

Corporate Finance

WEEK 3 – SEMINAR

Capital Budgeting

Referencing

P. Ryan and G. Ryan (2002), "Capital Budgeting Practices of the Fortune 1000: How Have Things Changed?". *Journal of Business and Management*, 8(4), p. 355- 364.

Answer the following questions

1. What is capital budgeting, and why is it important for businesses?
2. How do companies evaluate long-term investments, such as building a new warehouse or developing a new product?
3. What are the four key criteria used in capital budgeting, and why are they important?
4. How have capital budgeting practices changed among Fortune 1000 companies over time?
5. What is the most commonly used capital budgeting decision method among businesses, and why?

6. How do companies determine whether they can afford to undertake a particular investment, especially if they are experiencing financial difficulties?
7. What are some examples of capital budgeting decisions that companies might face?
8. How do companies account for working capital and depreciation when evaluating investment proposals?
9. What are some limitations of using quantitative methods, such as net present value and internal rate of return, in capital budgeting?
10. What are some qualitative factors that companies might consider when making capital budgeting decisions, such as strategic fit or environmental impact?