically in assisting with technological needs of students.

## **NETIQUETTE**

- Always consider audience. Remember that members of the class and the instructor will be reading any postings.
- Respect and courtesy must be provided to classmates and to instructor at all times. No harassment or inappropriate postings will be tolerated.
- When reacting to someone else's message, address the ideas, not the person. Post only what anyone would comfortably state in a F2F situation.
- Blackboard is not a public internet venue; all postings to it should be considered private and confidential. Whatever is posted on in these online spaces is intended for classmates and professor only. Please do not copy documents and paste them to a publicly accessible website, blog, or other space. If students wish to do so, they have the ethical obligation to first request the permission of the writer(s).

## **DROP POLICY**

To drop this class, please contact the [Registrar's Office](#) to initiate the drop process. If you cannot complete this course for whatever reason, please contact me. If you do not, you are at risk of receiving an "F" for the course.

## **ACCOMMODATIONS POLICY**

The University is committed to providing reasonable accommodations and auxiliary services to students, staff, faculty, job applicants, applicants for admissions, and other beneficiaries of University programs, services and activities with documented disabilities in order to provide them with equal opportunities to

participate in programs, services, and activities in compliance with sections 503 and 504 of the Rehabilitation Act of 1973, as amended, and the Americans with Disabilities Act (ADA) of 1990 and the Americans with Disabilities Act Amendments Act (ADAAA) of 2008. Reasonable accommodations will be made unless it is determined that doing so would cause undue hardship on the University. Students requesting an accommodation based on a disability must register with the [UTEP Center for Accommodations and Support Services](#).

## **SCHOLASTIC INTEGRITY**

Academic dishonesty is prohibited and is considered a violation of the UTEP Handbook of Operating Procedures. It includes, but is not limited to, cheating, plagiarism, and collusion. Cheating may involve copying from or providing information to another student, possessing unauthorized materials during a test, or falsifying research data on laboratory reports. Plagiarism occurs when someone intentionally or knowingly represents the words or ideas of another as one's own. Collusion involves collaborating with another person to commit any academically dishonest act. Any act of academic dishonesty attempted by a UTEP student is unacceptable and will not be tolerated. All suspected violations of academic integrity at The University of Texas at El Paso must be reported to the [Office of Student Conduct and Conflict Resolution \(OSCCR\)](#) for possible disciplinary action. To learn more [HOOP: Student Conduct and Discipline](#).

## **STUDENT RESOURCES**

UTEP provides a variety of student services and support:

- [UTEP Library](#): Access a wide range of resources including online, full-text access to thousands of journals and eBooks plus reference service and librarian assistance for enrolled students.
- [Help Desk](#): Students experiencing technological challenges (email, Blackboard, software, etc.) can submit a ticket to the UTEP Helpdesk for assistance. Contact the Helpdesk via phone, email, chat, website, or in person if on campus.
- [University Writing Center \(UWC\)](#): Submit papers here for assistance with writing style and formatting, ask a tutor for help and explore other writing resources.
- [Math Tutoring Center \(MaRCS\)](#): Ask a tutor for help and explore other available math resources.
- [History Tutoring Center \(HTC\)](#): Receive assistance with writing history papers, get help from a tutor and explore other history resources.
- [Military Student Success Center](#): UTEP welcomes military-affiliated students to its degree programs, and the Military Student Success Center and its dedicated staff (many of whom are veterans and students themselves) are here to help personnel in any branch of service to reach their educational goals.
- [RefWorks](#): A bibliographic citation tool; check out the RefWorks tutorial and Fact Sheet and Quick-Start Guide.

## **CAMPUS CARRY**

Persons who hold a Concealed Handgun License can lawfully carry their gun into a UTEP classroom as long as it remains concealed. Open carry remains prohibited on campus. Should you feel someone is intentionally displaying a gun (or any other weapon for that matter), do not hesitate to call Campus Police (X 5611) or 9-1-1. For more information on campus carry, see <http://sa.utep.edu/campuscarry/>; for more information on overall campus safety, see <http://admin.utep.edu/emergency>.

FIN 5318 Capital Formation, Budgeting and Analysis  
Course Calendar and Outlines

MODULE	OBJECTIVES	ACTIVITIES	ASSESSMENTS	INTERACTIONS	HOURS NEEDED
Week 1 Class begins 11/05/2020	1) Syllabus 2) Course Overview 3) Capital budgeting: Payback, NPV & IRR	Read ch9 & ch10 Watch short recorded lectures	Homework: Ch9: 1,2,3,7,8,12,13 (pp.305-307) Ch10: 1-4, 6-11, 20, 21, 25, 36 (pp.341-347) Due: 11/13, 11:59 pm	Email Live Lecture: 11/09, Monday, 6-8pm	9 hours
Week 2	Project analysis 1) Pro forma & cash flows 3) Scenario analysis 4) Sensitivity analysis 5) Breakeven analysis	Read ch11 Watch short recorded lectures	Homework: Ch11: 3-6, 19, 20, 23 (pp.376-379) Due: 11/19, 11:59 pm <b>Exam 1: 11/20, 8am-10pm</b>	Email Live Lecture: 11/16, Monday, 6-8pm	9 hours
Week 3	1) WACC estimation 2) Raising capital: venture capital & IPO 3) Group projects: guidelines and expectations	Read ch14 & ch15 Watch short recorded lectures Handouts	Homework Ch14: 15,16,18,28,30 (pp.490-493) Ch15: 1-12 (pp.531-532) Due: 11/27, 11:59pm	Email Live Lecture: 11/23, Monday, 6-8pm	9 hours
Week 4	1) Capita structure 2) Group projects	Read ch16 Watch short recorded lectures	Homework: Ch16: 1-15 (pp.568-570) Due: 12/01, 11:59pm <b>Exam 2: 12/02, 8am-10pm</b>	Email Live Lecture: 11/30, Monday, 6-8pm	9 hours
Week 5 Class ends 12/10/2020	This week is devoted to the group projects	Data analysis Write up the report	Presentations: 12/10 30 min/group; details TBD Project report: <b>Due 12/13, 11:59 pm</b>	Email Live Lecture: 12/07, Monday, 6-8pm	>20 hours