



APPLIES TO ACADEMIC YEAR 2006/2007

GRA 6210 Business Analysis and Valuation

Program

Master of Science in Business and Economics, Master of Science in Business/Master of Science in Business and Economics (Business Law, Tax and Accounting), Specialization Course

Responsible for the course

Sverre Dyrnes

Department

Accounting - Auditing and Law

Term

According to study plan

ECTS Credits

6

Financial statements are the basis for a wide range of business analysis. In this course the focus will be on equity analysis and credit analysis. Equity analysis is an important task for research analysts, investment bankers, corporate finance specialists, mergers and acquisitions analysts, venture capitalists, and individual investors. Credit analysis is an important task for holders of debt.

Objective

The objective of this course is to help the student develop the skills necessary to better understand how to:

- Decide among alternative business strategies by estimating the value of each strategic choice
- Determine default risk and how to prepare pro formas for default scenarios.
- Assess major transactions, including acquisitions, divestitures, and align an organization's various parts to create value.
- Design an effective capital structure to support the corporation's strategy and minimize the risk of financial distress.

Prerequisites

GRA 6212 Financial Statement Analysis

Compulsory literature

Books:

Koller, Tim, Marc Goedhart, David Wessels. 2005. Valuation : measuring and managing the value of companies. 4th ed. Hoboken, N.J. : Wiley

Articles:

Articles

Recommended literature

Books:

Benninga, Simon Z. and Oded. H. Sarig. 1997. Corporate finance : A valuation approach. New York: McGraw-Hill

Palepu, Krishna G. Paul M. Healy, Victor L. Bernard. 2004. Business analysis & valuation : using financial statements : text & cases. 3rd ed. Mason, Ohio : Thomson/South-Western

Soffer, Leonard C. Financial statement analysis : a valuation approach. 2003. Upper Saddle River, N.J. : Prentice Hall

Course outline

1. Foundations of Value
2. Shareholder Value Creation
3. Residual Income Valuation Techniques
4. Growth Analysis
5. Free Cash Flow Valuation Techniques
6. Forecasting Performance
7. Estimating the Continuing/Terminal Value
8. Estimating the Cost of Capital
9. Using Multiples for Valuation
10. Making Value Happen

- a. Performance Measurement
- b. Performance Management
- c. Creating Value through M&A
- d. Creating Value through Divestitures
- e. Capital Structure
- f. Investor Communications

Computer-based tools

Blackboard/homepage and the Internet

Course structure

There are 36 contact hours and there will be a mixture of lectures and case presentations/discussions. At the start of the course the students will be allocated to teams consisting of 2-3 student. During the course the teams will be required to work with and to present case solutions.

For all students to obtain maximum benefit from this class it is essential that each student participate. Please check Blackboard before the start of the course to get the schedule. The course starts immediately at the beginning of the semester.

Evaluation

Your course grade will be based on the following activities and weights:

- 20% class work (in the form of a mix of some/ all of the following: hand in of case write ups, projects, and home works; case presentations and discussions as well as class participation).
- 20% mid term exam (two hours)
- 60% final term paper

Specific information regarding any aspect of student evaluation will be provided in class. It is the student's responsibility to obtain this information. Please note that it is the student's responsibility to obtain any information provided in class that is not included on the course homepage/Blackboard or textbook. Homepages and/or Blackboard are not designed for the purpose of students who choose not to attend class.

Evaluation code(s)

GRA62104 accounts for 100 % of the final grade in the course GRA 6210.

Aids at the examination

Advanced calculator and bilingual dictionary.

Makeup exam

Re-takes are only possible at the next time a course will be held. When course evaluation consists of class participation or process elements, the whole course must be re-evaluated when a student wants to retake an exam. Retake examinations entail an extra examination fee. Next time the course is offered

Honor Code

Academic honesty and trust are important to all of us as individuals, and they are encouraged and promoted by the honor system. This is a most significant university tradition. The honor system is the responsibility of students. As faculty, we share the commitment to the ideals of the honor system.

At no time should notes or papers or personal consultations based on previous semesters of this course be used. As part of the honor code papers handed in as part of the course is, at the discretion of the professor, scanned for plagiarism. We are using Safe Assignment in Black Board for this purpose. Any violation of the honor code will be dealt with in accordance with BI's procedures on cheating. These issues are a serious matter to everyone associated with the program. They are at the heart of the Honor Code and academy integrity. If you have any questions about your responsibilities under the honor code, please ask.