APPLIES TO ACADEMIC YEAR 2013/2014

ENT 3502 Investment, valuation and exit strategies

Programme
Bachelor of Entrepreneurship and Business (2. year)

Responsible for the course
Pål Berthling-Hansen

Department
Department of Accounting - Auditing and Law

Term
According to study plan

ECTS Credits
7,5

Language of instruction
Norwegian

Introduction

The programme has a strong focus on economic assessments. This also involves an ability to value various strategies and companies based on different assumptions. One fundamental theme is valuation based on cash flows, risks and the present value method. It is important that one manages to see the connection with project analysis as well as the differences from company valuation. Even though the starting point is much the same there are some vital differences which it is important to keep in mind.

Learning outcome

Acquired knowledge
The students shall gain an understanding of the central concepts included in business valuations. It's important that they learn about the various valuation methods and how they are connected. This entails an understanding of concepts such as results, cash flow, risk, required rate of return, financing, contribution methods, strategy and market, exit models upon transfers, as well as markets for financing.

Acquired skills
After having completed the course the students shall be able to make a concrete valuation of an enterprise and be able to assess which methods that are suitable under various circumstances. This involves an ability to apply topics such as risk, the capital asset pricing model, beta, cash flow, earnings, expected values, residual values. The students shall also develop the ability to assess various types of financing.

Reflection

The applied models usually involve various types of assumptions. It is important that students develop a critical ability to consider their own analyses when this is relevant.

Prerequisites
Basic business economics and accounting.

Compulsory reading
Books:
Benninga, Simon, Oded H. Sarig. 1997. Corporate finance : a valuation approach. McGraw-Hill
Bøhren, Øyvind og Per Ivar Gjærum. 2009. Prosjektanalyse : investering og finansiering. Rev. utg. Fagbokforlaget

Recommended reading

Course outline
- Interest calculation
- Cash flows
- Risk and required rate of return
- Contribution methods
- Valuation models
- Financing methods
- Sale of enterprises
- Financing market

Computer-based tools
A basic use of spreadsheets (Excel) is required for exercises. It's learning will be used. In addition to traditional teaching the lectures will also largely include work on exercises in groups.

Learning process and workload

The course includes a combination of lectures, group work, assignment reviews and self-tuition.

A term paper concludes the course for which the students are to perform a concrete valuation and explain methodology and underlying assumptions. The mid-term group work will deal with current problems that are relevant for the term paper.

Recommended workload

Activity	**Workload**
Attendance at lectures	35
Group work organized by lecturer	10
Preparations for lectures and term paper hand-in	155
Total recommended workload	**200**

Use of hours
35 lecture hours
10 hours of group work organized by lecturer
45 hours altogether

Examination
A term paper concludes the course. The term paper assignment is handed out at the beginning of term and can be written individual or in groups of up to three students.

Examination code(s)
ENT 35021 term paper which accounts for 100% of the grade in ENT 3502.

Examination support materials
All exam aids are allowed.

Re-sit examination
Re-sit examination is offered at next scheduled course.

Additional information