



# AFIN8038

## Business Valuation

Session 1, In person/Online-scheduled-weekday, North Ryde 2022

*Department of Applied Finance*

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## General Information

Unit convenor and teaching staff

Unit Convenor

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Grace Lepone

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Credit points

10

Prerequisites

(Admission to MActPrac or MFin) or (ACCG611 or ACCG6011 or AFIN613 or AFIN6013 or AFIN6012 or ACST603 or ACST6003 or AFIN858)

Corequisites

Co-badged status

Unit description

This unit develops students' abilities to conduct equity valuation for investment purposes. This advanced module introduces the techniques used by equity financial analysts to measure the worth of a company and its investments. Students assume the role of a financial analyst and learn the mechanics of financial valuation by: performing industry and financial analysis, measuring accounting quality, estimating discount rates, forecasting cash flows, and ultimately issuing a buy/hold/sell recommendation on the firm based on the estimated target price.

## Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at <https://www.mq.edu.au/study/calendar-of-dates>

## Learning Outcomes

On successful completion of this unit, you will be able to:

**ULO1:** Explain the principles and theory behind each valuation technique.

**ULO2:** Evaluate various business valuation techniques and select and apply the most appropriate technique to real world valuation problems.

**ULO3:** Working collectively in a group to value the equity of a company and make recommendations.

## General Assessment Information

### Late submissions of assessments

Unless a Special Consideration request has been submitted and approved, no extensions will be granted. There will be a deduction of 10% of the total available assessment-task marks made from the total awarded mark for each 24-hour period or part thereof that the submission is late. Late submissions will only be accepted up to 96 hours after the due date and time.

No late submissions will be accepted for timed assessments – e.g., quizzes, online tests.

**Table 1: Penalty calculation based on submission time**

Submission time after the due date (including weekends)	Penalty (% of available assessment task mark)	Example: for a non-timed assessment task marked out of 30
< 24 hours	10%	10% x 30 marks = 3-mark deduction
24-48 hours	20%	20% x 30 marks = 6-mark deduction
48-72 hours	30%	30% x 30 marks = 9-mark deduction
72-96 hours	40%	40% x 30 marks = 12-mark deduction
> 96 hours	100%	Assignment won't be accepted

Other assessment criteria for assessment tasks will be provided on the unit iLearn site.

## Assessment Tasks

Name	Weighting	Hurdle	Due
<a href="#">Online Quiz</a>	20%	No	Week 7
<a href="#">Valuation Report</a>	40%	No	Week 12
<a href="#">Final Examination</a>	40%	No	University Examination period

### Online Quiz

Assessment Type <sup>1</sup>: Quiz/Test

Indicative Time on Task <sup>2</sup>: 10 hours

Due: **Week 7**

Weighting: **20%**

An online quiz consisting of multiple choice questions. The duration of the quiz will be 45 minutes.

On successful completion you will be able to:

- Explain the principles and theory behind each valuation technique.
- Evaluate various business valuation techniques and select and apply the most appropriate technique to real world valuation problems.

## Valuation Report

Assessment Type <sup>1</sup>: Report

Indicative Time on Task <sup>2</sup>: 35 hours

Due: **Week 12**

Weighting: **40%**

Students will work in groups to conduct quantitative and qualitative analysis on business valuation and produce a report of 1500 - 2500 words. 10% of this assessment will be allocated to individual performance.

On successful completion you will be able to:

- Explain the principles and theory behind each valuation technique.
- Evaluate various business valuation techniques and select and apply the most appropriate technique to real world valuation problems.
- Working collectively in a group to value the equity of a company and make recommendations.

## Final Examination

Assessment Type <sup>1</sup>: Examination

Indicative Time on Task <sup>2</sup>: 15 hours

Due: **University Examination period**

Weighting: **40%**

A two hour exam will be held during the University Examination Period.

On successful completion you will be able to:

- Explain the principles and theory behind each valuation technique.
- Evaluate various business valuation techniques and select and apply the most

appropriate technique to real world valuation problems.

<sup>1</sup> If you need help with your assignment, please contact:

- the academic teaching staff in your unit for guidance in understanding or completing this type of assessment
- the [Writing Centre](#) for academic skills support.

<sup>2</sup> Indicative time-on-task is an estimate of the time required for completion of the assessment task and is subject to individual variation

