



APPLIES TO ACADEMIC YEAR 2016/2017

## GRA 6210 Business Analysis and Valuation Using Financial Statements

### Programme

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

### Responsible for the course

Sverre Dyrnes, Hans Robert Schwencke

### Department

Department of Accounting - Auditing and Business Analytics

### 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 Reporting and Analysis or equivalent

All courses in the Masters programme will assume that students have fulfilled the admission requirements for the programme. In addition, courses in second, third and/or fourth semester can have specific prerequisites and will assume that students have followed normal study progression. For double degree and exchange students, please note that equivalent courses are accepted.

### Compulsory reading

#### Books:

Penman, Stephen H. 2013. Financial statement analysis and security valuation. 5th ed., International ed.  
McGraw-Hill

#### 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:

Koller, Tim, Marc Goedhart, David Wessels. 2015. Valuation : measuring and managing the value of companies. 6th ed. Wiley

Pinto, Jerald E. ... [et al.]. 2015. Equity asset valuation. 3rd ed.. John Wiley & Sons

### Course outline

1. Accounting-, Financial-, Credit- Analysis
2. Prospective Analysis
3. Cost of Capital Analysis
4. Valuation using Price Multiples
5. Valuation using DDM and Discounted Cash Flow Models

6. Valuation using Residual Income Valuation Models
7. Valuation and Active Investing
8. Writing a Valuation Report

**Computer-based tools**

Not applicable

**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 and weights:

- 30 % Assignment (mid-term paper) - group of max. 3 students
- 70 % Final 3-hour written examination - individual

Form of assessment	Weight	Group size
Assignment	30%	Group of max 3 students
Written examination 3 hours	70%	Individual

Specific information regarding student assessment will be provided in class. This information may be relevant to requirements for term papers or other hand-ins, and/or where class participation can be one of several components of the overall assessment. All parts of the assessment must be passed in order to get a grade in the course. Candidates may be called in for an oral hearing as a verification/control of written assignments.

**Examination code(s)**

- GRA 62107 - Assignment (mid-term paper) accounts for 30% of the final grade.
  - GRA 62108 - Written 3-hour examination accounts for 70 % of the final grade.
- Both evaluations must be passed in order to get a grade in the course.

**Examination support materials**

Bilingual dictionary

Permitted examination support materials for written examinations are detailed under examination information in the student portal @bi. The section on support materials and the use of calculators and dictionaries should be paid special attention to.

**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. All retaken examinations will incur an additional fee. Please note that you need to retake the latest version of the course with updated course literature and assessment. Please make sure that you have familiarised yourself with the latest course description.

**Additional information**

Honour code. Academic honesty and trust are important to all of us as individuals, and are values that are integral to BI's honour code system. Students are responsible for familiarising themselves with the honour code system, to which the faculty is deeply committed. Any violation of the honour code will be dealt with in accordance with BI's procedures for academic misconduct. Issues of academic integrity are taken seriously by everyone associated with the programmes at BI and are at the heart of the honour code. If you have any questions about your responsibilities under the honour code, please ask. The learning platform itslearning is used in the teaching of all courses at BI. All students are expected to make use of itslearning.