

COURSE CODE: BUAD 296

COURSE TITLE Long Term Capital Management

Calendar Description

An introduction to the long -term treasury functions of business: namely, the raising of long -term capital and the evaluation of proposals for the investment of this capital. Topics include the time value of money; risk versus return; the cost of capital; capital budgeting; leasing versus purchasing; capital markets; financing with common stock, preferred stock, bonds, and retained earnings; convertible securities and warrants (also offered by Distance Education).

Prerequisite(s) : MATH 114



Learning Outcomes

Outcome	Upon completion of this course students will be able to:
1	Evaluate the funding of large capital projects by calculating the weighted average cost of capital under different corporate structures.
2	Use Net Present Value and Internal Rate of Return techniques to evaluate proposed capital projects as well as bond refunding and lease-versus-purchase decisions.
3	Evaluate risk using the standard deviation, the coefficient of variation of returns, and the portfolio effect.
4	Explain various terms relating to capital markets and the functions of dealers and underwriters.
5	Apply the marginal principle of retained earnings and residual theory to dividend declaration decisions.
6	Calculate the effects of stock dividends, stock splits, and stock repurchases on overall shareholder wealth.
7	Evaluate corporate investment decisions involving call and put stock purchase options, stock purchase warrants, and forward contracts used as investments and/or hedges.
8	Evaluate the viability of corporate mergers.
9	Explain issues involved in international financial management and perform calculations involving foreign exchange rates.

Course Objectives

			Textbook
			Chapter(s):
			10
			11
			12
			13
			14/15
			10-15
Jun	4	Buy vs lease, Common and preferred stock	16/17
	6	Dividends and retained earnings	18

