

The University of Texas at Dallas
Business Valuation: ACCT/FIN 4337.001

Spring 2017

Professor Contact Information

Joseph Nketia, CPA

Phone: email me

Office: JSOM [XX.XX](#)

Email: Joseph.Nketia@utdallas.edu

Office hours: [By Appointment](#)

Class meetings

Classroom: JSOM 2.804

Time: Tuesday and Thursday 4:00pm-5: 15pm

Course Pre-requisites, Co-requisites, and/or Other Restrictions

The pre-requisite for this course is ACCT 3331 (with a minimum grade of C) and FIN 3320. You should be familiar with MS Excel.

Course Description

This course exposes students to methods and models used to value businesses, stocks and businesses internal investments (project valuation). We will look at how to value companies, projects, and stocks by using valuation methods like discounted cash flow, market comparable, and private/public company transactions. We will apply these methods by projecting financial statements and cash flow statements of the companies we want to value. To promote the understanding of the course there will be weekly assignments and discussions of those assignments. Teaching will consist of lectures, discussion of assignments, group presentations and other teaching methods that will enhance the understanding of the course.

Student Learning Objectives/Outcomes

1. Analyze financial statements and understand methods of projecting financial statements
2. Enterprise and project valuations
3. Cost of capital calculation
4. Forecast cash flow statement to prepare discounted cash flow (DCF)
5. Understand market comparable valuation techniques
6. Understand valuation technique based on actual transactions

This course will be a great benefit to students who are planning to pursue a career in investment banking, public accounting, management consulting, private equity and venture capital. The course will also be valuable to students who would pursue MBA/MS in finance in the future.

Textbook and Readings

Students are strongly encouraged to obtain the latest edition of textbook and read the designated chapters before class. If needed I will post lecture slides after class.

The required textbook for this course is indicated below:

Sheridan Titman, John D. Martin – “*Valuation The Art and Science of Corporate Investment Decisions*” 2015, 3rd edition, Pearson.

Tentative Course Schedule

Assignments, reading, and quizzes will be given in class or posted on eLearning

Session 1: Jan 10 and 12

Topics: Course Overview
Chapter 1 - Introduction to Valuation

Readings/Home work:

Session 2: Jan 17 and 19

Topics: Chapter 2 – Forecasting and Valuing Cash Flows

Readings/Home work:

Session 3: Jan 24 and 26

Topics: Chapter 2 &3 –Forecasting and Valuing Cash Flows & Project Risk Analysis

Readings/Home work:

Session 4: Jan 31 and Feb 2

Topics: Chapter 4 – Estimating a Firm’s Cost of Capital

Readings/Home work:

Session 5: Feb 7 and 9

Topics: Chapter 4 – Estimating Firm Cost of Capital

Readings/Home work:

Session 5: Feb 14 and 16

Feb 14: – Review

Feb 14: – Exam 1

Session 6: Feb 21 and 23

Topics: Chapter 6 – Forecasting Financial Performance

Readings/Home work:

Session 7: Feb 28 and Mar 2

Topics: Chapter 6 – Forecasting Financial Performance

Readings/Home work:

Session 8: Mar 7 and Mar 9

Topics: Chapter 8 – Relative Valuation Using Market Comparable

Readings/Home work:

Session 9: Mar 21 and Mar 23

Topics: Chapter 8 – Relative Valuation Using Market Comparable

Readings/Home work:

Session 10: Mar 28 and Mar 30

Mar 28: – Review

Mar 30: – Exam 2

Session 11: April 4 and April 6

Topics: Chapter 9 – Enterprise Valuation

Readings/Home work:

Session 12: April 11 and 13

Topics: Chapter 9 – Enterprise Valuation

Readings/Home work:

Session 13: April 18 and 20

Topics: Chapter 10 – Valuation in Private Equity Setting

Readings/Home work:

Session 14: April 25 and 27

Topics: April 25 Chapter 10 – Valuation in Private Equity Setting/ Review

April 27: Exam 3

Readings/Home work:

Session 15: May 2 and 4

May 2: – Project presentation

May 4: – Exam 4 – Comprehensive -Optional

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

Grading Policy and Evaluation

Your course will be graded using your scores on three exams, a semester project, in class quizzes and homework problems. The fourth exam, which will be comprehensive, is optional and is intended for students who want me to drop one of their lowest grades in the three exams. The in class quizzes and homework problems are intended to help you prepare for the exams. The valuation project and presentation will be performed in

groups. We will discuss the composition of group in class. You are expected to attend every class as missing classes can greatly affect your understanding of the course. Grades depend, in part, on attendance. You are responsible for material that is covered in any class that you miss.

Grading Formula

- Exams 1, 2, and 3 60%
- Valuation and presentation project 20%
- Homework problems 10%
- Attendance, class participation, and in class quizzes 10%

Course Policies

Treat your fellow students with dignity and respect. Student behavior 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 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 quizzes or exams. Exams number four is not a make-up exams but it is intended to replace one of your lowest score on the three exams. Exams four will be comprehensive covering all the topics we have covered in class. 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 and you have my approval, I will substitute your final exam grade (the final exam is comprehensive) in place of the missed exams but there will be no substitution for quizzes.

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

Course Evaluation

The completion of a course evaluation is a course requirement. Each student will complete an evaluation form in class toward the end of the term.

UTD Policy on Cheating

Students in this class will be held to the standards established by Regents' Rules and Regulations (Part One, Chapter VI, Section 3, Subsection 3.2, Subdivision 3.22), which

states: Candidates are expected to be above reproach in scholastic activities. Candidates who engage in scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and dismissal from the University. “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.” Professors randomly use “Turnitin.com” to screen papers against other published works on the web to insure against plagiarism.

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 which 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 demonstrates 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.

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.