

COURSE OUTLINES: AB5101 Business Valuation: From Theory to Practice

Academic Year	2022/2023	Semester	2
Course Coordinator	Adj Assoc Prof Eric Teo		
Course Code	AB5101		
Course Title	Business Valuation: From Theory to Practice		
Pre-requisites	AD1101/AD1102 Financial Accounting or AC1102/AC1104 Accounting II		
No of AUs	3		
Contact Hours	36 hours		

A) Course Aims/Description

This course provides students with the conceptual background, practical skills and knowledge that are necessary to conduct business valuation in the marketplace. The course will link the theory and practical aspects of business valuation and provides the students with the first-hand knowledge of how valuation is carried out in the “real world”. It will explore the global business valuation landscape, the role that business valuation plays in the financial and corporate world and study the competences, role, and behaviour of business valuers. It will also cover the fundamental concepts and principles of valuation, examine the various terms, definitions and premises of values that are widely used in practice. Additionally, it will provide an insight into the international valuation standards promulgated by the International Valuation Standards Council (IVSC) and in-depth coverage on the valuation process as well as the contents that is expected of a detailed valuation report. A detailed study of the various valuation approaches and methods commonly used to value business and equity for transactions purposes will also be carried out. Finally, the course will also address the challenges encountered by valuers relating to discounts/ premiums and valuation of public listed entities and private companies.

This course allows students to explore and understand the various technical and practical issues involved in the various valuation approaches and methods. After completing the course, students are expected to be familiar with the application of the various valuation approaches and methods, and the pros and cons of adopting such approaches and methods when conducting business valuation in the marketplace for transaction purposes.

B) Intended Learning Outcomes (ILO)/Objectives

By the end of the course, you should be able to:

- LO1 describe the business valuation landscape and the future developments
- LO2 describe and apply the principles of business valuation
- LO3 explain the valuation context and the role that business valuation plays in the financial and corporate world

- LO4 differentiate various terms, premises and standards of value and their implication to the valuation outcome
- LO5 explain the competences, role and behaviour of business valuers and the code of ethical principles and competency framework for professional valuers
- LO6 apply the International Valuation Standards (IVS) applicable to business valuation
- LO7 describe and adopt a valuation process which is acceptable in a transactional and / or financial reporting environment
- LO8 prepare a credible and professional business valuation report
- LO9 explain the key concepts of accounting and finance relating to business valuation
- LO10 describe and adopt the best practices in preparing prospective financial information
- LO11 identify and explain the various valuation approaches (namely, the market, income, and asset-based approaches) generally used to value business and equity
- LO12 apply the various valuation methods under the respective valuation approaches and compute the valuation parameters relevant to these methods
- LO13 perform business valuation through the application of the various valuation approaches / methods commonly used by practitioners and arrive at an outcome that is theoretically sound and defensible in practice
- LO14 outline the distinction between open market and notional valuation; and valuing business and equity
- LO15 identify the technical and practical issues pertaining to the valuation of public listed and private companies
- LO16 explain and outline the securities and exchange regulations and the circumstances in which business valuation may be required
- LO17 identify the issues which may give rise to discounts and premiums and distinguish between various discounts and premiums applicable to business valuation
- LO18 appropriately apply the discounts and premiums when conducting valuation of public listed and private companies, and controlling and minority interests
- LO19 communicate with fellow classmates, both in writing and verbally, effectively, and efficiently transferring knowledge between individuals in business valuation context

C) Course Content					
<ul style="list-style-type: none"> • Course Introduction & Overview, the Valuation Landscape & Valuation Standards and Guidelines • Business Valuation - Concept & Principles, Standard & Premise of Value, The Valuation Context • Competencies, Role and Behaviour of Professional Business Valuer • The International Valuation Standards (Framework, General Standards and Asset Standards) • The Valuation Process & the Valuation Report • Valuation Approach & Application – The Market Approach • Valuation Approach & Application – The Income Approach • Valuation Approach & Application – The Asset Based Approach • Valuation Issues & Challenges • Cases relating to Valuation of Public listed and Private companies • Discussion on Group Assignment 					
D) Assessment (includes both continuous and summative assessment)					
Components	ILO Tested	NBS Learning Goal	Marks	Individual/ Group	Assessment Rubrics (refer to Annex A(i))
Online Class Participation	19	<ul style="list-style-type: none"> • Oral communication 	20%	Individual	<ul style="list-style-type: none"> • Class Participation
Online Quizzes (x2)	1-18	<ul style="list-style-type: none"> • Acquisition of Knowledge, Problem Solving and Decision Making 	50% (25% for each quiz)	Individual	N.A
Group Report	1-18	<ul style="list-style-type: none"> • Critical Thinking • Teamwork and Interpersonal Skills 	25%	Individual / Group	<ul style="list-style-type: none"> • Critical Thinking • Confidential Peer Rating Form
Group Presentation via Video Recording	1-18	<ul style="list-style-type: none"> • Oral Communication 	5%	Individual / Group	<ul style="list-style-type: none"> • Oral Communication • Confidential Peer Rating Form
Total			100%		
E) Formative feedback					
<p>Feedback is central to this course. Students will receive verbal feedback on the Quiz and the Group work at the end of the presentations.</p>					
F) Learning and Teaching approach					
<p>Seminars will be the main mode of instruction for this course. There will be an online or on campus seminar of three hours per week. Additionally, there will be quizzes, group report and presentation. Please see the course outline and take note of announcements on the NTULearn website of this course. You will need to use computing facilities for some parts of this course. Most computing tasks will be required before or after classroom time. Classroom time will mainly be used for discussion purposes.</p>					

