



National University of Singapore NUS Business School

ACC3705 – Valuation Course Outline

Overall learning objectives

- To equip students with the key concepts and understanding in the valuation of major asset classes: bonds, other fixed-income instruments, financial derivatives, real estate, equity instruments as well as valuation for M&A.
- To equip students with the key concepts and understanding in using fair value measurements for assets as required by the Singapore Financial Reporting Standards.

Pre-requisites

FIN2004.

Please do your own revision if you do not remember well what you have learned in FIN2004. The lectures for ACC3705 will assume that you understand the key concepts taught in FIN2004 and will move at a reasonably fast pace.

Module coverage

Broadly, this module will cover the following:

- Valuation requirements of FRS 16, 32, 36, 38, 39, 40, 102, 103, 107 and 113
- Basics in valuations (parameters, models, and applications)
- Various valuation methodologies
- Valuation of different asset classes: bonds, other fixed-income instruments, financial derivatives, real estate, and equity instruments, as well as valuation for M&A

Learning outcomes

Upon successful completion of this module, students will be able to:

- Understand the basic economic theory that drives valuation
- Understand the requirements of fair value accounting
- Understand the major valuation methodologies for the various asset classes
- Apply the valuation methods to the requirements of the various Singapore FRSs for accounting purposes.

Required Textbooks

1. **Damodaran**, Aswath, *Investment Valuation: Tools and Techniques for Determining the Value of Any Asset*, University Edition, 3rd Edition, John Wiley & Sons, 2012.
2. **Fabozzi**, Frank J., *Bond Markets, Analysis and Strategies*, 9th Edition, Pearson Publishing, 2016.
3. **Hull**, John C., *Options, Futures and Other Derivatives*, 10th Edition, Pearson Publishing., 2018.

Please refer to the detailed syllabus for the relevant chapters of the textbooks.

Instructors

Name	Role	Email	Room
Assistant Professor Rachel Zhang	Lecturer	rachelzhang@nus.edu.sg	BIZ 1, 07-04

Office Hours

Please email the instructors for consultation or make other arrangements if you need their help or advice.

Classes

There are three section groups as follows:

G1	Mon	8:30 am to 11:30 am
G2	Mon	12:00 pm to 15:00 pm

You are expected to strictly attend the section groups that you are registered with. If due to exigencies you need to attend a class other than your own for any particular week, you need to produce a valid excuse and get advance clearance from the instructor.

For the group project, you will be working in small groups with students from the same class.

The lecture will start on time, and your attendance will be monitored accordingly. Missing the class without a valid excuse more than once will be reflected in class participation scores.

Expectations

Lecture slides will be uploaded to LumiNUS / Canvas before the start of class each week. Students are expected to read the lecture notes and the chapters of the recommended textbook (refer to the detailed syllabus below) before class each week. Additional readings, if any, will be uploaded to LumiNUS / Canvas before each lecture. No physical handouts will be given in class. Students are expected to download and print the materials if they wish to have a hard copy.

Since you are training to become an accounting professional, ethics and professionalism

are extremely important. Please take note of the NUS Code of Conduct. If any student is found violating the code of conduct or cheating in quizzes, exercises, tests, or projects, he or she will be dealt with seriously and may end up obtaining zero for the relevant assessment or failing the entire module. **We take compliance with ethical conduct very seriously, and there is a strict zero-tolerance policy for misconduct.**

Assessment

	Allocation %
a. Class assignments and participation <ul style="list-style-type: none"> • Class participation and discussion – 10% • Individual problem sets -- 10% • One group project -- 20% 	40
b. Mid-term test	30
c. Final test	30
Total	100

Class participation and discussion (10%)

Class participation will depend on your contribution to class discussions. You are expected to attend classes every week, participate in class discussions, and ask questions during class. Students who hardly speak in class throughout the semester usually receive a low participation score.

Practice questions (10%)

Information relating to two individual problem sets will be provided in class and/or on LumiNUS / Canvas. Practicing and understanding the problem sets are **essential** in preparing for written exams.

Group project (20%)

There will be a valuation exercise group project. Students from the same sectional class will be randomly allocated to groups of five students (or six to absorb the remaining students insufficient to form a group of five). This enables students to apply what they learn, get to know more classmates, and experience teamwork similar to that in a corporate environment where professionals have to collaborate with clients or colleagues they may not know well.

You may or may not get the “dream team” you had hoped for, but your responsibility is to think positively and act proactively. Your instructors expect all team members to help each other and that no one should freeload on other team members’ work. Please do your best to be a good team player.

When evaluating the group project, the instructors will take into consideration how you collaborate or handle tension within your working group. All members of the same working group are expected to receive the same score. However, in exceptional circumstances, the instructors may moderate the scores within a working group if a serious case of freeloading is found.

Information about the group project will be provided in class and/or on LumiNUS. The

group project requirements are expected to be issued after **Week 4**, and the report is due for online submission at the end of **Week [XX] ([XXX] by 23:59 pm)**.

Mid-term test (30%)

There is a mid-term test in addition to a final test. It is your responsibility to be present for the mid-term test. Absence without a valid reason from the mid-term test will be given a score of zero. The excused absence with a make-up test will be given only in **EXCEPTIONAL CIRCUMSTANCES** as allowed by NUS policies. You **must** make arrangements with the instructors in writing prior to the mid-term test as soon as you know you may have difficulty attending the mid-term test.

