



**School of Management
University of Texas at Dallas
Course Syllabus**

Course Information

Course Number/Section: ACCT/FIN 4337.5U1
Course Title: Business Valuation
Term: Summer 2016
Days & Times: Wednesdays, 6:00 – 10:00 PM
Location: JSOM 2.722

Course Instructor

Name: James R. Richards, CFA
Senior Lecturer of Finance
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Office Location: JSOM 14.329,
Office Hours: Wednesdays 3:00 to 6:00 P.M.

Pre-Requisites and/or Other Restrictions

The pre-requisite is ACCT 3331 with a minimum grade of C, FIN 3320 and have a familiarity with MS Excel.

Course Description

Models used to value businesses are studied and applied. Topics include income measurement and profitability assessment, analysis of discounted cash flows and accounting-based valuation models.

The course is designed to give the student in depth practical experience in the valuation (enterprise valuation) of public and especially private companies. It will be a combination of lecture and experience from homework, in-class practice exams and a semester valuation project. We will approach business valuation as a combination of “fundamental” valuation analysis, which will include the process of projecting financial statements and cash flows and using these projections to estimate a value based on discounted cash flow valuation and “relative” valuation analysis using market comparables and private company transactions.

Student Learning Objectives/Outcomes

By the time you complete this course, you should understand and be able to apply:

1. Enterprise valuation concepts and premises of value
2. Discounted Cash Flow (DCF) techniques and modelling
3. Market comparable valuations
4. Private equity valuations, control and liquidity issues.

This course should be of use to you if you are contemplating a career in investment banking, equity research and security analysis, management consulting, public accounting, corporate finance, private equity or venture capital. It should also be of value to those aspiring to be a long tenured chief executive officer in any industry.

Semester Valuation Project – See detail description posted on elearning. A hard copy of the project will be due when the presentations of your results are made in class.

Course Materials

Suggested textbook: Titman, Sheridan, and John D. Martin, Valuation, 2nd or 3rd ed., Prentice Hall. See schedule for specific chapters/sections. The textbook is not required if you attend every class period and study the power point slides (both Titman and Damadoran) posted on elearning. Required homework problems and required reading on control and liquidity as well as certain other useful materials, papers, slides and a sample valuation excel model will be posted on elearning.

Grading policy

Your course grade will be computed using your scores on three written exams, a semester project, and homework problems. The in-class practice exams are to prepare you for the three written exam. The weights assigned to your scores on these assignments will be as follows:

1. Exams 1, 2, & 3	60%
2. Semester valuation project	30%
3. Homework problems	10%

Course Policies

Treat your fellow students with dignity and respect. Student behaviour that distracts or otherwise adversely affects teaching will not be tolerated. In particular, when in class **TURN OFF and REMOVE YOUR CELL PHONES**. Laptops can be used for class work only.

You are expected to attend every class. Grades depend, in part, on attendance. You are responsible for material that is covered in any class that you miss.

You are allowed only to use a calculator on your exams. You can use a financial calculator that computes the internal rate of return for a sequence of cash flows, e.g. HP-10BII, HP-12C, TI BAI Plus, or TI BAI Plus Professional. If you use a calculator, then you will be responsible for knowing how to use it. You cannot use a cell phone or similar device that can store text as a computational aid.

There will be no make-up exams. I am teaching two sections of this course and will allow individual students to take the exam with the other section based on justifiable reasons. The instructor generally has to be informed of any conflict well before the exam and supplied with official written documentation demonstrating (e.g. illness: doctors report, accident: police report) a serious and unavoidable conflict. If you miss an exam I will substitute your final exam grade (the final exam is comprehensive) in place of the missed exams.

There will be no possibility to earn extra credit. Only the assignments listed above will count towards your grade.

Tentative Course Schedule – Homework is due the class period after we cover each Section.