G) Reading and References				
<p>1. <i>Textbook - Business Valuation by Eric Teo Khee Hwee, Low Buen Sin, Jason Doan Thuan Hai, 1st Edition, Cengage Asia (ISBN: 9789814780834) Plus reading materials customised for the course</i></p> <p>2. <i>Elected Cases from the Singapore Law Reports, Lawnet.</i></p> <p>3. <i>International Valuation Standards (published by International Valuation Standards Council)</i></p>				
H) Course Policies and Student Responsibilities				
<p>(1)General You are expected to complete all assigned pre-class readings and activities, attend all seminar classes punctually and take all scheduled assignments by due dates. You are expected to take responsibility to follow up with course notes, assignments, and course related announcements for seminar sessions you have missed. You are expected to participate in all seminar discussions and activities.</p> <p>(2)Absenteeism Absence from seminar class without a valid reason will affect your overall course grade. Valid reasons include falling sick supported by a medical certificate and participation in NTU’s approved activities supported by an excuse letter from the relevant bodies.</p> <p>If you miss a seminar, you must inform the course instructor via email prior to the start of the class.</p>				
I) Academic Integrity				
<p>Good academic work depends on honesty and ethical behaviour. The quality of your work as a student relies on adhering to the principles of academic integrity and to the NTU Honour Code, a set of values shared by the whole university community. Truth, Trust and Justice are at the core of NTU’s shared values.</p> <p>As a student, it is important that you recognize your responsibilities in understanding and applying the principles of academic integrity in all the work you do at NTU. Not knowing what is involved in maintaining academic integrity does not excuse academic dishonesty. You need to actively equip yourself with strategies to avoid all forms of academic dishonesty, including plagiarism, academic fraud, collusion, and cheating. If you are uncertain of the definitions of any of these terms, you should go to the academic integrity website for more information. Consult your instructor if you are in doubt.</p> <p>Students will receive instructions from your instructor about the Declaration of Academic Integrity in the third week of the semester. You must follow the instructions stated and submit the declaration in accordance with the deadline stipulated. Please note that ALL your assignments (i.e., the Online Quizzes and Group Assignment) will NOT be accepted without this declaration.</p>				
J) Course Instructors				
Coordinator and Instructor	Office Location	Phone	Email	Office Consultation Hours
Adj Assoc Prof Eric KH TEO	S3 B1C-89	6908 3332	ericteokh@ntu.edu.sg	By prior appointment via email

K) Planned Weekly Schedule			
Week	Topic	Course ILO	Readings/ Activities
(1) Jan 9 On Campus	Seminar 1 Course Introduction & Overview, the Valuation Landscape & Valuation Standards and Guidelines	LO1	Course Administration: Form teams for written assignments and group presentation. Seminar Discussion: Business Valuation - What is the fuss all about? Refer to NTULearn course website for list of readings.
(2) Jan 16 On Campus	Seminar 2 Business Valuation – Concept & Principles, Standard & Premise of Value, The Valuation Context	LO2 LO3 LO4 LO19	Refer to NTULearn course website for list of readings and discussion questions.
(3) Jan 30 On Campus	Seminar 3 Competences, Role and Behaviour of Professional Business Valuer	LO5 LO19	Refer to NTULearn course website for list of readings and discussion questions.
(4) Feb 6 On Campus	Seminar 4 The International Valuation Standards	LO6 LO19	Refer to NTULearn course website for list of readings and discussion questions.
(5) Feb 13 On Campus	Seminar 5 The Valuation Process & the Valuation Report	LO7 LO8 LO9 LO19	Refer to NTULearn course website for list of readings and discussion questions.
(6) Feb 20 Online	Seminar 6 Valuation Approach & Application – The Market Approach	LO9 LO10 LO11 LO12 LO13 LO19	Refer to NTULearn course website for list of readings and discussion questions. Online Quiz 1

