

## **ACC5001 BUSINESS ANALYSIS AND VALUATION**

AY2017/2018 Semester 2

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### **COURSE DESCRIPTION**

This capstone course enables students who has foundational knowledge in accounting, finance and strategic management to perform meaningful analyses of a firm in arriving at appropriate estimates of its intrinsic value.

The course is useful for students who are aspiring business managers – who are required to have the requisite skill sets to understand how to evaluate firm performance for the purposes of maximizing shareholder value; as well as those who want to develop the necessary skills sets to become an informed investor.

The knowledge in this course is also relevant to investment bankers, who may want to assess the value of acquisitions or IPOs. In addition, valuation is a skill set that is indispensable for entrepreneurs who have to negotiate with bankers and venture capitalist about the values of their businesses. Business consultants who are typically tasked to advise their clients on the relevance of a firm's business strategy or perform an analysis of a firm's operational efficiency will also find the course useful.

At the end of the module, students would have acquired the capacity to collect raw data, perform business analyses and apply valuation techniques on a firm.

### **LEARNING OUTCOMES**

This course provides a framework for using financial statement data in a variety of business analysis and valuation context. Students will be exposed to key concepts and tools for the purposes of analysing a firm's performance and determining its fundamental value.

The first part of the course will introduce students to a framework for fundamental analysis (i.e., Business analysis (industry and corporate strategy), accounting analysis, financial analysis and prospective analysis i.e., forecasting and valuation theory and concepts).

The second part of the course will provide students with a flavour of the application of such tools in equity market scenarios, for example, equity security analysis, mergers and acquisitions, communication with investors and governance.

### **TOPICS**

1. Business Analysis and Valuation using Financial Statements

2. Strategic Analysis
3. Accounting Analysis
4. Implementation of Accounting Analysis
5. Accounting Adjustments
6. Financial Analysis
7. Prospective Analysis: Forecasting
8. Developing Forecasted Financial Statements
9. Valuation Theory and Concepts
10. Valuation Implementation
11. Communication and Governance
12. Final Test
13. Course review

A detailed reading list for each topic and homework questions will be provided separately. The assignment questions and the group project will be provided in separate hand-outs.

### **PREREQUISITE**

ACC1002 Financial Accounting or prior knowledge in basic accounting and finance is required.

### **PRECLUSION**

FIN3113 Financial Statement Analysis

### **TEXTS AND READINGS**

The textbook used in this module is:

Palepu, K.G., P.M. Healy, Victor Bernard, Sue Wright, Michael Bradbury, and Philip Lee, *Business Analysis and Valuation Using Financial Statements: Texts and Cases, Second Asia Pacific Edition*, Cengage Learning, (2015).

Additional readings will be assigned by the instructor from time to time. Students are also encouraged to read business newspapers, magazines and websites to keep up with the latest developments in the financial markets. Students should learn search for relevant articles and data on the internet from sites such as:

- [www.sec.gov](http://www.sec.gov)
- [www.sgx.com](http://www.sgx.com)
- <https://fred.stlouisfed.org>
- [www.singstat.gov.sg](http://www.singstat.gov.sg)

### **ASSESSMENTS**

<b>Component</b>	<b>Weight</b>
Class Participation	10%
Tutorials – Case Studies	20%

Group Project	30%
Term Test	40%
<b>Total</b>	<b>100%</b>

### **Class Participation**

Students are strongly encouraged to actively participate in class discussions. Students will be graded on an individual basis according to their contributions to the class discussions. In this respect, students should come well prepared for every session in this course.

### **Tutorials**

Groups will be assigned to prepare written answers and make class presentations for each tutorial in this course. There would be approximately 5 students (maximum) in each group.

### **Group Project**

Assigned groups will also be expected to perform a valuation on a public listed company. The groups for the project will be the same as those for the tutorials. Besides the submission of a report, they will present their results to the rest of the class.

### **Term Test**

The Term test will be held during class hours in Week 12.

## **ACADEMIC HONESTY & PLAGIARISM**

Academic integrity and honesty is essential for the pursuit and acquisition of knowledge. The University and School expect every student to uphold academic integrity & honesty at all times. Academic dishonesty is any misrepresentation with the intent to deceive, or failure to acknowledge the source, or falsification of information, or inaccuracy of statements, or cheating at examinations/tests, or inappropriate use of resources.

Plagiarism is 'the practice of taking someone else's work or ideas and passing them off as one's own' (The New Oxford Dictionary of English). The University and School will not condone plagiarism. Students should adopt this rule - You have the obligation to make clear to the assessor which is your own work, and which is the work of others. Otherwise, your assessor is entitled to assume that everything being presented for assessment is being presented as entirely your own work. This is a minimum standard. **In case of any doubts, you should consult your instructor.**

Additional guidance is available at:

<http://www.nus.edu.sg/registrar/adminpolicy/acceptance.html#NUSCodeofStudentConduct>

Online Module on Plagiarism:

<http://emodule.nus.edu.sg/ac/>