DESCRIPTION OF THE COLLEGE

GENERAL INFORMATION		
Course Holder	**Assoc. Prof. Dr. Sc. Aljoša Šestanović**	
Name of the College	**Design of Investment Project - practical**	
Study program	**Professional Graduate Study of Business Management - MBA**	
Status of the College	**Mandatory**	
Code	**MBA-IIPP-21**	
Year	**Year 2**	
Point value and method of teaching	**ECTS Student Workload Coefficient**	**6**
	Number of hours (P+H+S)	**28+28+0**

DESCRIPTION OF THE COLLEGE
1.1. *Objectives of the course*
Students are expected to develop: a) General competencies • The Rise of Professional Integrity • Learning about the importance of making investment decisions in the company and the consequences for other parts of the company b) Specific competencies • applying appropriate techniques for analysing the profitability of investment projects • interpretation of calculated indicators of profitability of investment projects • making judgments on the acceptance or rejection of a particular investment project based on the calculation of critical project acceptance parameters
1.2. *Requirements for enrolment in the course*
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1.3. *Expected learning outcomes for the course*

Students should be able to:

1. **Distinguish the basic concepts in the process of developing an investment project and capital budgeting, including the classification of investment projects with regard to different classification criteria**
2. **Apply key concepts in the process of estimating cash flows (incrementality, sunk costs, externalities, inflation rate, time value of money)**
3. **Argue the advantages and disadvantages of generally used investment project evaluation methods such as payback period method, discounted payback time, net present value (NPV), internal rate of return (IRR), average accounting rate of return, profitability index (PI) and other generally accepted evaluation methods**
4. **Evaluate the performance of the investment project plan using methods that include: static evaluation and dynamic evaluation methods: payback period, discounted payback period, net present value (NPV), internal rate of return (IRR), average accounting rate of return and profitability index (PI) and other generally accepted methods**
5. **Conduct a risk analysis of an investment project using the sensitivity method and scenario analysis**
6. **Evaluate the success of an investment entrepreneurial venture according to their own business idea with all the necessary components**

1.4. *The content of the course*

Methodology of Investment Project Development - Introduction and Basic Terminology

- Terminological Definitions in the Process of Developing Investment Projects
- Capital Budgeting - The Process and Features of Capital Budgeting
- Capital rationing
- Exercise - Project Cash Flows and Capital Rationing

Analytical framework of the investment study Key Concepts of Feasibility Studies (CBA Studies)

- Cash flows in investment projects
- Cost of Capital in Investment Projects
- Exercise - Creating Cash Flows and Calculating the Cost of Capital

Methods of evaluation of investment projects

- Payback period method and discounted payback period
- Net present value method
- Internal rate of return method
- Comparison of investment project assessment methods

Effectus veleučilište

Revision for the 1st intermediate exam
Investment Study Creation Exercise
The Role of Risk in the Cost-Effectiveness Assessment of the Project and Project Risk Assessment Methods

- The concept of risk and significance for the assessment of the profitability of investment projects
- Qualitative and Numerical Methods of Risk Assessment in Investment Projects

Application of numerical methods in MS Excel

- Application of the Net Present Value and Internal Rate of Return Method in MS Excel
- Application of sensitivity analysis and scenario analysis in MS Excel

Revision for the 2nd intermediate exam

1.5. *Types of teaching (put X)*	☒ Lectures ☐ Seminars and workshops ☒ Exercises ☐ Distance education ☐ Field Teaching	☒ Independent tasks ☐ Multimedia & Network ☐ Laboratory ☐ mentoring work ☐ Other

1.6. *Obligations of students*

Student obligations are prescribed in detail by the Statute, the Study Regulations and the Instructions on Student Obligations. The key obligations of students are: ATTENDANCE AT CLASSES: students are obliged to attend classes, actively follow lectures and exercises and participate constructively in classes, and in order to acquire the right to take the exam, it is necessary to attend classes in the percentages prescribed by the Study Regulations. For each student, their presence in class is recorded through the Infoeduka digital office system. The minimum commitments are;

- *Full-time students must attend at least 70% of the total number of classes to be eligible to sign.*
- *Part-time students need to attend at least 50% of the total number of teaching hours to be eligible to sign.*

EXAM: in order to achieve a positive grade in the subject, it is necessary to achieve at least 54 points in the subject, but also at least 50% of points for each learning outcome. The method of taking the exam is described in more detail in the item Assessment and evaluation of students' work during classes and at the final exam.
**FINAL EXAM – a student who has not met the conditions for passing the exam during the continuous examination (has achieved a total of at least 54 points in the course and met the lower point threshold for the acquisition of each learning outcome, i.e. at least 50% of the points of each learning outcome), may take the learning outcomes of the course at the final exam.*

WRITTEN EXAM: *the student is obliged to take a written exam that verifies the acquisition of theoretical knowledge related to the exercises of calculating the parameters of the evaluation of the profitability of investment projects and practical knowledge related to the application of techniques for assessing the acceptability of undertaking a business venture based on the feasibility study.*

**CONTINUOUS ASSESSMENT OF KNOWLEDGE: For more efficient progress of students in teaching, continuous examinations (2 intermediate exams) are carried out. In this way, students acquire smaller teaching units and master the subject material more easily.*

1.7. *Monitoring of student work (add X with the appropriate form of monitoring)*

Attendance	x	Teaching activity		Term paper		Experimental work	
Written exam	x	Oral exam		Essay		Research	
Design		Continuous assessment of knowledge		Paper		Practical work	
Portfolio							

1.8. *Assessment and evaluation of students' work during classes and at the final exam*

Assessment and evaluation of students' work during classes and at the final exam is carried out on the basis of the Study Regulations of the EFFECTUS University of Applied Sciences.