Week	Topic	Course ILO	Readings/ Activities
Recess Week Feb 27 – Mar 5	Semester Break		
(7) Mar 6 Online	Seminar 7 Valuation Approach & Application – The Income Approach	LO9 LO10 LO11 LO12 LO13 LO19	Refer to NTULearn course website for list of readings and discussion questions.
(8) Mar 13 Online	Seminar 8 Valuation Approach & Application – The Asset Based Approach	LO9 LO10 LO11 LO12 LO13 LO19	Refer to NTULearn course website for list of readings and discussion questions.
(9) Mar 20 Online	Seminar 9 Valuation Issues & Challenges	LO14 LO15 LO16 LO17 LO19	Refer to NTULearn course website for list of readings and discussion questions.
(10) Mar 27 Online	Seminar 10 Cases relating to Public Listed and Private companies	LO18 LO19	Refer to NTULearn course website for list of readings and discussion questions.
(11) Apr 3 Online	Seminar 11 Discussion of Group Assignment	LO1-19	Refer to NTULearn course website for group assignment. Online Quiz 2
(12) Apr 10 Online	Seminar 12 Group Report and Presentation	LO1-19	Presentation by various groups via Video Recording

Annex A(i)

ASSESSMENT CRITERIA

Teamwork Assessment & Peer Evaluation

Confidential Peer Evaluation

Since the instructor is not able to assess each team member's input into the overall completion of the Group Assignment, each member will be given an opportunity to assess his/her team members' participation and contribution. This will be conducted online through eUreka (accessed through NTULearn) using the format shown in the "Confidential Peer Rating Form". Please note that if your average score by the team is strictly below 4 (out of 6), you will receive a lower grade than the team grade (refer to the Confidential Peer Evaluation Form for details). All evaluations will be kept in absolute confidence. Team members will only be able to see the average rating given by his/her team members.

Each team member must submit the Peer Evaluation online by the same deadline they submit the report for the Group Assignment. Any student who fails to submit the Peer Evaluation will receive 90% of the team marks, after which the average rating by his/her members will be considered if further adjustment is required.

Confidential Peer Evaluation Form

Your ratings are **confidential** and will not be revealed to your team members. Team members will only be able to see the average rating given by his/her team members.

We will use your ratings to grade the performance of your team members by averaging the rating from all the team members. The group assignment marks for each team member will be computed as follows:

1. If the average rating of the individual is 4 or more (i.e., average score ≥ 4), the individual will receive 100% of the team's marks.
2. If the average rating of the individual is between 3 and 4 (i.e., $3 < \text{average score} < 4$), the individual will receive **80%** of the team's marks.
3. If the average rating of the individual is between 2 and 3 inclusive (i.e., $2 \leq \text{average score} \leq 3$), the individual will receive **50%** of the team's marks.

4. If the average rating of the individual is less than 2 (i.e., average score < 2), the individual will receive **30%** of the team’s marks.

Please complete the ratings through eUreka for all your team members for the group assignment. Deadline for the peer rating is the same as that for the group assignment.

Any student who fails to submit the Peer Evaluation will receive 90% of the team’s marks, after which the average rating by his/her members will be considered if further adjustment is required.

For example, Student XYZ belongs to team Z. Team Z’s report scores a grade of 80. XYZ fails to submit his peer evaluation. Thus, the score for consideration for XYZ drops to 72 (90%*80)

- If the average peer rating score of XYZ by the team is 4.9, then XYZ will receive 72 marks.
- If the average peer rating score of XYZ by the team is 3.8, then XYZ will receive 57.6 marks (80% * 72 marks).