## Delivery and Resources

<b>Required Text:</b>	" <i>Damodaran on Valuation</i> " Second Edition by Aswath Damodaran. ISBN: 978-0471751212 The text is available from Booktopia at <a href="#">Booktopia</a> . Macquarie University library has a few copies as well. Other relevant reading materials besides the textbook will be provided and accessible via iLearn.
<b>Unit Web Page:</b>	Course material is available on the learning management system at <a href="#">iLearn</a> You are strongly encouraged to regularly visit the website and use it as a resource centre to assist with your learning. All lecture material and examples, homework questions and answers, administration issues, and supplementary readings will be available on this site as the course progresses.
<b>Technology Used and Required:</b>	Students will require a calculator (scientific or financial) capable of handling exponents. Simple financial functions (as found on financial calculators) will not be required. If the calculator is to be used in exams then it must NOT be capable of storing text or formulae OR it must easily be demonstrated that all memory has been cleared. Students must be familiar with spreadsheet technology (eg MS Excel or equivalent)
<b>Delivery Format and Other Details:</b>	<p><b><u>Classes</u></b></p> <ul style="list-style-type: none"> <li>• There are 13 weekly sessions of 3 hours.</li> <li>• See timetable for classes on the University web site at: <a href="#">Timetable 2022</a></li> <li>• All students are to attend all classes except in cases of illness or unexpected events of a serious nature (eg family bereavement).</li> </ul> <p><b><u>Teaching and Learning Activities</u></b></p> <p>Contact sessions are three hours. There will be one short break during the session. Students are required to prepare for each lecture by reading the material set from the required textbook. Students are encouraged to ask questions, initiate discussions, and provide input from relevant personal experience.</p>

## Unit Schedule

Week	Seminar
1	Module 1- Introduction, Sources of Information, and Industry Analysis
2	Module 2- Financial Reporting and Analysis
3	Module 3- Market Valuation: Relative Valuation Techniques (PART 1)
4	Module 3- Market Valuation: Relative Valuation Techniques (PART 2)
5	Module 4- Advanced Estimation of Discount Rates
6	Module 4- Advanced Estimation of Discount Rates

7	Module 5- Quality of Financial Statement and Reliance on Accounting Numbers (Online Quiz)
<i>Break</i>	
8	Module 6- Discounted Cash Flow (DCF) Valuation - Calculating Free Cash Flows (PART 1)
9	Module 6- Discounted Cash Flow (DCF) Valuation - Calculating Free Cash Flows (PART 2)
10	Module 7 - Forecasting Free Cash Flows
11	Module 8- Issues in Estimating Terminal Value
12	Module 9- A Practitioner's Approach to Valuing Firms: The Case of ValueCo Inc. (Group Assignment Submission Deadline)
13	Revision Class

## Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central \(https://policies.mq.edu.au\)](https://policies.mq.edu.au). Students should be aware of the following policies in particular with regard to Learning and Teaching:

- [Academic Appeals Policy](#)
- [Academic Integrity Policy](#)
- [Academic Progression Policy](#)
- [Assessment Policy](#)
- [Fitness to Practice Procedure](#)
- [Assessment Procedure](#)
- [Complaints Resolution Procedure for Students and Members of the Public](#)
- [Special Consideration Policy](#)

Students seeking more policy resources can visit [Student Policies \(https://students.mq.edu.au/support/study/policies\)](https://students.mq.edu.au/support/study/policies). It is your one-stop-shop for the key policies you need to know about throughout your undergraduate student journey.

To find other policies relating to Teaching and Learning, visit [Policy Central \(https://policies.mq.edu.au\)](https://policies.mq.edu.au) and use the [search tool](#).

## Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: <https://students.mq.edu.au/admin/other-resources/student-conduct>

## Results

Results published on platform other than [eStudent](#), (eg. iLearn, Coursera etc.) or released directly by your Unit Convenor, are not confirmed as they are subject to final approval by the University. Once approved, final results will be sent to your student email address and will be made available in [eStudent](#). For more information visit [ask.mq.edu.au](https://ask.mq.edu.au) or if you are a Global MBA student contact [globalmba.support@mq.edu.au](mailto:globalmba.support@mq.edu.au)

## Academic Integrity

At Macquarie, we believe [academic integrity](#) – honesty, respect, trust, responsibility, fairness and courage – is at the core of learning, teaching and research. We recognise that meeting the expectations required to complete your assessments can be challenging. So, we offer you a range of resources and services to help you reach your potential, including free [online writing and maths support](#), [academic skills development](#) and [wellbeing consultations](#).

## Student Support

Macquarie University provides a range of support services for students. For details, visit <http://students.mq.edu.au/support/>

### The Writing Centre

[The Writing Centre](#) provides resources to develop your English language proficiency, academic writing, and communication skills.

- [Workshops](#)
- [Chat with a WriteWISE peer writing leader](#)
- [Access StudyWISE](#)
- [Upload an assignment to Studiosity](#)
- [Complete the Academic Integrity Module](#)

The Library provides online and face to face support to help you find and use relevant information resources.

- [Subject and Research Guides](#)
- [Ask a Librarian](#)

## Student Services and Support

Macquarie University offers a range of [Student Support Services](#) including:

- [IT Support](#)
- [Accessibility and disability support](#) with study
- Mental health [support](#)
- [Safety support](#) to respond to bullying, harassment, sexual harassment and sexual assault
- [Social support including information about finances, tenancy and legal issues](#)

## Student Enquiries

Got a question? Ask us via [AskMQ](#), or contact [Service Connect](#).

## IT Help

For help with University computer systems and technology, visit [http://www.mq.edu.au/about\\_us/offices\\_and\\_units/information\\_technology/help/](http://www.mq.edu.au/about_us/offices_and_units/information_technology/help/).

When using the University's IT, you must adhere to the [Acceptable Use of IT Resources Policy](#). The policy applies to all who connect to the MQ network including students.