All materials covered during the semester in **Week 1 to 6** in lectures, presentations, assignments, and assigned readings are examinable. All University-approved calculators are permitted. Any other electronic and mobile devices e.g., laptop, smartphones, and mobile phones are not allowed.

When sitting for the mid-term test, students are allowed to bring in **one (1) SHEET** of A4 size paper with hand-written or typewritten notes on both sides.

Final test (30%)

It is your responsibility to be present for the final test. Absence without a valid reason from this final test will be given a score of zero. The excused absence with a make-up test will be given only in **EXCEPTIONAL CIRCUMSTANCES** as allowed by NUS policies. You **must** make arrangements with the instructors in writing prior to the final test as soon as you know you may have difficulty attending the final test.

All materials covered during the semester from **Week 7 to 13** in lectures, presentations, assignments, and assigned readings are examinable. In setting the final test, it is assumed that you have internalized the knowledge acquired in Week 1 to 6.

All University-approved calculators are permitted. Any other electronic and mobile devices e.g., laptops, smartphones, and mobile phones are not allowed.

When sitting for the final test, students are allowed to bring in **one (1) SHEET** of A4 size paper with hand-written or type-written notes on both sides.

Detailed syllabus

Note: The schedule provided in the syllabus is **tentative**. Any changes will be announced in class.

Week	Topic	Textbook and Reaching Materials	Level of Difficulty	Assignments [TBU]
Week 1	Introduction to fair value accounting and overview of valuation <ul style="list-style-type: none"> Purposes of valuation Requirements of FRS 39 and 113 Fundamentals of valuation 	Damodaran Chapters 1-3; FRS 39 and 113	*	
Week 2	Equity valuation 1 <ul style="list-style-type: none"> Basic valuation parameters and models for equity Quantifying the parameters: discount rates, time horizon, terminal value, growth, cash flows, etc. 	Damodaran Chapters 1-4	**	
Week 3	Equity valuation 2 <ul style="list-style-type: none"> Cost of equity 	Damodaran Chapters 6-8	****	
Week 4	Equity valuation 3 <ul style="list-style-type: none"> Cost of debt 	Damodaran Chapters 7, 10-16	****	
Week 5	Equity valuation 4 <ul style="list-style-type: none"> Cost of debt Valuation models 	Damodaran Chapters 7, 10-16	****	
Week 6	Equity valuation 5 <ul style="list-style-type: none"> Valuation models Growth rates Review 	Damodaran Chapters 10-16	****	
Recess week				
Mid-term Test, TBA				
Week 7	Equity valuation 6 <ul style="list-style-type: none"> Relative valuation Building a DCF model 	Damodaran Chapters 17-20; Additional materials	***	
Week 8	Equity valuation 7 <ul style="list-style-type: none"> Challenges in valuation M&As Real estate valuation 	Damodaran Chapters 21-26; FRS 36, FRS 38, FRS 103	***	
Week 9	Equity valuation 8 <ul style="list-style-type: none"> Young or start-up firms Private equity investment 	Damodaran Chapters 21-26;	**	

	Review and Recap	FRS 36, FRS 38, FRS 103		
Week 10	Bonds and other fixed-income instruments 1	Fabozzi Chapters 2, 3; FRS 32	***	
Week 11	Bonds and other fixed-income instruments 2	Fabozzi Chapters 5, 18; FRS 32	*****	
Week 12	Financial derivatives 1	Hull Chapters 1, 2, 3, 5, 7, 10, 11	*****	
Week 13	Financial derivatives 2	Hull Chapters 12, 14,15; Additional materials	*****	
Final Test, TBA				

CODE OF CONDUCT (ABSTRACT)

You are being trained as an accountant, and it is imperative that you acquire good ethical and professional values. NUS expects students to behave in a most honorable manner. Actions will be taken for any violation of ethical or professional conduct, and this includes the award of a fail grade or zero for any assignment, test, or even the whole module.

NUS Code of Student Conduct

As a widely respected institution of higher learning, the National University of Singapore (NUS) is dedicated to cultivating academic and personal excellence in a way that is inclusive and supportive, where communal values, as well as the dignity and rights of each person, are respected.

NUS students are expected to maintain and uphold the highest standards of integrity and honesty at all times, as well as embrace community standards, diversity and mutual respect for one another, both within the University and the wider Singapore community.

This Code of Student Conduct is intended to guide students' conduct in both the academic and non-academic aspects of their University life by providing an overview of the behavior generally expected of them as members of the University community. It is meant to serve as a broad framework, and should not be treated as an exhaustive list.

In line with the above, the University expects students to uphold both the spirit and letter of this Code of Student Conduct at all times.

Academic, Professional, and Personal Integrity

The University is committed to nurturing an environment conducive for the exchange of ideas, the advancement of knowledge and intellectual development. Academic honesty and integrity are essential conditions for the pursuit and acquisition of knowledge, and the University expects each student to maintain and uphold the highest standards of integrity and academic honesty at all times.

The University takes a strict view of cheating in any form, deceptive fabrication, plagiarism and violation of intellectual property and copyright laws. Any student who is found to have engaged in such misconduct will be subject to disciplinary action by the University.

It is important to note that all students share the responsibility of protecting the academic standards and reputation of the University. This responsibility can extend beyond each student's own conduct and can include reporting incidents of suspected academic dishonesty through the appropriate channels. Students who have reasonable grounds to suspect academic dishonesty should raise their concerns directly to the relevant Head of Department, Dean of Faculty, Registrar, Vice Provost or Provost.