<u>Date</u>	<u>Topic</u>	<u>Material</u>
5/25	Introduction, Overview of Valuation	Chapter 1 Sections 1.1, 1.2, 1.3, 1.4 Homework - Scan Damodaran web site http://people.stern.nyu.edu/adamodar/
6/1	Forecasting and Valuing Cash Flows	Chapter 2 Sections 2.1, 2.2 Homework 2.1, 2.2, 2.3, 2.6, 2.7
6/8	Forecasting and Valuing Cash Flows	Chapter 2 Sections 2.1, 2.2 Homework 2.1, 2.2, 2.3, 2.6, 2.7
6/15	Estimating a Firm's Cost of Capital (Use Beta L to U on elearning)	Chapter 4 All Sections Homework 4.3, 4.4, 4.5, 4.6, 4.7, 4.8
6/22	Review and Exam 1	
6/29	Forecasting Financial Performance	Chapter 6 All Sections Homework 6.1, 6.2, 6.3, 6.4, 6.7, 6.8, 6.10, 6.11, 6.12, 6.13, 6.14
6/29	Forecasting Financial Performance	Chapter 6 All Sections Homework 6.1, 6.2, 6.3, 6.4, 6.7, 6.8, 6.10, 6.11, 6.12, 6.13, 6.14
7/6	Relative Valuation with Market Comparables	Chapter 8 All Sections Homework 8.2, 8.3, 8.6, 8.7, 8.8
7/6	Relative Valuation with Market Comparables	Chapter 8 All Sections Homework 8.2, 8.3, 8.6, 8.7, 8.8
7/13	Enterprise Valuation, APV	Chapter 9 Section 9.1, 9.2, 9.3, 9.4 Homework 9.1, 9.2, 9.4, 9.4, 9.6
7/13	Enterprise Valuation, APV	Chapter 9 Section 9.1, 9.2, 9.3, 9.4 Homework 9.1, 9.2, 9.4, 9.4, 9.6
7/20	Review and Exam 2	
7/27	Venture Capital, Private Equity and Leveraged Buyouts Illiquidity Discount/ Control Premium	Chapter 10 Sections 10.1, 10.2, 10.3, 10.4, 10.5 Homework 10.1, 10.2, 10.3, 10.4, 10.9 Damadaran Excerpts (Elearning)
8/3	Project Presentations	
8/10	Exam Three	

The topics, materials and timeline are tentative and subject to change at the discretion of the Instructor.

Technical Support

If you experience any problems with your UTD account you may send an email to: assist@utdallas.edu or call the UTD Computer Helpdesk at 972-883-2911.

Field Trip Policies

There will be no field trips in this course.

Student Conduct & Discipline

The University of Texas System and The University of Texas at Dallas have rules and regulations for the orderly and efficient conduct of their business. It is the responsibility of each student and each student organization to be knowledgeable about the rules and regulations that govern student conduct and activities. General information on student conduct and discipline is contained in the UTD printed publication, A to Z Guide, which is provided to all registered students each academic year.

The University of Texas at Dallas administers student discipline within the procedures of recognized and established due process. Procedures are defined and described in the Rules and Regulations, Series 50000, Board of Regents, The University of Texas System, and in Title V, Rules on Student Services and Activities of the university's Handbook of Operating Procedures. Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations (SU 1.602, 972/883-6391) and online at <http://www.utdallas.edu/judicialaffairs/UTDJudicialAffairs-HOPV.html>

A student at the university neither loses the rights nor escapes the responsibilities of citizenship. He or she is expected to obey federal, state, and local laws as well as the Regents' Rules, university regulations, and administrative rules. Students are subject to discipline for violating the standards of conduct whether such conduct takes place on or off campus, or whether civil or criminal penalties are also imposed for such conduct.

Academic Integrity

The faculty expects from its students a high level of responsibility and academic honesty. Because the value of an academic degree depends upon the absolute integrity of the work done by the student for that degree, it is imperative that a student demonstrate a high standard of individual honor in his or her scholastic work.

Scholastic Dishonesty, any student who commits an act of scholastic dishonesty is subject to discipline. Scholastic dishonesty includes but is not limited to cheating, plagiarism, collusion, the submission for credit of any work or materials that are attributable in whole or in part to another person, taking an examination for another person, any act designed to give unfair advantage to a student or the attempt to commit such acts. Collaboration between students is only permitted for group assignments with other members of their group. All other assignments are individual and no collaboration is allowed.

Plagiarism, especially from the web, from portions of papers for other classes, and from any other source is unacceptable and will be dealt with under the university's policy on plagiarism (see general catalog for details). This course will use the resources of turnitin.com, which searches the web for possible plagiarism and is over 90% effective.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted materials, including music and software. Copying, displaying, reproducing, or distributing copyrighted works may infringe the copyright owner's rights and such

infringement is subject to appropriate disciplinary action as well as criminal penalties provided by federal law. Usage of such material is only appropriate when that usage constitutes “fair use” under the Copyright Act. As a UT Dallas student, you are required to follow the institution’s copyright policy (Policy Memorandum 84-I.3-46). For more information about the fair use exemption, see <http://www.utsystem.edu/ogc/intellectualproperty/copypol2.htm>

Email Use

The University of Texas at Dallas recognizes the value and efficiency of communication between faculty/staff and students through electronic mail. At the same time, email raises some issues concerning security and the identity of each individual in an email exchange. The university encourages all official student email correspondence be sent only to a student’s U.T. Dallas email address and that faculty and staff consider email from students official only if it originates from a UTD student account. This allows the university to maintain a high degree of confidence in the identity of all individual corresponding and the security of the transmitted information. UTD furnishes each student with a free email account that is to be used in all communication with university personnel. The Department of Information Resources at U.T. Dallas provides a method for students to have their U.T. Dallas mail forwarded to other accounts.

