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Course Information

Course Title: Capital Budgeting #364421

Number of continuing education credit hours recommended for this course:

CPA: 5 (All states)

In accordance with the standards of the National Registry of CPE Sponsors, CPE credits have been granted based on a 50-minute hour.

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for states requiring sponsor registration

Florida Division of Certified Public Accountancy: 4761 (Ethics #11467)

Hawaii Board of Accountancy: 14003

New York State Board of Accountancy (for ethics): 002146

Pennsylvania Board of Accountancy: PX178025

Ohio State Board of Accountancy: M0021

Texas State Board of Accountancy: 009349

Course Description:

The decision to invest is a continual challenge, requiring insights into a firm's strategic direction, bottlenecks, cash flows, and expected risks. The *Capital Budgeting* course provides clarity by describing the process flow for capital requests. It also covers the primary methods for determining whether a proposed investment is acceptable, as well as a number of strategic and risk-based considerations. Lease or buy financing options are also discussed, along with a system of capital budgeting controls. In short, the course provides the knowledge to assemble and operate a reliable capital budgeting system.

Program Delivery Method: NASBA QAS Self-Study (interactive)

Subject Codes/Field of Study

NASBA (CPA): Finance

Course Level, Prerequisites, and Advance Preparation Requirements

Program level: Overview

Prerequisites: None

Advance Preparation: None.

Course Content

Publication/Revision date: 4/29/2021.

Author: Steven M. Bragg, CPA.

Final exam (online): Twenty-five questions (multiple-choice).

Instructions for taking this course

Note: Download and save the PDF of this course to your computer for future reference, and to enable the search function (Menu: Edit>Find) and bookmarks (icon on left side of document window) for easier navigation.

In order to receive CPE credit for this course, you must complete the course within one year of the date of purchase. This includes achieving a passing grade of at least 70% on the final exam. Exams may be retaken if not passed on the first attempt (no charge).

Complete the course by following the learning assignments and objectives listed below and studying the review questions after each major section in the text. Once you have completed each learning assignment and you are confident that the learning objectives have been met, answer the final exam questions (online).

Instructions for Taking the Final Exam Online

- Login to your account online at www.bhfe.com.
- Go to "My Account" and view your courses.
- Select "Take Exam" for this course and follow instructions.

Have a question? Call us at 800-588-7039 or email us at contact@bhfe.com.

Learning Objectives

- Recognize the alterations available for improving an investment proposal, why sunk costs are excluded from proposals, and the alternatives for capital rationing.
- Identify the market conditions in which different types of investments and investment decisions will be made.
- Identify the basis for discounted cash flow analysis, and how net present value can be used.
- Identify the elements of the cost of capital, and note how the cost of capital is calculated.
- Recognize the derivation of throughput, the best ways to improve financial results, and situations in which local optimization is occurring.
- Recognize the uses to which payback, real option, and complex environment analysis can be used to review investment proposals.
- Specify the concepts involved in the lease or buy decision process, and the information to include in or exclude from the decision.
- Identify the issues to be verified as part of the analysis of a capital budgeting request form.

About the Author

Steven Bragg, CPA, has been the chief financial officer or controller of four companies, as well as a consulting manager at Ernst & Young. He received a master's degree in finance from Bentley College, an MBA from Babson College, and a Bachelor's degree in Economics from the University of Maine. He has been a two-time president of the Colorado Mountain Club, and is an avid alpine skier, mountain biker, and certified master diver. Mr. Bragg resides in Centennial, Colorado. He has written more than 250 books and courses, including *New Controller Guidebook*, *GAAP Guidebook*, and *Payroll Management*.

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