SUBJECT DATASHEET

VALUATION OF ENTERPRISES

BMEGT35M109

I. SUBJECT DESCRIPTION

1. SUBJECT DATA

Subject name
VALUATION OF ENTERPRISES

ID (subject code) BMEGT35M109

Type of subject
contact lessons

Course types and lessons

Type	*Lessons*
Lecture	2
Practice	2
Laboratory	0

Type of assessment
mid-term grade

Number of credits
5

Subject Coordinator

Name	*Position*	*Contact details*
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
angol-ENG

Curricular role of the subject, recommended number of terms
Programme: **Finance MSc (in English) from 2019/20/Term 1 AUTUMN start**
Subject Role: **Compulsory**
Recommended semester: **3**

Programme: **Finance MSc (in English) from 2019/20/Term 1 SPRING start**
Subject Role: **Compulsory**
Recommended semester: **4**

Direct prerequisites

Strong	None
Weak	None
Parallel	None
Exclusion	None

Validity of the Subject Description
Approved by the Faculty Board of Faculty of Economic and Social Sciences, Decree No: 580768/11/2022. Valid from: 26.10.2022.

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 chal-lenges 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 aims and the toolset of business valuation,
2. the methods of financial statement analysis and prediction,
3. the cost of capital estimation techniques,
4. the unique challenges of the different valuation tasks,
5. the process and critical steps of business valuation.

Skills

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

Attitude

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

Independence and responsibility

1. is open to accept well-based critics,
2. co-operates with her (his) fellow students when solving tasks,
3. is able to take decisions on her (his) own,
4. can make well-based judgements during her (his) decision process,
5. 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 Busi-nesses: 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 two written mid-term tests.

Performance assessment methods

Based on two written mid-term tests

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

- **written**: 100

Percentage of exam elements within the rating

Conditions for obtaining a signature, validity of the signature

Issuing grades

Excellent	91
Very good	87–90
Good	75–86
Satisfactory	63–74
Pass	50–62
Fail	<50

Retake and late completion

The written test can be retaken once for free of charge

Coursework required for the completion of the subject

participation on contact lessons	56
home assignments	40
preparing for the test	54
total	150

Approval and validity of subject requirements

Consulted with the Faculty Student Representative Committee, approved by the Vice Dean for Education, valid from: 10.10.2022.

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 will be arranged by the calendar or other circumstances in each semester.

1 1. Introduction into business valuation, Value vs price2. Analysis and Corrections of financial statements3. Calculation business cash flow and value drivers4. Financial modelling and planning5. Cash flow-based valuation methods6. Calculating the terminal valueMidterm test #17. Estimating the cost of capital8. Multiple-based methods9. Asset-based methods10. Mergers & Acquisitions11. Discounts & Premiums12. Special valuation challenges, SummaryMidterm test #2

Additional lecturers

Péter Juhász, PhD, CFA óraadó oktató

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