



APPLIES TO ACADEMIC YEAR 2012/2013

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

Sverre Dyrnes, Hans Robert Schwencke

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

Bachelor degree qualifying for admission to the MSc Programme. GRA 6212 Financial Statement Analysis or eq.

Compulsory reading

Books:

Palepu, Krishna G., Paul M. Healy and Erik Peek. 2010. Business analysis and valuation. 2nd ed., IFRS ed. Cengage Learning. Text only

Penman, Stephen H.. 2012. Financial statement analysis and security valuation. 5th ed. McGraw-Hill. Ch. 6 and 9

Other:

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., Oded. H. Sarig. 1997. Corporate finance : a valuation approach. McGraw-Hill

Koller, Tim, Marc Goedhart, David Wessels. 2010. Valuation : measuring and managing the value of companies. 5th ed. Wiley

Pinto, Jerald E. ... [et al.]. 2010. Equity asset valuation. 2nd ed. John Wiley & Sons

Course outline

1. Equity Valuation: Applications and Processes

2. Forecasting
3. Reformulation of Balance Sheet and Income Statement
4. Discounted Dividend Valuation
5. Market-Based Valuation: Price Multiples
6. Free Cash Flow Valuation Techniques
7. Residual Income Valuation Techniques
8. Growth Analysis
9. Private Company Valuation
10. Estimating Discount Rates

Computer-based tools

It's learning/homepage and the Internet

Learning process and workload

A course of 6 ECTS credits corresponds to a workload of 160-180 hours.

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 3-5 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 It's learning 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/It's learning or text book.

Examination

Your course grade will be based on the following activities:

- Individual and/or group class work (continuous assessment) 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.

- Written final term paper.

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.

Examination code(s)

GRA 62105 - Individual and/or group class work (continuous assessment) is graded pass/fail
GRA 62106 - Individual written final term paper accounts for 100 % of the final grade in the course GRA 6210.

Both parts must be passed to obtain final grade i GRA 6210 Business Analysis and Valuation.

Examination support materials

There is no written exam in this course. 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

It is only possible to retake an examination when the course is next taught.

The assessment in some courses is based on more than one exam code.

Where this is the case, you may retake only the assessed components of one of these exam codes.

Where this is not the case, all of the assessed components of the course must be retaken.

All retaken examinations will incur an additional 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.