

# **FINA 5512V: VALUATION**

## **Course Syllabus**



# 1. General Course Information

**Course Title:** VALUATION

**Credit Weight:** 0.25

**Prerequisites:** FINA 5502

**Instructor:** Dr. Isaac Otchere

**Title:** Full Professor

**Phone:** 613 520 2600 x 2731

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## 2. Course Description

Valuation techniques needed for enterprise valuation. The identification of value drivers, insights into the valuation of companies in different settings. Step-by-step procedures for valuing businesses. Includes a team case analysis and presentation.

## 3. Course Rationale

This course focuses on the theory and practice of corporate valuation. Valuation is used in many settings. It is used for the purpose of investments, mergers and acquisitions and also when companies issue new shares or divest operations. In this course, we will explore the main valuation methods used by professional investors. The course focuses, among other things, on absolute valuation methods, relative valuation methods, developing an appropriate cost of capital, building financial (valuation) models. This practical, hands-on course is taught using formal lectures combined with interactive case studies and exercises to reinforce the concepts covered in class. As part of class preparation and in-class discussion, you will be asked to solve both quantitative and qualitative problems involving valuation of synergies and control premium and to determine the value of both publicly traded and privately-owned companies. In addition, students will create their own excel-based valuation models which will be used to value a real-life company. Through case studies and exercises involving problem solving in different areas of valuation, you will gain practical, hands-on experience of the various valuation techniques and financial modelling.

## 4. Course Learning Objectives

After successfully completing this course, you will be able to:

CO1. Describe the different corporate valuation techniques

CO2. Estimate the value of a takeover target

CO3. Discuss the challenges that face analyst when valuing private firms

CO4. Compare the merits of different valuation approaches and explain when they are used

CO5. Apply discounted cash flows analysis to enterprise and equity valuation

CO6. Compute enterprise and equity value using relative valuation models.

## 5. Course Modality: Asynchronous

This is a fully online course where instructors and students share information, ideas, and learning experiences in a virtual course space. Asynchronous courses do not require participation in scheduled meetings. However, students are expected to remain up to date with the deadlines and due dates provided by the instructor. This course requires high-speed Internet access and a computer.

### Technical Skills:

Minimum technical skills for the course:

- [Essential Technological Skills for Students](#) include but are not limited to:
  - Knowledge of how to transfer and share files
  - Understanding of digital storage software
  - Digital presentation skills
  - Advanced word processing skills
- Tips for [Learning in an Online Environment](#)
  - Preparing to learn in an online environment
  - Recommended technical requirements

Please note that all Carleton students receive free access to Microsoft 365 / Office.

- [Get Microsoft Office for Students](#)

## 6. Student Support

### Academic Support

The Centre for Student Academic Support (CSAS) is a collection of student support services designed to help you achieve your goals and improve your learning.

- CSAS can help you with academic reading, academic writing, critical thinking, time management, and more.
- For complete information on their workshops and other services, please visit the [Centre for Student Academic Support](#).

### Technical Support

A variety of technical support options are available to students on our [Brightspace Student Support](#) page through documentation and videos, including information on:

- How to use Brightspace
- Communication and collaboration
- Assessments

Students can access support by phone, chat or email by contacting the [D2L Brightspace Service Desk](#).

## Health and Wellness Support Services

Carleton offers a wide range of Student Support Services, including resources for mental health, healthy living, getting active, and getting support. For complete information on resources, please visit: [Carleton Wellness Resources: Supporting Your Mental Health](#).

## 7. Course Schedule

Please regularly check and log into Brightspace to review new content. Configure your personal notifications to opt into course announcements so that they will be emailed to your Carleton email address.

Module	Topics	Materials	Deliverable
1	Valuation techniques: A primer on cash flow valuation: Elements of the valuation process	Textbook chapter 7	
2	Computing free cash flow using DCF models	Textbook chapter 7	
3	Relative /Asset-based valuation methods	Textbook chapter 8	Individual Assignment & Quiz 1 (due by Sunday 11.55pm)
4	Economic evaluation of mergers & valuation of real options in mergers and acquisition	Textbook chapter 8	
5	Applying financial modelling/valuation techniques to mergers and acquisitions	Textbook chapter 9	
6	Valuing privately held firms	Textbook chapter 10	Group Live case & Quiz 2 (due by Sunday 11.55pm)
7	Final Exam		Final Exam due at the end of the module.

## 8. Learning Materials

### Textbook

Mergers, Acquisitions, and Other Restructuring Activities: An Integrated Approach to Process, Tools, Cases, and Solutions, 11<sup>th</sup> edition, by Donald M. DePamphilis, Academic Press, 2021 (or 9<sup>th</sup> or 10<sup>th</sup> edition). The earlier editions are not materially different.

### Other Resources

The following Web sites may be useful: The Globe and Mail Report on Business; The Financial Post; The *Wall Street Journal* and the London *Financial Times* also provide comprehensive daily coverage of financial and economic news. Also, try the websites of the following institutions: CNN Finance; The Financial Times; The Economist.

