CM&E IAC Course Evaluation

Course Number and Name: CME 240- Financial Concepts for Construction Managers

Instructor: De Saran

Date of Classroom Observation: April 18, 2013

IOC Reviewer: Steve Gehrtz

Comments related to classroom instruction and interaction:

Students were given a worksheet to complete on various financial factors in determining what size project would be most economically feasible from a cost and social benefit. Once the worksheet was handed out, it appeared that most students started working on solving the problems on the worksheet. Most worked without questions or interactions with the instructor. Numerous students worked together on the exercise.

Comments related to course material and delivery (textbooks, Blackboard, exams, assignments, projects, etc.):

The instructor used the smart board and blackboard to work through the worksheet with the students. The instructor had good voice projection and moved about the classroom to have close contact with the students. The instructor was very confident in his knowledge. He also used practical comparisons to today's events and projects and integrated them into the classroom discussions.

Other comments, suggestions and recommendations:

Students seemed to have a very good rapport with the instructor and were not hesitant to approach the instructor for instructions or questions. The Instructor was helpful and courteous to the students.

COURSE REVIEW WORKSHEET

Course Name: Financial Cost Concepts for Construction Managers

Date of Class Attended: April 18, 21013

1. Did the textbook present the technical issues that you want the students to know?
   Yes. The textbooks seem to have a broad range of information on various accounting and financial analysis. The second textbook, Economic Feasibility of Projects, had numerous practical applications to determine the financial viability of a project.

2. Are they teaching any information that is outdated?
   No, the information seems to be pertinent in today's industry.

3. Course Outline (Syllabus) received?
   Yes

4. What kind of tools does the course use to measure knowledge week to week?

   Projects- 10%

   Exams? 30%

   Classroom part? 60%

5. What actual practical application (hands on) do you learn in class to help you understand how it is used.
   On the date that I observed the class, the class time was spent working through various value analyses of different sized projects. The students seemed to work with each other to solve the problems. The instructor assisted those that had questions or needed assistance.

6. Is the time allotted for this course adequate?
Yes, it appears that it does.

7. What prerequisites are needed for this course?
ECON 105

8. Was the professor able to communicate effectively with students?
Yes, for the most part.

CM&E 240 – Financial and Cost Concepts for Construction Managers, 3 Credits
Spring 2013, Tuesday and Thursday (2:00 - 3:15) [Loftsgard Hall, Rm 114]

Instructor:

Dr. Darshi De Saram
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E-Mail: Darshi.DeSaram@ndsu.edu
Office Hours: Mondays and Wednesdays 8.00 – 11.00 am

Catalog Description:

An introduction to financial management and economic appraisal of construction projects. Topics include: accounting systems; financial documents; managing costs and cash flow; setting profit margins for bidding; time value of money; and economic evaluation of projects. Prereq: ECON 105, Construction Management or Construction Engineering majors.

Course Objectives:

The goal of this course is to provide basic knowledge of financial and economics analysis in making engineering decisions. Financial and economic concepts and models will be discussed in the context of analyzing several construction and engineering alternatives. At the completion of this course you will be asked to rate your level of competence in the following areas:

1. How well do you think you can use accounting documents to capture cost data, generate financial reports and analyze the financial health of a company and its operations?
2. How well do you think you can apply the techniques of basic economics and financial analysis to set profit margins, and day to day running of engineering and construction projects?
3. How well do you think you can apply the economic concepts of time value of money, inflation, rate of return, taxes, and depreciation to engineering and construction examples?
4. How well do you think you can use the concepts of present worth and benefit-cost analysis to real-life engineering and construction problems, and make engineering and construction project selection and appraisal decisions?
5. How well do you think you can apply professional and ethical responsibility in matters pertaining to financial and economic aspects of construction projects?
6. How well do you think you can make both written and oral presentations on financial and cost concepts related to construction projects?

