

# Public and Private Investment Analysis

EC 314

Spring 2009

James Woods

## 1 Introduction

This course will examine the tools required to analyze expenditures that yield benefits over time—investments. The use of accounting documents and a focus on the time value of money will allow students to analyze choices in a variety of security, loan, and equipment investment decisions.

## 2 Prerequisites

There are no prerequisites for this course. The math placement assessment for MTH 111, testing concepts from MTH 70 and 95, i.e., high school algebra, will be given on the first day. If you don't do well, you should reconsider enrolling in this course.

## 3 Resources

My office is in CH 241-T. The best ways of contacting me, in decreasing order of effectiveness:

- Email: woodsj@pdx.edu. This gets checked three times a day.
- Instant Messenger: ICQ: 162751613, AIM: conman1138, MSN: dr\_econ. If I am on, I will reply.
- Phone: (503) 465-4883.
- I will not respond to Blackboard email.

Office hours will be held through the last week of class Monday 1:00-2:00 and Tuesday 12:00-1:00. If you can't attend at these times, please check my calendar at (<http://web.pdx.edu/~woods/calendar.htm>) and email for an appointment. Default meeting time is 15 minutes.

If class is canceled I will post an announcement on Blackboard and on twitter account PSUWoods.

### 3.1 Attendance

Attendance is not mandatory- the choice to attend or not attend is always yours. If you do choose to attend class, please prepare by completing the required readings and reviewing your notes from the previous lecture. If you choose not to attend a class, you are still responsible for acquiring notes, handouts, and any announced schedule changes from other students. You will also be ineligible for pop quizzes.

Don't let your children be a barrier to attending class. Bringing your children to class occasionally is tolerated and encouraged.

## 3.2 Books and Other Sources

I have assigned Chan S. Park “Contemporary Engineering Economics 4ed”. If the 4th edition is unavailable the 3rd edition is also acceptable but *all readings and suggested questions will be from the 4th edition.*

Many students have found “Schaum’s Outline of Engineering Economics” by Sepulveda, Souder and Gottfried a usefull second reference.

The Blackboard site for the class (bb.pdx.edu) will reflect all changes in the class schedule. All homework assignments and exam keys will be distributed via the website. It is essential that you access Blackboard as soon as possible.

If you require modifications to the usual exam format because of learning or physical disabilities let me know as soon as possible so I can make arrangements.

## 4 Exams and Assignments

Your grade in the class will be based on your performance on the final exam, two midterms, and quizzes. The contribution of each of these to your final grade is shown below:

Final Exam	30%
Midterm 1	30%
Midterm 2	30%
Quizzes and Online Homework	10%

The final exam and midterms will be multiple choice. Please bring a calculator and a scantron form 882-E to each exam. You will be provided with a packet of equations and useful tables.

Every lecture is a 50% chance of a pop quiz. Completing the in-class quizzes, regardless of performance, results in full credit. There will be occasional quiz or brief homework assignment on blackboard to be completed outside of class. These will be graded and getting the correct answer does matter.

While there is no formal, out of the book, homework suggested questions are provided in the course outline. These will not be collected or graded.

Grades will be based on your class rank. At the end of the term I will create a weighted average score and rank the students. The dividing lines between letter grades will be drawn such that no student is near a dividing line. In this way no student will ever be, “just one point from an A.” You are in a very real competition for grades in this class. If someone cheats it harms your chances of getting an A. The fact that I usually end up with *about* 30% A’s, 30% B’s, and so on, is one of the mysteries of the universe.

Note that exam scores are typically on the low side, with medians as low as half the possible points. Please do not expect a grade distribution where 90% and above is an A.

## 5 Use of Twitter

This term’s experiment is Twitter, micro blogging that is accessible via web and text message. Your first homework assignment will be to sign up for an account at <http://twitter.com> and follow “PSUWoods”. Details are on blackboard in the *assignments* section.

I will, on occasion, ask class to post examples, links, definitions or answers to questions or photos of the blackboard while we are in the classroom.

It is also intended to be a back channel for questions that my arise during lecture that can easily be answered by your fellow students both during and after class.

It is tended to be a work, not social, channel.

### 5.1 Other Rules

- Academic honesty is required.
- I actively discourage early and late exams!

- Begging for grades will result in an immediate lowering of your course grade by a full letter grade.
- Go to office hours at the first sign of trouble – not as a last resort.

## 5.2 Expected Outline

A link to a full, detailed, and continuously updated schedule be posted on Blackboard for this course. Please expect midterms at the end of the fourth and eighth week of class.

Topic	Reading	Suggested Questions
Introduction to Accounting	Ch 2	2.1
Time Value of Money	Ch 3	3.26, 3.37, 3.46
Loans	Ch 4 skip 4.1.4 and 4.3	4.14, 4.54
Present Worth Criteria	Ch 5	5.41, 5.44
Annual Worth Criteria	Ch 6	6.9, 6.36
Rate of Return Criteria	Ch 7	7.45, 7.5
Single Period Criteria	Ch 8.3, 8.4	
Depreciation and Taxes	Ch 9	9.23
Project Cash Flows	Ch 10.1-10.3	10.13 a and c,
Inflation	Ch 11.1-11.3	
Capital Budgeting	Ch 15.1, 15.3, 15.4	15.4
Risk and Uncertainty	Ch 12.1, 12.2, 12.6	As Handout

MWF 11:30 Section: Final Exam June 11, 12:30-2:20

TTH 10:00 Section: Final Exam June 9, 10:15-12:05

## 6 Extra Credit

Extra credit will be available through creating content for the course wiki.

A link to the wiki may be found on the blackboard home page for the course. Simply click on the link and create a wikidot.com account. Then go back to the course wiki and apply to enter. Be sure to give me your real name and PSU ID, i.e., your Odin username. I will give you access within 24 hrs. This procedure may change during the the term so watch for updates to this procedure. *Signing up for the wiki is one of your first homework assignments.*

### 6.1 How To Get Extra Credit

Extra credit, equivalent to a single quiz will be given for:

- Detailed notes in the provided outline equivalent to one class period.
- Write up of a pop quiz question and answer.
- Significant addition to existing topic or quiz answer.
- Contribution of an original pop quiz style question and answer linked to the correct topic.
- No plagiarism please.

Once you have made your contribution:

- Email a link to the content you have created within two days of creating the content.
- I will check to see if your contribution meets quality standards for credit.
- If it meets standards, I will email you back and give you credit.
- If it does not meet standards I will make comments in the page forum, accessed through the 'discuss' link at the bottom of each page. Credit will be given once those requirements are satisfied.
- *All contributions must be completed, meaning that I have signed off on them, before the last day of lecture.*

### 6.2 How Much Extra Credit

Each significant contribution will yield extra credit equal to one pop quiz. The credit may be used to replace quizzes you have missed. You may also earn additional credit up to 50% of the possible pop quiz score. Meaning that if we had 10 pop quizzes you could earn extra credit equivalent to an additional 5 pop quizzes.

In any case, feel free to contribute even if you don't need or wish to apply for extra credit.