



Capital Budgeting Overview - Online

This module examines the analytical framework that financial managers use to evaluate projects, what makes a project sufficiently profitable for the firm, and how they choose among mutually exclusive projects and handle special circumstances.

This course replicates the content from lesson 4 of Corporate Finance - Online

This is an asynchronous eLearning course that can be accessed 24/7 from any internet enabled computer. Subscription period for this course is 90 days.

Targeted Audience

Individuals in credit, investment banking, corporate finance, and sales and trading.

Advance Preparation

No advance preparation required.

Learning Objectives

Students will be able to:

- . Recognize the advantages of using Net Present Value versus Internal Rate of Return to calculate the value of a project.
- . Recall when and how to use the profitability index to rank the value of a project.
- . Determine the value of projects that have different life spans using the approaches called lowest common denominator and annual equivalency cash flow.
- . Recognize the formulas for the after-tax weighted average cost of capital and capital asset pricing model and how they are used to determine the cost of capital.
- . Identify the formulas for calculating cash flows resulting from investments and how they are used to determine the profitability of a project.

Alumni Comments

"I really enjoyed the interactive tools."

"The course provided a good base to build up a strong knowledge in the vast field of cpex budgeting"

Follow-Up Courses

Introduction to Corporate Finance - Online

The Time Value of Money - Online

More Time Value Applications - Online

Capital Budgeting Overview - Online

Non-Financial Analysis - Online

Level: Basic

CPE Credits: 1

Instructional Method: Self-Study

Detailed Outline

Capital Budgeting Overview

Topics covered include:

- . Merits of using net present value vs. internal rate of return
- . Special capital budget problems
- . Examples: capital rationing, projects of different lives
- . After-tax weighted average cost of capital as discount rate
- . Calculating cost of debt, equity and cash flows on investments

Duration: 1 hour

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