Textbooks:

- Peterson, Steven J., (2005), Construction Accounting and Financial Management, Pearson Prentice Hall, Ohio
- Tang, S. L., (2003), Economic Feasibility of Projects – Managerial and Engineering Practice, The Chinese University Press, Sha Tin, Hong Kong

Course Outline:

Introduction
Construction accounting systems
Analysis of financial statements
Managing costs
Taxes and Depreciation
Setting profit margins for bidding
Project cash flow analysis
Time Value of Money
Present Worth Analysis
Annual Equivalent Worth Analysis
Rate of Return Analysis
Inflation
Replacement Analysis
Benefit Cost Analysis
Appraisal of Projects
Making financial and economic decisions

Date of last update: January 31, 2012

Course Schedule:

Construction Accounting Systems	Week 1
Construction Accounting Systems	Week 2
Analysis of Financial Statements	Week 3
Managing Costs	Week 4
Analyzing Profitability	Week 5
Setting Profit Margins for Bidding	Week 6
Profit Centers	Week 7
Project Cash Flow Analysis	Week 8
Depreciation	Week 9
Time Value of Money	Week 10
Economic Appraisal of Projects	Week 11
Comparison of Multiple Alternatives	Week 12
Inflation	Week 13
Making Financial and Economic Decisions	Week 14
Project Presentations	Week 15

Feedback based on in-class activities and homework made available every week.

Grading:

In-class activities and homework	60%
Project	10%
Final Exam (time and date TBA)	30%
	100%

Grade Distribution:

90 – 100	A
80 – 89.9	B
70 – 79.9	C
60 – 69.9	D
< 60	F

Oral Presentation

A MS PowerPoint presentation has to be made of the group project results and a 6 minute oral presentation has to be made before the class.

Submission of Assignments:

Assignments must be turned in by 2:00 p.m. on the day that they are due. Assignments will be accepted up to one week after the due, however, late assignments will receive a maximum grade of 50%. There will be no credit for assignments handed more than one week late.

Attendance:

There are many in-class activities in this course that are graded. These activities cannot be made up if you did not attend the class. In accordance with NDSU policy 333: Attendance in classes is expected. Only the course instructor can excuse a student from course responsibilities.

ADA Statement:

Any students with disabilities or other special needs, who need special accommodations in this course are invited to share these concerns or requests with the instructor and contact the Disability Services Office as soon as possible.

Veterans and Student Soldiers

Policy 331.1; Veterans and student soldiers with special circumstances or who are activated are encouraged to notify the instructor in advance.