## 9. Grading Scheme

Activity	Scored Out of	Percent of Grade
Individual assignment (Due: end of Module 3)	100	10%
Quiz 1 (Due: end of Module 3)	25	10%
Quiz 2 (Due: end of Module 6)	25	10%
Group Live case study (Due: end of Module 6)	100	20%
Final Exam (due during Module 7)	100	50%
<b>TOTAL</b>	<b>350</b>	<b>100%</b>

### Grading

The [Carleton University grading system](#) will be used to determine your final course grade. Letter grades correspond to the following percentages:

Final Grade = Marks			
A+ = 90 – 100	B+ = 77-79	C+ = 67-69	D+ = 57-59
A = 85 – 89	B = 73 -76	C = 63-66	D = 53-56
A- = 70 – 79	B- = 70-72	C- = 60-62	D- =50-52
			F = Below 50

Final grades in this course are determined by the course instructor and must be approved by the Dean. Grades submitted by the instructor are subject to revision and should not be considered final until they have been approved by the Dean.

Please keep in mind that points for individual assessment and thus your final grades are added, rather than deducted – i.e., you all start with 0 and work your way up, rather than starting at 100 and having points reduced from there. A subtle but important point.

## 10. Final Exam

The final examination is a closed book exam. Please note that examinations in this course may use a remote proctoring service provided by Scheduling and Examination Services (SES). SES will be leveraging CoMaS, the University's automated e-Proctoring software, to ensure integrity of the exam process. You can find more information at <https://carleton.ca/ses/e-proctoring/>.

The exam will be written on Saturday 14th December 2.00pm-5.00pm. Please take note of the exam date and do not schedule any travel on that day as there won't be any other day you can write the exam.

## 11. Course Evaluation

At the end of this course, students are encouraged to complete a course evaluation that will be distributed to them via email and through a course link.

## 12. Contribution to Program Learning Goals

MBA Learning Goal	Covered	Introduced	Taught but <u>not</u> Assessed	Taught <u>and</u> Assessed
<b>MB1 Leadership and Collaboration</b> <i>Graduates will be equipped for leadership and collaboration.</i>				Yes
<b>MB2 Communication</b> <i>Graduates will be effective communicators</i>			Yes	
<b>MB3 Critical Thinking and Problem-Solving</b> <i>Graduates will be skilled in critical thinking and problem solving.</i>				Yes
<b>MB4 Functional Knowledge</b> <i>Graduates will have knowledge that is relevant to business and be able to apply that knowledge to address business issues, opportunities, and risks.</i>				Yes
<b>MB5 Global Awareness</b> <i>Graduates will have an appreciation of the global environment of business.</i>		Yes		

MBA Learning Goal	Covered	Introduced	Taught but <u>not</u> Assessed	Taught <u>and</u> Assessed
<b>MB6 Ethics and Responsible Management</b> <i>Graduates will apply ethical considerations and principles of responsible management in business decision-making.</i>			Yes	

## 13. Group Work

Group work offers opportunities to develop interpersonal, collaboration, communication, leadership, and other abilities. It is also an effective way to learn integrative skills to address complex tasks. Your professor may assign one or more group tasks, assignments, or projects in this course.

Before embarking on a specific task as a group, it is your responsibility to ensure that the problem is meant to be a group assignment and not an individual one.

### Peer Evaluation for Group Work

To deter social loafing and ensure fairness in grading, you will be asked to assess the contribution of other group members. This information will be used when assigning the grade for the final project. The procedure is as follows: Each student should take 100 points and allocate those points to the various members of the group (including him/her/themself) to reflect the contributions made by each member. For instance, if there are four members in a group and everyone contributed equally, each individual would receive 25 points. Conversely, if an individual contributed relatively little, the remaining group members might allocate few points to that member. To ensure that these peer evaluation scores are reasonable and free from personal bias, you may be asked to provide a detailed written explanation for your point allocation. **You don't have to provide the peer evaluation if each group member contributed fairly to the project.**

### Late Assignments

The assignment deadlines are at least one week after the completion of related course material (sometimes more) and as such, should be sufficient. Yet, sometimes, despite our best efforts, and for good reasons, we can't meet our deadlines. You have one day of grace that you can apply to missed individual assignment deadlines. That is, the individual assignment can be one day late with no penalty. No reason required. No questions asked. That said, I need an email by the deadline indicating that you plan on submitting it but will be late. Once the one day has been used, no further lateness will be accepted and any late submissions at that stage will receive a mark of 0.

Requests for extension without penalty will be considered in cases of illness, family emergency, or other exceptional circumstances.

## 14. Communication

Brightspace and email are the primary means of communicating with the instructor. See the [Student Support Site](#) for more information. Please do not call the instructor's office phone.

To respond to your emails, instructors and administrators need to see your full name and Carleton University ID. For this reason, it is important to send all messages from your Carleton email account. If you do not have or have yet to activate this account, you can do so by visiting the [New Students page](#).

### Instructor Response Times

Assignments will be graded with feedback (if needed) within a week. Expect to receive a reply to your question(s) within 24 hours, Monday through Friday, unless otherwise posted by the instructor.