Confidential Peer Rating Form

Traits	Performance					
<p><u>Roles and Responsibility</u> Behaves professionally by upholding responsibility and assuming accountability for self and others in progressing towards the team’s goal.</p>	<p>Scant Unclear about his/her own role; refuses to take a role in the team; insists to work individually and has limited coordination or communication with others.</p>					<p>Substantially Developed Always fulfils responsibilities; performs his/her role within the team with enthusiasm and demonstrates willingness to work collaboratively.</p>
	<p>Evaluation: Scant <u>1</u> <u>2</u> <u>3</u> <u>4</u> <u>5</u> <u>6</u> Substantially Developed</p>					
<p><u>Communication</u></p>	<p>Scant Modes of communication are not appropriate, causing confusion and miscommunication among team members.</p>					<p>Substantially Developed Modes of communication are appropriate; maintains timely communication and correspondence with team members.</p>

Identifies appropriate mechanisms to coordinate and correspond with team members.	Evaluation: Scant <u>1</u> <u>2</u> <u>3</u> <u>4</u> <u>5</u> <u>6</u> Substantially Developed	
<u>Conflict Resolution</u> Resolves conflicts using a variety of approaches.	Scant Does not recognize conflicts or is unwilling to resolve conflicts.	Substantially Developed Consistently resolves conflicts through facilitating open discussion and compromise.
	Evaluation: Scant <u>1</u> <u>2</u> <u>3</u> <u>4</u> <u>5</u> <u>6</u> Substantially Developed	
<u>Contributions</u> Contributes positive input for the team; effectively utilizes one’s knowledge and expertise.	Scant Largely disinterested in working in a team and refuses to participate; observes passively or is unwilling to share information with other team members.	Substantially Developed Actively attends and participates in all activities and provides meaningful contribution in articulating ideas and opinions.
	Evaluation: Scant <u>1</u> <u>2</u> <u>3</u> <u>4</u> <u>5</u> <u>6</u> Substantially Developed	
<u>Relationship</u> Maintains cooperative interaction with other team members regardless of individual /cultural differences and respects diverse perspectives.	Scant Rarely listens to others and does not acknowledge the opinions that differ from his/her own.	Substantially Developed Engages in respectful relationships with all other members in the team. Embraces and accepts diverse points of view without prejudice.
	Evaluation: Scant <u>1</u> <u>2</u> <u>3</u> <u>4</u> <u>5</u> <u>6</u> Substantially Developed	

Class Participation Rubric

Traits	Performance		
	1	2	3
Engagement	Hardly focuses in class (e.g. using mobile phone, unnecessary chatting)	Occasionally engages in distracting activities (e.g. using mobile phone, unnecessary chatting) in class.	Engages fully in class
Contribution frequency	Does not speak up/contribute in class	Occasionally speaks up/contributes in class	Speaks up/contributes in all classes
Contribution quality	No contributions/Contributions lack substance	Contributions demonstrate knowledge of subject matter	Contributions are constructive and insightful

Critical Thinking Rubric (Assessed by Group project)

Traits	Performance	
Valuation Scope of Work (15%)	Not Yet Does not identify and summarize the scope of work required, is confused or represents the scope of work inaccurately.	Substantially Developed Identifies and summarizes the scope of work required completely and accurately.
	Evaluation: Not Yet <u>1</u> <u>2</u> <u>3</u> <u>4</u> <u>5</u> <u>6</u> <u>7</u> <u>8</u> <u>9</u> <u>10</u> Substantially Developed	
Valuation Process (15%)	Not Yet Is unclear about the valuation process, unable to articulate the process required, and does not follow the process when performing the valuation.	Substantially Developed Describes and applies the entire valuation process and able to articulate and adopt the valuation process when performing the valuation.
	Evaluation: Not Yet <u>1</u> <u>2</u> <u>3</u> <u>4</u> <u>5</u> <u>6</u> <u>7</u> <u>8</u> <u>9</u> <u>10</u> Substantially Developed	
Market Approach (25%)	Not Yet Is unclear about the market approach, the issues associated with it, the determination of the relevant parameters and its application.	Substantially Developed <u>Describes and applies the market approach and the related issues, able to determine the relevant parameters and apply this approach.</u>
	Evaluation: Not Yet <u>1</u> <u>2</u> <u>3</u> <u>4</u> <u>5</u> <u>6</u> <u>7</u> <u>8</u> <u>9</u> <u>10</u> Substantially Developed	
Income Approach (25%)	Not Yet Is unclear about the income approach, the issues associated with it, the determination of the relevant parameters and its application.	Substantially Developed Describes and applies the income approach and the related issues, able to determine the relevant parameters and apply this approach.
	Evaluation: Not Yet <u>1</u> <u>2</u> <u>3</u> <u>4</u> <u>5</u> <u>6</u> <u>7</u> <u>8</u> <u>9</u> <u>10</u> Substantially Developed	
Cost Approach (10%)	Not Yet Is unclear about the cost approach, the issues associated with it, the determination of the relevant parameters and its application.	Substantially Developed Describes and applies the cost approach and the related issues, able to determine the relevant parameters and apply this approach.
	Evaluation: Not Yet <u>1</u> <u>2</u> <u>3</u> <u>4</u> <u>5</u> <u>6</u> <u>7</u> <u>8</u> <u>9</u> <u>10</u> Substantially Developed	

