



SUBJECT DATASHEET

VALUATION OF ENTERPRISES

BMEGT35ML07

I. SUBJECT DESCRIPTION

1. SUBJECT DATA

Subject name

VALUATION OF ENTERPRISES

ID (subject code)

BMEGT35ML07

Type of subject

Contact lessons

Course types and lessons

<i>Type</i>	<i>Lessons</i>
Lecture	2
Practice	0
Laboratory	0

Type of assessment

exam grade

Number of credits

5

Subject Coordinator

<i>Name</i>	<i>Position</i>	<i>Contact details</i>
Dr. Bethlendi András	associate professor	bethlendi.andras@gtk.bme.hu

Educational organisational unit for the subject

Department of Finance

Subject website

<https://edu.gtk.bme.hu/>

Language of the subject

magyar - HU

Curricular role of the subject, recommended number of terms

Programme: Accounting Master's Programme from 2019/20/Term 1

Subject Role: Compulsory

Recommended semester: 3

Direct prerequisites

Strong None

Weak None

Parallel None

Exclusion None

Validity of the Subject Description

Approved by the Faculty Education Committee of Faculty of Economic and Social Sciences (Valid from: 08.11.2021.)

2. OBJECTIVES AND LEARNING OUTCOMES

Objectives

The aim of the course is to offer an introduction into basic approaches and methods of business valuation. Key challenges and limitations of each method will also be presented. Participants may gain an understanding of both the income- (cash flow-) based, multiple-based and asset-based approaches. They will review the process and rules of financial analysis and planning, as well those of estimating the cost of capital. We also cover unique challenges of special valuation tasks and the application of discounts and premiums. The aim of the course is to make the students able to solve daily valuation tasks using the knowledge gained.

Academic results

Knowledge

1. The student is familiar with
2. • the aims and the toolset of business valuation,
3. • the methods of financial statement analysis and prediction,
4. • the cost of capital estimation techniques,
5. • the unique challenges of the different valuation tasks,
6. • the process and critical steps of business valuation.

Skills

1. The student is able to
2. • plan, organise, and perform her(his) study process on her (his) own,
3. • find and review the relevant literature of the subject,
4. • use a critical approach and filter the information available,
5. • identify connections among financial and valuation models,
6. • perform calculations needed to a support decision making.

Attitude

1. The student
2. • is open to review and adapt innovations of finance,
3. • co-operates with his fellow students and instructors during the learning process,
4. • eager to extend her (his) knowledge,
5. • takes profit of the opportunities offered by the IT equipment and tools.

Independence and responsibility

1. The student
2. • is open to accept well-based critics,
3. • co-operates with her (his) fellow students when solving tasks,
4. • is able to take decisions on her (his) own,
5. • can make well-based judgements during her (his) decision process,
6. • has a good overview of the importance of her (his) responsibility and can estimate the consequences of her(his) decisions.

Teaching methodology

Lectures, written and oral communication, use of IT tools and techniques, optional tasks alone and in groups. Students are required to bring along and use their own laptop equipped with Microsoft Office (version 2013 or later) during the classes.

Materials supporting learning

- Koller, Tim – Goedhart, Marc – Wessels, David (2020): Valuation: Measuring and Managing the Value of Companies (Wiley Finance) 7th Edition, Wiley
- Damodaran, Aswath (2012): Investment Valuation: Tools and Techniques for Determining the Value of Any Asset, 3rd Edition, Wiley
- Damodaran, Aswath (2018): Dark Side of Valuation, The: Valuing Young, Distressed, and Complex Businesses: Valuing Young, Distressed, and Complex Businesses 3rd Edition, Pearson FT Press
- Pratt, Shannon P. (2008): Valuing a Business: The Analysis and Appraisal of Closely Held Companies (McGraw-Hill Library of Investment and Finance), 5th Edition, McGraw-Hill Education

II. SUBJECT REQUIREMENTS

TESTING AND ASSESSMENT OF LEARNING PERFORMANCE

General Rules

Assessment of the learning outcomes described under 2.2. is based on written exam.

Performance assessment methods

Written exam

Percentage of performance assessments, conducted during the study period, within the rating

Percentage of exam elements within the rating

- Written exam: 100%

Conditions for obtaining a signature, validity of the signature

according to TVSZ

Issuing grades

Excellent	91 - 100
Very good	87 - 90
Good	75 - 86
Satisfactory	63 - 74
Pass	50 - 62
Fail	0 - 49

Retake and late completion

According to TVSZ

Coursework required for the completion of the subject

participation on contact lessons	14 x 2 = 28
Homework (optional)	40
preparing for the exam	82
Total	150

Approval and validity of subject requirements

Consulted with the Faculty Student Representative Committee, approved by the Vice Dean for Education, valid from: 08.11.2021.

III. COURSE CURRICULUM

THEMATIC UNITS AND FURTHER DETAILS

Topics covered during the term

Subject includes the topics detailed in the course syllabus to ensure learning outcomes listed under 2.2. can be achieved. Timing of the topics may be affected by calendar or other circumstances in each semester.

- 1 Week Subjects to cover
- 2 1. Introduction into business valuation, Value vs price
- 3 2. Analysis and Corrections of financial statements
- 4 3. Calculation business cash flow and value drivers
- 5 4. Financial modelling and planning
- 6 5. Cash flow-based valuation methods
- 7 6. Calculating the terminal value
- 8 7. Estimating the cost of capital
- 9 8. Multiple-based methods
- 10 9. Asset-based methods
- 11 10. Mergers & Acquisitions
- 12 11. Discounts & Premiums
- 13 12. Special valuation challenges, Summary

Additional lecturers

Approval and validity of subject requirements