Withdrawal from Class

The administration of this institution has set deadlines for withdrawal of any college-level courses. These dates and times are published in that semester's course catalog. Administration procedures must be followed. It is the student's responsibility to handle withdrawal requirements from any class. In other words, I cannot drop or withdraw any student. You must do the proper paperwork to ensure that you will not receive a final grade of "F" in a course if you choose not to attend the class once you are enrolled.

Student Grievance Procedures

Procedures for student grievances are found in Title V, Rules on Student Services and Activities, of the university’s Handbook of Operating Procedures.

In attempting to resolve any student grievance regarding grades, evaluations, or other fulfillments of academic responsibility, it is the obligation of the student first to make a serious effort to resolve the matter with the instructor, supervisor, administrator, or committee with whom the grievance originates (hereafter called “the respondent”). Individual faculty members retain primary responsibility for assigning grades and evaluations. If the matter cannot be resolved at that level, the grievance must be submitted in writing to the respondent with a copy of the respondent’s School Dean. If the matter is not resolved by the written response provided by the respondent, the student may submit a written appeal to the School Dean. If the grievance is not resolved by the School Dean’s decision, the student may make a written appeal to the Dean of Graduate or Undergraduate Education, and the dean will appoint and convene an Academic Appeals Panel. The decision of the Academic Appeals Panel is final. The results of the academic appeals process will be distributed to all involved parties.

Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations.

Incomplete Grade Policy

As per university policy, incomplete grades will be granted only for work unavoidably missed at the semester’s end and only if 70% of the course work has been completed. An incomplete grade must be resolved within eight (8) weeks from the first day of the subsequent long semester. If the required work to complete the course and to remove the incomplete grade is not submitted by the specified deadline, the incomplete grade is changed automatically to a grade of F.

Disability Services

The goal of Disability Services is to provide students with disabilities educational opportunities equal to those of their non-disabled peers. Disability Services is located in room 1.610 in the Student Union. Office hours are Monday and Thursday, 8:30 a.m. to 6:30 p.m.; Tuesday and Wednesday, 8:30 a.m. to 7:30 p.m.; and Friday, 8:30 a.m. to 5:30 p.m.

The contact information for the Office of Disability Services is:

The University of Texas at Dallas, SU 22

PO Box 830688

Richardson, Texas 75083-0688 (972) 883-2098 (voice or TTY) disabilityservice@utdallas.edu

If you anticipate issues related to the format or requirements of this course, please meet with the Coordinator of Disability Services. The Coordinator is available to discuss ways to ensure your full participation in the course. If you determine that formal, disability-related accommodations are necessary, it is very important that you be registered with Disability Services to notify them of your eligibility for reasonable accommodations. Disability Services can then plan how best to coordinate your accommodations.

It is the student's responsibility to notify his or her professors of the need for such an accommodation. Disability Services provides students with letters to present to faculty members to verify that the student has a disability and needs accommodations. Individuals requiring special accommodation should contact the professor after class or during office hours.

Religious Holy Days

The University of Texas at Dallas will excuse a student from class or other required activities for the travel to and observance of a religious holy day for a religion whose places of worship are exempt from property tax under Section 11.20, Tax Code, Texas Code Annotated.

The student is encouraged to notify the instructor or activity sponsor as soon as possible regarding the absence, preferably in advance of the assignment. The student, so excused, will be allowed to take the exam or complete the assignment within a reasonable time after the absence: a period equal to the length of the absence, up to a maximum of one week. A student who notifies the instructor and completes any missed exam or assignment may not be penalized for the absence. A student who fails to complete the exam or assignment within the prescribed period may receive a failing grade for that exam or assignment.

If a student or an instructor disagrees about the nature of the absence [i.e., for the purpose of observing a religious holy day] or if there is similar disagreement about whether the student has been given a reasonable time to complete any missed assignments or examinations, either the student or the instructor may request a ruling from the chief executive officer of the institution, or his or her designee. The chief executive officer or designee must take into account the legislative intent of TEC 51.911(b), and the student and instructor will abide by the decision of the chief executive officer or designee.