

General information		
Course instructor	Siniša Bogdan, PhD, Associate Professor	
Name of the course	Capital Budgeting and Project Appraisal	
Study programme	Undergraduate study: Business Economics in Tourism and Hospitality Module: Hospitality Management	
Status of the course	elective	
Year of study	4 th	
ECTS credits and manner of instruction	ECTS credits	3 ECTS
	Number of class hours (L+E+S)	30 (15+0+15)
1. COURSE DESCRIPTION		
1.1. Course objectives		
The objective of this course is to familiarize students with the long-term decision-making process and investment appraisal techniques. Students will gain specific knowledge related to estimation of cash flow and cost of capital, they will also develop competencies for understanding the risks of investment projects and how to involve them in the decision-making process.		
1.2. Course enrolment requirements		
None		
1.3. Expected learning outcomes		
After attending and passing this course the student will be able to:		
1. Apply and interpret investment appraisal techniques 2. Estimate cost of capital 3. Apply risk assessment techniques in investment appraisal 4. Evaluate and argue the financial viability of investment projects		
1.4. Course content		
The concept of capital budgeting. Financial and real investments. Characteristics of the investment project. Financial efficiency. Types of investment projects. The process of capital budgeting. The importance of capital budgeting and financial decision-making methods. Payback period. Discounted payback period. Net present value. Internal rate of return. Profitability index. Annuity approach. Types of investment decisions. Assessment of individual project effectiveness. Project ranking. Mutually exclusive projects. Relevant cash flow. Estimation of investment costs. Forecast of net cash flows. The residual value of the project. Capital structure. Dilemmas in determining the cost of capital. Individual cost of capital. Cost of capital after tax. Total cost of capital. Marginal and incremental cost of capital. Three components of project risk. Measuring individual project risk. Measuring project risk for an enterprise. Market risk of the project. Incorporating risk into project effectiveness assessment. Special cases of capital budgeting.		
1.5. Manner of instruction	<input checked="" type="checkbox"/> lectures <input checked="" type="checkbox"/> seminars and workshops <input type="checkbox"/> exercises <input checked="" type="checkbox"/> distance learning <input type="checkbox"/> fieldwork	<input checked="" type="checkbox"/> individual assignments <input checked="" type="checkbox"/> multimedia and network <input type="checkbox"/> laboratories <input checked="" type="checkbox"/> mentorship <input type="checkbox"/> other

1.6.	Comments						
1.7.	Student responsibilities						
Class attendance (full-time students, minimum class attendance 75%), active participating in class, writing and oral presentation of a seminar paper and practical work, continuous assessment and written exam.							
1.8.	Monitoring of student work ¹						
Class attendance	1,0	Class participation		Seminar paper	0,3	Experimental work	
Written exam	0,4	Oral exam		Essay		Research	
Project		Continuous assessment	0,8	Report		Practical work	0,5
Portfolio							
1.9. Assessment of learning outcomes in class and at the final exam (procedure and examples)							
Assessment and evaluation of students in classes and at the final exam is conducted under the Rulebook on students' evaluation at the Faculty of Tourism and Hospitality Management. For each course there is a detailed course syllabus which coordinates activities, student load, learning outcomes and evaluation methods.							
1.10. Mandatory literature (at the time of submission of study programme proposal)							
Crundwell, F. (2008). Finance for engineers: Evaluation and funding of capital projects. Springer Science & Business Media. Peterson, P. P.. & Fabozzi F. J. (2002). Capital Budgeting: Theory and Practice. John Wiley & Sons							
1.11. Optional/additional literature (at the time of submission of the study programme proposal)							
Baker, H. K., & English, P. (2011). Capital budgeting valuation: financial analysis for today's investment projects. John Wiley & Sons.							
1.12. Number of assigned reading copies in relation to the number of students currently attending the course							
Title						Number of copies	Number of students
Crundwell, F. (2008). Finance for engineers: Evaluation and funding of capital projects. Springer Science & Business Media.						5	
Peterson, P. P.. & Fabozzi F. J. (2002). Capital Budgeting: Theory and Practice. John Wiley & Sons						5	
1.13. Quality monitoring methods that ensure the acquisition of exit knowledge, skills and competences							
The quality of the program, the teaching process, the teaching skills and the level of the material acceptance will be established by means of a written evaluation of the extensive questionnaires and in							

¹ IMPORTANT: Enter the appropriate proportion of ECTS credits for each activity so that the total number of credits equals the ECTS value of the course. Use empty fields for additional activities.

other ways envisaged by the accepted standards, in accordance with the Rulebook on Quality Assurance and Improvement of the University of Rijeka and the Quality Assurance and Improvement of the Faculty of Tourism and Hospitality Management.