



APPLIES TO ACADEMIC YEAR 2016/2017

GRA 6223 Valuation

Programme

Master in Accounting and Auditing

Responsible for the course

Ignacio Garcia de Olalla Lopez, Erlend Kvaal

Department

Department of Accounting - Auditing and Business Analytics

Term

According to study plan

ECTS Credits

6

Language of instruction

English

Introduction

Valuation is an important task for research analysts, investment bankers, auditors and accountants, corporate finance specialists, merger and acquisition analysts, venture capitalists, and individual investors. This course provides both a sound theoretical framework for valuation and a thorough discussion of how valuations are actually done in the real world.

Development of valuation skills entails understanding the concepts and procedures underlying generally accepted accounting principles used to prepare financial information.

Learning outcome

The objective of this course is to help the student develop the skills necessary to do valuations of companies and individual assets. The course also aims at giving the students in-depth knowledge of fair value measurement issues for financial reporting under IFRS. Topics included are fair value measurement in IFRS 13, measurement of recoverable amount in IAS 36, the revaluation models of IAS 16 and IAS 38, and fair value measurement under IAS 40 and IAS 41. The acquisition analysis of IFRS 3 will also be covered.

Prerequisites

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:

Jerald E. Pinto, Elaine Henry, Thomas R. Robinson, John D. Stowe, Abby Cohen. 2015. Equity Asset Valuation. 3rd ed. Wiley
Ruth Picker et. al.. 2013. Applying International Financial Reporting Standards. 3rd ed.. Wiley

Recommended reading

Books:

Koller, Tim, Marc Goedhart, David Wessels. 2015. Valuation : Measuring and Managing the Value of Companies. 6th ed. John Wiley & Sons, Inc

Course outline

1. Fundamental analysis – the process
2. Value definitions and value applications
3. Introduction to industry and company analysis
4. Cost of capital
5. Valuation techniques
 - Discounted dividend valuation
 - DCF valuation
 - Relative valuation
 - Introduction to residual income valuation

6. Valuation of corporations
7. Acquisition analysis
8. Valuation in accounting
 - Fair value measurement – IFRS 13
 - Revaluation of PP&E – IAS 16
 - Measurement of recoverable amounts – IAS 36
 - Investment property – IAS 40
 - Biological assets – IAS 41

Computer-based tools

Not applicable

Learning process and workload

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

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/Its learning or text book.

Coursework requirements

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

The student can choose to answer the written examination in English or in Norwegian.

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

Examination code(s)

GRA 62231 - Assignment (mid-term paper) accounts for 30 % of the final grade.

GRA 62232 - 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

BI approved exam calculator

Bilingual dictionary

IFRS in Norwegian

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.