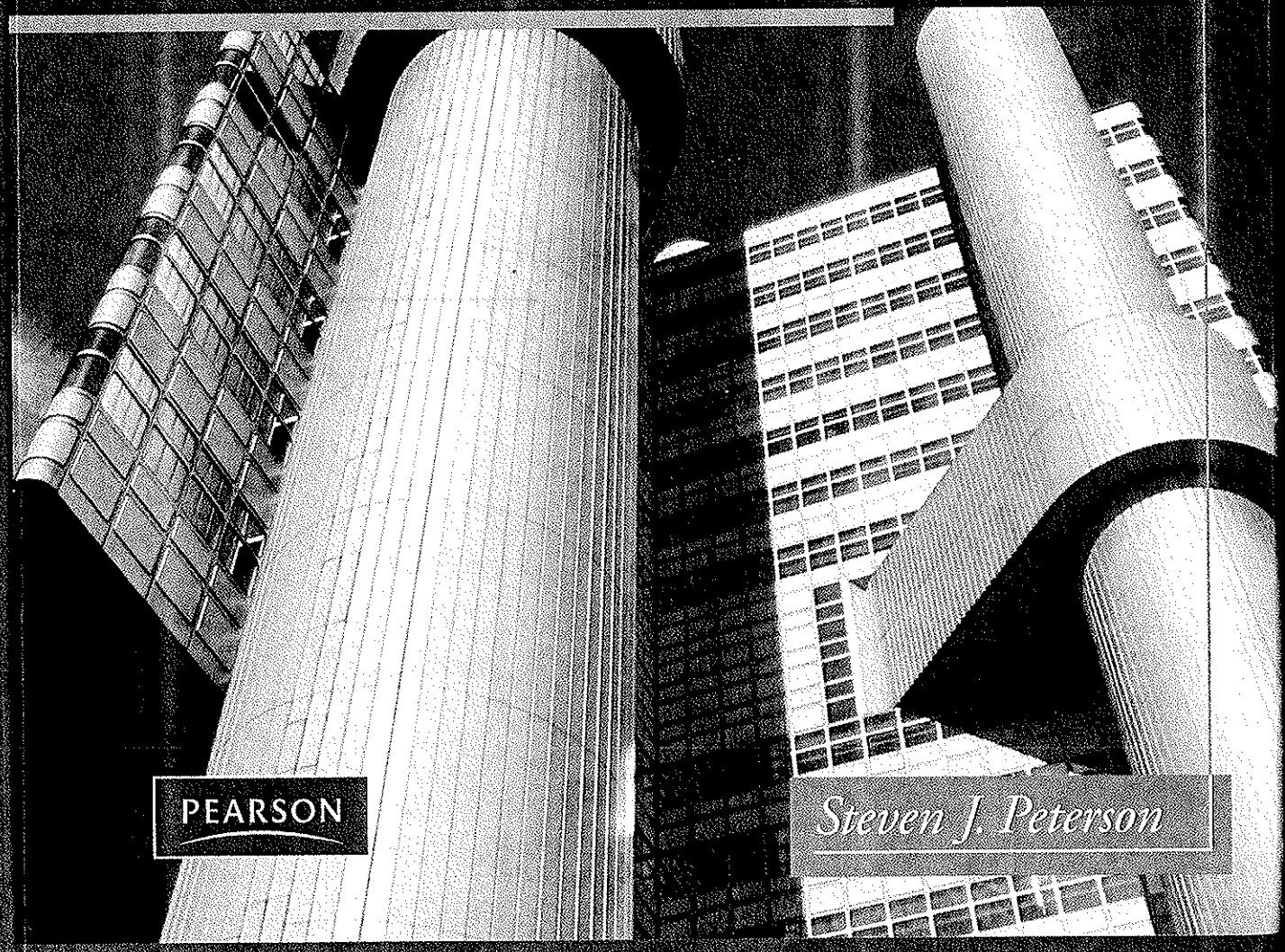
Academic Honesty Statement:

All work in this course must be completed in a manner consistent with NDSU University Senate Policy, Section 335: Code of Academic Responsibility and Conduct www.ndsu.edu/academichonesty; and the Engineering & Architecture Honor System which can be found at: http://www.ndsu.edu/cea/CEA%20Honor%20Code%20Final%20Version.pdf.
Any student who submits plagiarized or duplicated work will be removed from the course and be given a failing grade for the semester.

