



APPLIES TO ACADEMIC YEAR 2008/2009

## **GRA 6210 Business Analysis and Valuation Using Financial Statements**

### **Program**

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

### **Responsible for the course**

Sverre Dyrnes, Hans Robert Schwencke

### **Department**

Department of Accounting - Auditing and Law

### **Term**

According to study plan

### **ECTS Credits**

6

### **Language of instruction**

English

Development of analyst skills entails understanding the concepts and procedures underlying generally accepted accounting principles used to prepare financial information, and for that reason some time is spent on reinforcing your knowledge of these principles. However, our primary emphasis is on valuations based on this financial information. This course provides both a sound theoretical framework for corporate valuation and a thorough discussion of how valuations are actually done in the real world.

In this course we will present the theory behind the valuation methods. We will also discuss the many different sources from which analysts can obtain information.

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.

### **Learning outcome**

The objective of this course is to help the student develop the skills necessary to do valuations and credit analysis.

### **Prerequisites**

GRA 6212 Financial Statement Analysis or eq.

### **Compulsory literature**

#### **Books:**

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

#### **Articles:**

A collection of scientific 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. 2008. Business analysis & valuation: Using financial statements: Text & cases. 4th ed. Mason, Ohio : Thomson/South-Western

Soffer, Leonard C. and Robin J. Soffer. 2003. Financial statement analysis: A valuation approach. 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 Valuations
10. Advanced Valuation Issues

### **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 students. 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 participates. Please check Blackboard before the start of the course to get the schedule. The course starts immediately at the beginning of the semester.

Specific Information regarding student evaluation will be provided in class. Please note that while attendance is not compulsory in all courses, it is the student's responsibility to obtain any information provided in class that is not included on the course homepage/Blackboard or text book.

### **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).
- 30% mid term exam (two hours)
- 50% final term paper

### **Evaluation code(s)**

GRA 62104 accounts for 100 % of the final grade in the course GRA 6210.

### **Aids at the examination**

A bilingual dictionary and BI-approved exam calculator. Exam aids at written examinations are explained under exam information in our web-based Student handbook. Please note use of calculator and dictionary. <http://www.bi.edu/studenthandbook/examaids>

### **Makeup exam**

Re-takes are only possible at the next time a course will be held. When the course evaluation has a separate exam code for each part of the evaluation it is possible to retake parts of the evaluation. Otherwise, the whole course must be re-evaluated when a student wants to retake an exam. Retake examinations entail an extra examination fee

### **Honor Code**

Academic honesty and trust are important to all of us as individuals, and represent values that are encouraged and promoted by the honor code system. This is a most significant university tradition. Students are responsible for familiarizing themselves with the ideals of the honor code system, to which the faculty are also deeply committed.

Any violation of the honor code will be dealt with in accordance with BI's procedures for cheating. These issues are a serious matter to everyone associated with the programs at BI and 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.