	Evaluation: Not Yet <u>1</u> <u>2</u> <u>3</u> <u>4</u> <u>5</u> <u>6</u> <u>7</u> <u>8</u> <u>9</u> <u>10</u> Substantially Developed									
Valuation Conclusion (10%)	Not Yet Fails to reconcile the values determined using various approaches and provide the necessary explanation. Unable to justify and defend the valuation outcome determined.					Substantially Developed Able to reconcile the values determined using various approaches and provide quality explanation. Able to justify and defend the valuation outcome determined.				
	Evaluation: Not Yet <u>1</u> <u>2</u> <u>3</u> <u>4</u> <u>5</u> <u>6</u> <u>7</u> <u>8</u> <u>9</u> <u>10</u> Substantially Developed									

Communication Rubric (Oral)

Learning Objective: The ability to communicate well with others verbally so that it clearly expresses the intended message and is understandable and useful to the receiving party.

Traits		Performance									
<u>Communication Outcome</u>	<ul style="list-style-type: none"> Has a clear message for audience Maximizes likelihood of audience accepting the message 	Not Yet Central message is not explicitly stated in the presentation. Main points are not clearly identified, audience unsure of the direction of the message.					Substantially Developed Central message is precisely stated; main points are clearly identified.				
		Evaluation: Not Yet <u>1</u> <u>2</u> <u>3</u> <u>4</u> <u>5</u> <u>6</u> <u>7</u> <u>8</u> <u>9</u> <u>10</u> Substantially Developed									
<u>Situational Factors</u>	<ul style="list-style-type: none"> Addresses audience needs Builds rapport with audience 	Not Yet Topic is irrelevant to audience needs and interest. No attempt made to connect topic to audience.					Substantially Developed Connection of topic to audience needs and interest is stated with sophistication. Identifies and expresses a deep understanding of the target audience.				
		Evaluation: Not Yet <u>1</u> <u>2</u> <u>3</u> <u>4</u> <u>5</u> <u>6</u> <u>7</u> <u>8</u> <u>9</u> <u>10</u> Substantially Developed									
<u>Design Factors</u>	<p><u>Content</u></p> <ul style="list-style-type: none"> Presents relevant information Supports main points with strong evidence 	Not Yet Content is erroneous or irrelevant; references and supporting materials are absent. Lacks of depth in content and little insights are exhibited. Presentation falls outside set time parameters.					Substantially Developed Content is accurate, thorough, and directly on point; strong support and references are provided. Exhibits depth and insight in content. Effective use of time and stays within time parameters.				
		Evaluation: Not Yet <u>1</u> <u>2</u> <u>3</u> <u>4</u> <u>5</u> <u>6</u> <u>7</u> <u>8</u> <u>9</u> <u>10</u> Substantially Developed									

		Evaluation: Not Yet 1 2 3 4 5 6 7 8 9 10 Substantially Developed									
	<u>Structure</u> <ul style="list-style-type: none"> Organises content coherently Signals transitions between points 	Not Yet Organizational pattern (specific introduction and conclusion, sequenced materials within the body, and transitions) is not observable.	Substantially Developed Organizational pattern is clearly and consistently observable and makes the content of the presentation cohesive.								
	Evaluation: Not Yet 1 2 3 4 5 6 7 8 9 10 Substantially Developed										
	<u>Verbal</u> <ul style="list-style-type: none"> Speaks at appropriate speed and volume Uses correct grammar and pronunciation 	Not Yet Grammar, pronunciation and word choice are deficient. Vocal delivery is too soft or too fast to understand; gap-fillers interfere with expression.	Substantially Developed Free of errors in grammar and pronunciation; good choices of word enhance clarity of expression. Vocal delivery is varied and dynamic. Speech rate, volume, and tone facilitate audience comprehension. Minimal gap fillers.								
	Evaluation: Not Yet 1 2 3 4 5 6 7 8 9 10 Substantially Developed										
<u>Non-Verbal</u> <ul style="list-style-type: none"> Establishes eye contact Uses gestures and movement to convey energy and confidence 	Not Yet Eye contact, posture, gestures, movement and facial expressions are inappropriate and significantly distracting.	Substantially Developed Eye contact, posture, gestures, movement and facial expressions make the presentation compelling, and speaker appears polished and confident.									
Evaluation: Not Yet 1 2 3 4 5 6 7 8 9 10 Substantially Developed											