



APPLIES TO ACADEMIC YEAR 2009/2010

GRA 6210 Business Analysis and Valuation Using Financial Statements

Programme

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

Department

Department of Accounting - Auditing and Law

Term

According to study plan

ECTS Credits

6

Language of instruction

English

Introduction

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 reading

Books:

Palepu, Krishna G., Paul M. Healy. 2008. Business analysis & valuation : using financial statements. 4th ed. Mason, Ohio : Thomson South-Western

Articles:

A collection of scientific articles

Other:

A list of compulsory readings will be provided on Blackboard or in class.

During the course there may be hand-outs and other material on additional topics relevant for the course and the examination.

Recommended reading

Books:

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

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

Learning process and workload

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.

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

Examination

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

- Individual and/or group 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). This part is graded pass/fail.
- Written final term paper

All parts of the evaluation must be passed in order to obtain a grade in the course.

Specific information regarding student evaluation beyond the information given in the course description will be provided in class. This information may be relevant for requirements for term papers or other hand-ins, and/or where class participation can be one of several elements of the overall evaluation.

Exam code(s)

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

Examination support materials

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>

Re-sit examination

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

Additional information

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 academic integrity. If you have any questions about your responsibilities under the honor code, please ask.