Allocation of points according to forms of student performance monitoring

	Attendance	Written exam	Design	Practical work	Total
I1		16			16
I2		16			16

I3		16			16
I4		16			16
I5		16			16
I6		16			16
OUT OF THE BOX	4				4
TOTAL	4	96	0	0	100

Linking learning outcomes, teaching methods and methods of assessment of knowledge:

	FORMS OF TRACKING	NAME OF LEARNING OUTCOMES	TEACHING METHOD	METHOD OF ASSESSMENT KNOWLEDGE	Maximum number of rating points	
	Written exam	OUTCOME 1 Distinguish the basic concepts in the process of developing an investment project and capital budgeting, including the classification of investment projects with regard to different classification criteria	Lecture	Participation in a written examination with questions of various types that include conceptual questions, exercises in calculating the parameters of assessing the profitability of investment projects	48	
			Discussion			
			Asking questions			
		OUTCOME 2 Apply key concepts in the process of estimating cash flows (incrementality, sunk costs, externalities, inflation rate, time value of money)	Lecture			
			Discussion			
			Open questions			
		OUTCOME 3 Argue the advantages and disadvantages of generally used investment project evaluation methods such as payback period method, discounted payback time, net	Lecture			
			Discussion			
			Open questions			

		present value (NPV), internal rate of return (IRR), average accounting rate of return, profitability index (PI) and other generally accepted evaluation methods				
	Written exam	*OUTCOME 4 Evaluate the performance of the investment project plan using methods that include: static evaluation and dynamic evaluation methods: payback period, discounted payback period, net present value (NPV), internal rate of return (IRR), average accounting rate of return and profitability index (PI) and other generally accepted methods*	*Lectures*	*Participation in a written examination of knowledge with questions of various types, which includes the application of techniques for assessing the acceptability of undertaking a business venture based on a feasibility study*	*48*	
			Training and feedback			
		OUTCOME 5 Conduct a risk analysis of an investment project	*Lecture*			

	using the sensitivity method and scenario analysis	*Discussion*		
		Guided training		
	OUTCOME 6 Compile financial statements based on the given input data (business transactions).	*Guided training*		
		Training and feedback		
Attendance	*All outcomes*	*Lectures and exercises*	*Attendance records*	*4*
			TOTAL POINTS	***100***

Type of student workload	*Hours of student workload*	*ECTS credits*
Attending face-to-face classes	56	1,87
Field trips/visits outside the college	0	0
Independent study/research	30	1,0
Out-of-classroom preparation and preparation of seminars/presentations	0	0
Work on an out-of-classroom project assignment	0	0
Independent preparation for exams and exam time	79	2,63
Consultation activities	15	0,5
Other	0	0
TOTAL ECTS credits	**180**	**6**

***JUDGING**:*

In order to achieve a positive grade in the course, the student must cumulatively meet two conditions: achieve a total of at least 54 (fifty-four) points in the course and meet the lower point threshold for the adoption of each individual learning outcome, which is 50% of the total points of the learning outcomes.

Grades are calculated based on the following distribution of points:

NUMBER OF POINTS	*RATING*
0,00 – 53,90	*Insufficient (1)*
54,00 – 64,90	*Sufficient (2)*

65,00 – 79,90	*Good (3)*
80,00 – 89,90	*Very Good (4)*
90.00 and more	*Excellent (5)*

The evaluation is carried out in a transparent manner by collecting points. The course is valued with 100.00 points (with the possibility of achieving an additional 8 points on the Challenge learning outcome).

CHALLENGE LEARNING OUTCOME - the student has the opportunity to earn an additional maximum of 8 points through the Challenge learning outcome; The student independently chooses one of the activities proposed in the first lesson, and has the opportunity to independently propose an activity by which he wants to increase the number of points and, with the consent of the course holder, achieves them according to the criteria of the subject. Points for the Challenge learning outcome are not distributed according to the learning outcomes, but the number achieved is an additional number of points to the total number of points achieved according to the learning outcomes.

Before taking the final written exam, each student must meet the prescribed conditions, which primarily means that they have attended the % of classes determined by the Study Regulations and that they have received an electronically encrypted permission to take the exam.

1.9. *Required literature and number of copies in relation to the number of students currently attending classes in the course*

Title	*Number of copies*	*Number of students*
1. Hadžavdić, Edin, Prepare Your Bankable Investment Project, EFFECTUS Study of Finance and Law, Zagreb, 2018. *2. European Commission, Guide to Cost-benefit Analysis of Investment Projects, Economic appraisal tool for Cohesion Policy 2014-2020, December 2014 (or newer)*	*5** **students receive compulsory literature in permanent ownership*	*60*

1.10. Supplementary literature

1. *Cingula, M., Hunjak, T., Ređep, M., Business Planning Examples for Investors, RRIF-plus, Zagreb, 2004.*
2. *Orsag, S., Capital Budgeting-Assessment of Investment Projects, MASMEDIA, Zagreb, 2002.*

3. *Kuvačić, N., Entrepreneurial Project (Business Plan, Theoretical Presentation with Sample Example), University of Split, Faculty of Economics, Split, 1998.* 4. *Bendeković et. al., Planning of Investment Projects, Institute of Economics Zagreb, 1993.*
1.11. Means of quality monitoring that ensure the acquisition of output knowledge, skills and competences
• *analysis of exam results, achieved results, level of understanding and knowledge during exercises, practical tasks and group work,* • *conducting a survey among students,* • *The teacher's evaluation,* • *the achieved results and the level of knowledge presented during the preparation and defense of the final thesis (of students who choose the graduate thesis in this subject),* • *analysis of the reports of the Quality Center and* • *Feedback from students who have already graduated and their employers on the usefulness of the content of this course in the performance of the work they do.*