

Academic Year: ( 2020 / 2021 )

Review date: 14-03-2020

Department assigned to the subject:

Coordinating teacher: GARCIA LARA, JUAN MANUEL

Type: Compulsory ECTS Credits : 3.0

Year : 1 Semester : 2

**REQUIREMENTS (SUBJECTS THAT ARE ASSUMED TO BE KNOWN)**

It is expected that students have completed Financial Statements Analysis. It may advantageous also to take Corporate Finance.

**OBJECTIVES**

## Basic competences

CB8 Students are able to integrate knowledge and to face the complexity of making judgments based on information that, being incomplete or limited, includes reflections on the social and ethical responsibilities linked to the application of their knowledge and judgments.

CB9 Students know how to communicate their conclusions and the knowledge and ultimate reasons behind them to specialised and non-specialised audiences in a clear and unambiguous way.

## General competences

CG1 Ability to maintain continuous education after his/her graduation, enabling him/her to cope with new technologies.

CG2 Ability to apply the knowledge of skills and research methods related to engineering.

CG3 Ability to apply the knowledge of research skills and methods related to Life Sciences.

CG5 Ability to perform a critical analysis and an evaluation and synthesis of new and complex ideas.

## Specific competences

CE2 Ability to know the impact of the different legislations that affect mercantile companies on the annual accounts, audit report and other voluntary information to disclose.

CE8 Ability to know the advanced techniques of financial analysis (through the analysis of ratios and the statement of cash flows) to perform the diagnosis of the economic-financial situation of the company.

CE9 Ability to apply advanced techniques to determine the value of a company based on its accounting information, systematic risk and atypical projects, as well as to perform a correct and detailed financial planning in different and uncertain scenarios.

CE15 Ability to implement measures that guarantee the independence of the auditor through the development of values and ethical commitment.

CE19 Acquire the skills to understand the economic and social effects of changes in accounting regulations, and the process of setting accounting standards, the different actors involved, and their ability to influence regulatory bodies.

**DESCRIPTION OF CONTENTS: PROGRAMME**

SUBJECT: Security Valuation Methods

1. Advanced methods of Accounting Valuation and Business Valuation
  - a. Value and Price
2. Relative Valuation
  - a. Pricing process
  - b. Peers and Multiples
3. Intrinsic Value: inputs, process
  - a. Risk free rates, risk premiums, discount rates
  - b. Earnings and cash flows
  - c. Growth

- d. Terminal value
- 4. Dividend discount model and DCF model
- 5. Advanced methods of Asset-based valuation
  - a. Liquidation valuation
  - b. Residual Income Valuation
  - c. Abnormal Earnings Growth model
- 6. Advanced Method of Real option valuation: Option to delay, expand, abandon
- 7. Advanced cases in business valuation
  - a. Private company valuation
  - b. Loss making firms,
  - c. Technological firms, STEM

#### LEARNING ACTIVITIES AND METHODOLOGY

The subject is organized around lectures that will have a discussion of theoretical/reading materials assigned for the session, led by the professor, and resolution and discussion of cases.

Tutorials are expected to be used to solve questions and doubts, both individually and for group tasks.

Evaluation will consist of continuous assessment (resolution of cases and class participation), a business valuation project, and a final exam.

Formal activities:

AF3	Theoretical practical classes
AF4	Laboratory practices
AF5	Tutorials
AF6	Team work
AF7	Student individual work
AF8	Partial and final exams

Activity code	total hours number	presencial hours number	% Student Presence
AF3	42	42	100%
AF5	28	7	25%
AF6	52	0	0%
AF7	52	0	0%
AF8	6	6	100%
TOTAL MATERIA	180	55	31%

#### ASSESSMENT SYSTEM

The assessment system will be as follows:

Final exam (40% total grade).

Continuous evaluation:

- ¿ 30% Individual work:
- ¿ Class participation
- ¿ Class case resolution
- ¿ Case assignments (3 cases)
- ¿ 30% Business Valuation Project (Group work)

La ponderación de cada apartado podrá ajustarse en función de las necesidades del curso.

Para la convocatoria extraordinaria el profesor determinará los requisitos para poder presentarse, que pueden incluir la repetición de actividades o la realización de actividades alternativas.

Sistema general del máster basado en:

- SE1 Participation in class
- SE2 Individual or team works made during the course
- SE3 Final exam

<b>% end-of-term-examination:</b>	40
<b>% of continuous assessment (assignments, laboratory, practicals...):</b>	60

#### BASIC BIBLIOGRAPHY

- Krishna G. Palepu, Paul M. Healy, Erik Peek Business Analysis and Valuation: IFRS edition, Cengage Learning EMEA; Edición: 5 ed, 2019

#### ADDITIONAL BIBLIOGRAPHY

- Stephen Penman Financial Statement Analysis and Security Valuation, McGraw Hill, 5 ed, 2013