### Netiquette (Online Etiquette)

Please use the following rules of netiquette as you post to online discussions and send messages to your instructor and other students in the course:

Use **professional language**. Be positive and constructive in your feedback to replies to students. Be polite by including please and thank you. Use inclusive language and terminology.

**Avoid ALL CAPS**. This comes across as shouting to the reader. Instead, use **bold** formatting to emphasize words.

Use **proper language and titles** and avoid slang or profanity. Even if a word is one you consider to be "not so bad", it could be offensive to others.

**Review posts and messages before saving**. Check for grammar and spelling errors and restate your message when necessary.

**Ask for clarification**. If you do not understand an assignment or feedback from the instructor, please ask for clarification. Instructors do their best to word posts/messages as clearly as possible, but in an online environment they cannot "see" if their messages are being understood.

## 15. Academic Regulations

University rules regarding registration, withdrawal, appealing marks, and related matters can be found at [General Graduate Regulations](#).

## 16. Requests for Academic Accommodation

Carleton University is committed to academic accessibility for all individuals. Academic accommodation refers to educational practices, systems, and support mechanisms that



accommodate diversity and difference and allow students to perform the essential requirements of their academic programs. The processes for submitting these requests are as follows:

## **Pregnancy**

Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details, please visit the [Equity Services website: Student Guide to Academic Accommodation](#).

## **Religious Obligations**

Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details, please visit the [Equity Services website: Student Guide to Academic Accommodation](#).

## **Students with Disabilities**

If you have a documented disability that requires academic accommodation in this course, please contact the Paul Menton Centre for Students with Disabilities (PMC) at 613-520-6608 or [pmc@carleton.ca](mailto:pmc@carleton.ca) for a formal evaluation or contact your PMC coordinator to send your instructor your Letter of Accommodation at the beginning of the term. You must also contact the PMC no later than two weeks before the due date of the first assignment or exam for which you require accommodation. After requesting accommodation from PMC, be sure to communicate with your instructor to ensure that the necessary accommodation arrangements are in place.

## **Survivors of Sexual Violence**

As a community, Carleton University is committed to maintaining a positive learning, working and living environment where sexual violence will not be tolerated, and its survivors are supported through academic accommodations as per Carleton's Sexual Violence Policy. For more information about the services available at the university and to obtain information about sexual violence and/or support, visit: [Carleton's Sexual Violence Policy](#).

For more information on academic accommodation, please consult Carleton's [Course Outline Information on Academic Accommodation](#).

## **17. Academic Integrity**

Carleton University's Academic Integrity Policy defines plagiarism as "*presenting, whether intentionally or not, the ideas, expression of ideas or work of others as one's own.*" This includes reproducing or paraphrasing portions of someone else's published

or unpublished material, regardless of the source, and presenting these as one's own without proper citation or reference to the original source.

Plagiarism is a serious offence that cannot be resolved directly by the course instructor. The Associate Dean of the Faculty conducts a rigorous investigation, including an interview with the student, when an instructor suspects a piece of work has been plagiarized. Penalties are not trivial. They can include a final grade of "F" for the course.

Examples of plagiarism include, but are not limited to:

- Any submission prepared in whole or in part by someone else;
- Using ideas or direct, verbatim quotations, paraphrased material, algorithms, formulae, scientific or mathematical concepts, or ideas without appropriate acknowledgment;
- Using someone else's data or research findings without acknowledgement; Failing to acknowledge sources through the use of proper citations when using another's work and/or failing to use quotations marks.

Violations of academic integrity also include:

- Using unauthorized material when completing an assignment or exam,
- Fabricating or misrepresenting research data;
- Unauthorized co-operation or collaboration, and;
- Completing work for another student.

Academic integrity violations constitute a serious academic offence, weaken the quality of the degree, and will not be tolerated. Penalties may include: a failing grade for the submitted work and/or course; academic probation; a refusal of permission to continue or to register in a specific degree program; suspension from full-time studies; suspension from all studies at Carleton, and; expulsion from Carleton.

Students should familiarize themselves with and follow the Carleton University Student Academic Integrity Policy, which is available, along with resources for compliance, at: [Student Academic Integrity Policy](#).

## **18. Course Copyright**

Materials used in this course—including lectures, PowerPoint presentations, discussions, learning activities, posted notes, case studies, assignments, and exams—are copyright protected and remain the intellectual property of their respective author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

Students registered in this course may take notes and make copies of course materials for their own educational use only. Students may not reproduce or distribute lecture notes and course materials publicly for commercial or non-commercial purposes without express written consent from the copyright holder(s).

## 19. Equity and Inclusion

All members of the Carleton University community share responsibility for ensuring that the University's educational, work and living environments are free from discrimination and harassment. Should you have concerns about harassment or discrimination relating to your age, ancestry, citizenship, colour, creed (religion), disability, ethnic origin, family status, gender expression, gender identity, marital status, place of origin, race, sex (including pregnancy), or sexual orientation, please visit the website of Carleton's [Department of Equity and Inclusive Communities](#).