Course programme 2020/2021

undergraduate studies

graduate studies

Course ID		Spring Semester	Language of the course: English

Course title:	Methods of Evaluating Investment Projects
Course title in Polish:	Metody oceny projektów inwestycyjnych

Total course hours:	45.00	ECTS	6

Lecturer:	Luiza Kostecka-Tomaszewska, PhD
Prerequisite(s):	prerequisites not required: the course has no formal entry requirements and is open to all students

I. Course description

This course is designed for students who want to refresh their mathematical knowledge needed for finance and extend knowledge in the area of investment project evaluation. The first part of the course deals with key concepts of financial mathematics, while the second part addresses methods and techniques for evaluating the economic viability of investment projects. Students acquire knowledge and practical skills in the field of preparing an investment plan, calculation and interpretation of basic indicators of the economic viability of investment projects (costs comparison, profit comparison, payback period, net present value - NPV, internal rate of return -IRR, net present value ratio - NPVR, profitability index - PI, also modified versions of the mentioned indicators), selection of an optimal investment project, selection of sources of financing the investment project and risk management. This course may be supplementary to the courses on Fundamentals of Financial Mathematics and Introduction to Investing.
Lecture: 15, Classes: 30
Teaching methods: The course subject matter will be taught through a combination of formal lectures with presentations and case studies as well as in-class exercises and class discussions.

II. Course objectives

This course aims to provide students with theoretical and practical knowledge that gives the foundations to make investment decisions. Students acquire basic knowledge and practical skills in financial mathematics. Moreover, students acquire knowledge and practical skills in the field of preparing an investment plan, calculation and interpretation of basic indicators of the economic viability of investment projects, selection of an optimal investment project, selection of sources of financing the investment project and risk management.

III. Knowledge, skills acquisition

Topic – content summary	At the end of the course students will be able to:
Introduction to evaluation of investment projects	distinguish financial investment from real investment, explain investment decision rules and criteria
The concept of the time value of money	explain the time value of money concept and its importance in the business world
Cost of capital and financing decisions, Loan Repayment Schedules	estimate the cost of capital from various financing sources and WACC, build a loan amortization schedule
Cash flows analysis: definition and calculation of the cash flows of the investment project	calculate the cash flows of the investment project
Static and dynamic methods of evaluating investment projects	argue the acceptability of the project based on financial analysis, evaluate and compare investment projects
Methods of risk assessment: sensitivity analysis and probability in planning the investment project	evaluate the risk of real investments

IV. Assessment

Lectures: The course ends with a written exam
Classes: Students are evaluated throughout the course

Date: 10/04/2020

Lecturer signature : Luiza Kostecka-Tomaszewska

Zofia Karczewska