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Newly Published!

Capital Budgeting for Managerial Accounting

In April the capital budgeting **videos** for managerial accounting were completed and published to YouTube.

Workbooks, notes and worksheets, and sample spreadsheet solutions were uploaded to the evidolearner.com webpage under the "Get Videos!" link.

This set of videos includes 94 separate videos organized in three parts. Each part is further subdivided into groups of related videos.

Part 1 is an overview of concepts of time value of money and basic present value computations. 18 videos.

Included in part 1 are explanations of concepts of net income vs cash flow and required rate of return as a measure of the time value of money.

In Part 1A, the present value of a single sum formula is derived from the future value formula with the intent of developing an intuitive understanding that while future value "adds a compound return through multiplication", present value "removes a compound return through division".

Solving for present value of a single sum is illustrated using the direct formula, using present value of a single sum tables, using the Texas Instruments Business Analyst 2 financial calculator, using a spreadsheet as a calculator, and using a spreadsheet to develop a general purpose solution.

In Part 1B, the computation of present value of an ordinary annuity is illustrated using single sum techniques. This is followed by solving for present value of an

ordinary annuity using the direct formula, using present value of an ordinary annuity tables, using the Texas Instruments Business Analyst 2 financial calculator, and using a spreadsheet to develop a general purpose solution.

In Part 1C, solutions for situations involving a combination ordinary annuity and single sum cash flows are illustrated using present value tables, using the Texas Instruments Business Analyst 2 financial calculator, and using a spreadsheet to develop a general purpose solution.

Part 2 is an overview of capital budgeting decision analysis techniques with examples for future equal cash flows and for future unequal cash flows. 29 videos.

In Part 2A, computation of payback period with equal, unequal, undiscounted and discounted cash flows is illustrated. Computation with salvage value and additional investment is also explained.

In Part 2B, computation of net present value and profitability index is explained using an equal cash flow problem. Illustrates the use of present value tables and the TI Business Analyst 2 financial calculator.

In Part 2C, computation of internal rate of return and accounting rate of return are explained. Illustrates computation of internal rate of return using a trial-and-error solution approach, the equal cash flows special case approach, using the TI Business Analyst 2 financial calculator, and using the IRR spreadsheet function.

In Part 2D, an example problem with equal cash flows is analyzed for payback period, net present value, profitability index, internal rate of return and accounting rate of return.

In Part 2E, an example problem with unequal cash flows is analyzed for payback period, net present value, profitability index, internal rate of return and accounting rate of return.

Part 3 is a series of nine problems illustrating various scenarios in which capital budgeting decision techniques are applied. Payback, NPV, PI, IRR, and ARR are computed using various computational methods. 47 videos.

Part 3A illustrates problem 1 in which cash flows are equal and cash flows are given.

Part 3B illustrates problem 2 in which cash flows are equal but net income is given.

Part 3C illustrates problem 3 in which cash flows include a salvage value.

Part 3D illustrates problem 4 in which net income is given with a salvage value.

Part 3E illustrates problem 5 in which cash flow is given with an additional investment in a future period.

Part 3F illustrates problem 6 in which cash flow is given with both an additional investment and a salvage value.

Part 3G illustrates problem 7 in which equal cash flows are given, but ranking of mutually exclusive projects is desired.

Part 3H illustrates problem 8 in which equal cash flows are given, but an investment has a different risk than normal.

Part 3I illustrates problem 9 in which equal cash flows are given, but the investment has intangible costs and benefits.

Part 3 continues with a rearrangement of the videos by analysis technique.

Part 3J illustrates computation of payback period using undiscounted cash flow for problems 1-7.

Part 3K illustrates computation of payback period using discounted cash flow for problems 1-7.

Part 3L illustrates computation of net present value and profitability index for problems 1-9.

Part 3M illustrates computation of internal rate of return for problems 1-8.

Part 3N illustrates computation of accounting rate of return for problems 1-7.

Managerial Accounting (coming soon)

Our present priority is to complete publication of the managerial accounting videos. The next set of videos planned for publication are:

Statement of Cash Flows (Aug 2014 tentative)
Financial Analysis (Dec 2014 tentative)

Links for your Course Management System

Links to the videos grouped by section can be found on the evideolearner.com website under "Get Videos!".

Here you can also find an Excel file containing the titles and YouTube links of videos in each course collection. You can copy these titles and links of videos to your Blackboard, Desire2Learn, or other course management system.

Another strategy you might find useful is to open the list of video links in a new window, then save the resulting page to your computer. You can then edit the html file and copy it to your course management system.