



NATIONAL UNIVERSITY OF SINGAPORE
Department of Accounting



ACC5001: Business Analysis and Valuation

Semester 1, 2015/2016

Instructor:
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Consultation Hrs. By appointment through email

Course Objective

This is a *capstone* course which aims to build on foundational knowledge in *accounting, finance and strategic management* to expose students to the key skills and tools required for analyzing companies in order to obtain a meaningful and appropriate estimate of the *intrinsic value* of a firm.

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 managers/bankers, who are tasked to raise capital in financial markets. 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 helpful.

Key Areas of the Syllabus

Students will be exposed to:

- (i) key concepts and tools for the purposes of determining a firm's fundamental value;
- (ii) key methodologies and tools for the purpose of performing *meaningful* forecasts and valuation studies;

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.

Learning Outcome

On completion of this module, students should be able to obtain an understanding of the following:

- Understand how a firm's performance and value is influenced by its business environment;
- Analyse the competition in a given industry and a given industry cycle;

- Identify a firm's corporate strategy and evaluate its competitive advantage;
- Understand how financial statements form the basis of analysis and how to extract information to perform financial analysis with the use of financial ratios to measure a firm's profitability, operational efficiency and financial risk;
- Apply a structured approach to forecasting a firm's future performance;
- Estimate a firm's fundamental value for the purposes of making informed investment decisions;
- To understand the quality of a company's corporate governance based on information contained in the financial statements; and
- To deliver effective professional business presentations (both oral and written).

Mode of Teaching

Students are expected to come to class well prepared and be ready to participate in class discussions as required. All additional reading materials, tutorial questions and reading materials and assignments are downloadable from the course website. Lectures may not relate directly to your readings and assignments.

Classes commence from Week 1 (week beginning 10 August 2015, i.e., 1st lesson on Friday, 14 August 2015) from 8am to 11am at BIZ1 - Seminar Room 03-04

Self-Study

Self-study is a requisite element in the learning design of this course. In most sessions, readings and self-study materials such as exercises to facilitate learning will be provided in class and/or posted on IVLE.

The aim of these self-study materials is to encourage you to assume responsibility in the learning process and to broaden your understanding of the material covered in class. Please note that there are no reading sets required to be purchased at the start of the course.

Pre-requisite

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

Reference Texts

- 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*
 - Note: the above is an update of the previous 2010 First Edition which includes some updates/rewrites of certain chapter sections - for e.g., Chapter 11 – Mergers and Acquisitions, Chapter 12 – Communication and Governance.

You are also encouraged to read business newspapers, magazines and websites to keep abreast with the latest developments in the financial markets. Do consider the following websites for further references:

- www.wsj.com
- www.businessweek.com
- www.sgx.com

Assessment (Tentative)

This is a 100% CA course. The weight distributions for the different components are as follows:

Group Assessment	
Tutorials – Case Studies	20%
Group Project	30%
Individual Assessment	
Class Participation	20%
Term Test	30%
Total	100%

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 4 students (maximum) in each group.

Group Project

More details will be released. Assigned groups will also be expected to prepare a written report and make class presentations. The groups for the project will be the same as those for the tutorials.

Term Test

Date: Week 7, October 2, 2015 (Tentative)

The Mid-Term test will be a 45 minute close book test. (Tentative)

It will be **held during class hours**.

Students are to **make sure** that they are available to sit for this class quiz.

Other points to note

- **Attendance:** Since this is a 100% CA course consisting of a 20% Class Participation component for Individual Assessment, students must not miss more than 2 classes (not including absence due to medical (accompanied by medical certificates) or compassionate reasons). Violators will be heavily penalized or may even fail the entire module.
- **CA Attendance:** Students who miss any CA component will receive **zero marks** for that particular component. Absentees can submit their reason for absence from class due to medical reason by submission of medical certificate or in the case of compassionate reasons by way of written explanation.
- Students are encouraged to always feedback to the instructor comments and suggestions that may help the class to learn better.
- Students are to check the IVLE weekly for announcements.
- Please use NUS e-mail for e-mail communications.