Date of last update: January 31, 2012

Second Edition

Construction Accounting and Financial Management



PEARSON

Steven J. Peterson

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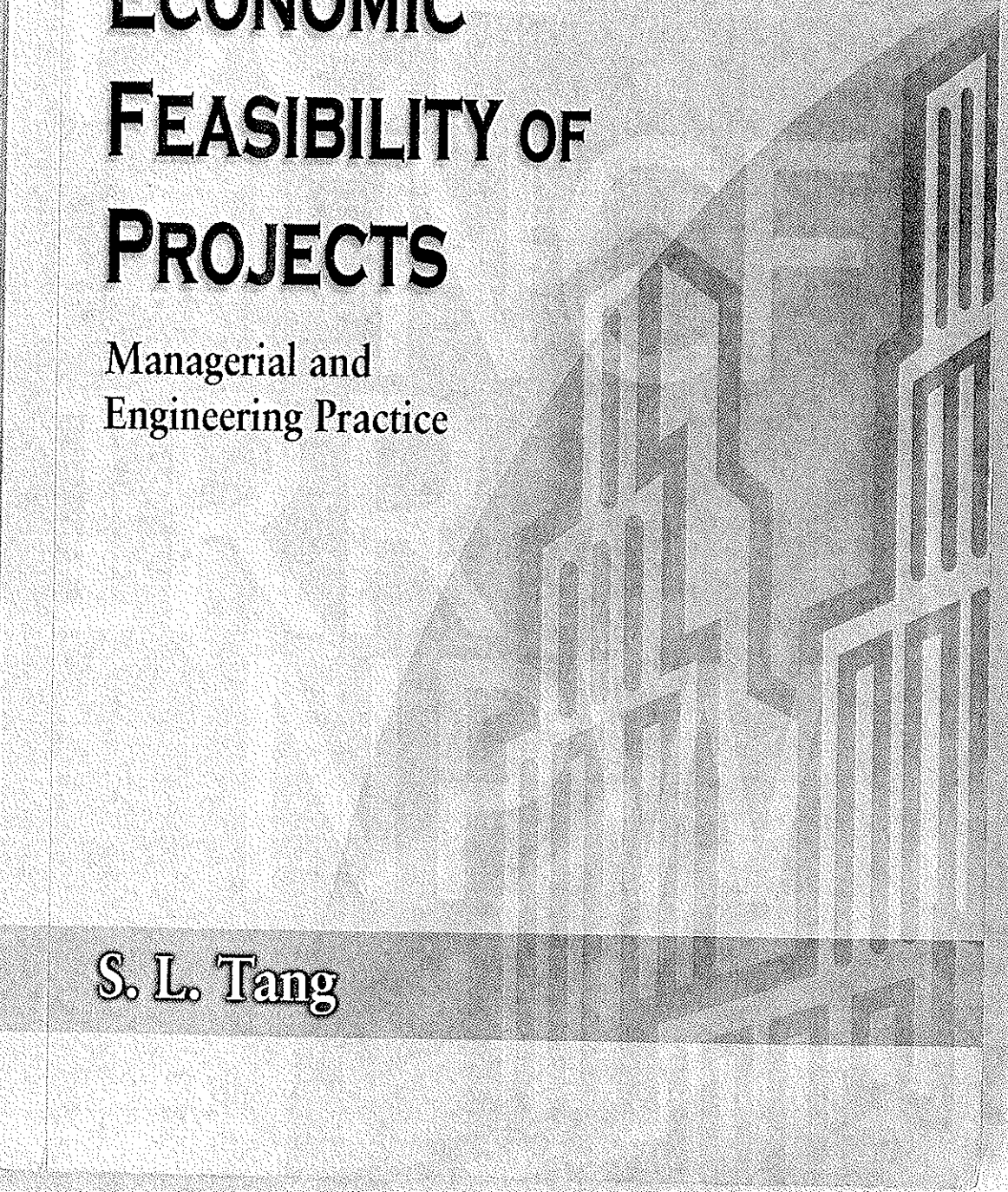
Third Edition

Economic Feasibility of Projects

Managerial and Engineering Practice



S. L. Tang

Economic Feasibility of Projects: Managerial and Engineering Practice, Third edition

By S.L. Tang

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Preface to the Third Edition

This is a textbook for engineering and business/management undergraduates and postgraduate students and a reference for practicing engineers or managers who are familiar with their projects but less familiar with financial/economic analysis methods. It is also suitable for self-study, as there are not many similar books in the market.

The book is divided into two parts. Part 1 consists of six chapters and covers all the basic concepts and theories, providing the readers with a good understanding of the financial and economic analysis on the feasibility of projects. It includes discussions on the time value of money, internal rate of return and net present worth, effect of inflation, comparison of multiple alternatives, and financial versus economic appraisals. The contents are developed logically to adequate breath and depth for most applications of project feasibility studies. Plenty of examples are used to illustrate the theories, arguments and calculations.

Part 2 consists of two chapters which are case studies on both financial and economic feasibility studies. These case studies complement well the theories discussed in Part 1. Readers should be able to conduct their own financial and economic analyses by following the procedures and methodology of the examples given.

A wide range of different types of projects is used as examples in the book. Readers may benefit from going through the examples, which are interesting introduction to the arguments and theories, and may also provide them with a glimpse of real projects. It is hope that this book will equip its readers with sufficient skills to handle their project feasibility studies.

The previous editions of the book have been well-received. In this third edition, the chapters have been revised and expanded with the latest theories and data added, especially the most up-dated information on the development of the theories of internal rate of return and net present worth.

The author wishes to thank all those who have helped in the preparation of this edition, and to The Chinese University Press for publishing the book.

S. L. Tang

May 2003