

Nanyang Technological University
Nanyang Business School

AB9101: BUSINESS VALUATION: FROM THEORY TO PRACTICE

A) Course Aims/ Description

With an in-depth discussion on the valuation process and the definitions of values used widely in the financial and corporate world, this course will cover fundamental concepts and principles of valuation, provide an insight into the valuation standards adopted internationally and highlight critical issues in different valuation contexts. We will also take a deep dive into various valuation approaches / methodologies commonly used to value business and equity for transactions and financial reporting purposes. In addition, the course will also elaborate on issues relating to discounts/premiums and valuation of intangible assets under business combinations, as required by financial reporting standards.

This course allows students to explore and understand the various technical and practical issues involved in the various valuation approaches and methodologies. After completing the course, students are expected to be aware of the pros and cons of adopting such approaches and methodologies when conducting business valuation.

B) Intended Learning Outcomes (ILO)/Objectives

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

- LO1 explain the important role that valuation plays in the financial and corporate world
- LO2 differentiate various definitions of value and their implication to the valuation outcome
- LO3 explain international valuation standards, concepts of value, principles of valuation, and their application to the conduct of valuation
- LO4 apply a valuation process which is undertaken in a transactional and/or financial reporting environment and acceptable in legal jurisdiction
- LO5 apply various valuation approaches/methodologies commonly used by practitioners that is theoretically sound and (legally) defensible in practice
- LO6 apply the various discounts and premiums applicable to valuation of non-controlling interest, private companies, etc.

- LO7 apply the techniques in relation to purchase price allocation exercise, valuation of intangible assets and impairment testing in accordance with financial reporting standards
- LO8 communicate with fellow classmates, both in writing and verbally, effectively and efficiently transferring knowledge between individuals in business valuation context

C) Course Content

- 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 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
 - Valuation Terminologies
 - Selection of Comparable Companies
 - Valuation Parameters & Its Components
 - Discounts & Premiums
- Financial Reporting Standards Relating to Business Valuation
 - Overview of the FRSs and appreciate and understand the requirements under these reporting standards.
 - Process of Purchase Price Allocation
- Business Valuation for Financial Reporting
 - Identification, Recognition and Valuation of Intangible Assets
 - Impairment Testing arising from Business Combination
- Litigation Cases relating to Business Valuation

D) Assessment (includes both continuous and summative assessment)

Components	Marks	Individual/Group
Class Participation	20%	Individual
In-class Quizzes (x2)	50% (25% for each quiz)	Individual
Group Report	25%	Individual/Group
Group Presentation	5%	Individual/Group
Total	100%	

E) Weekly Proposed Schedule	
Week	Topic
(1)	Seminar 1 Course Introduction & Overview, the Valuation Landscape & Valuation Standards and Guideline
(2)	Seminar 2 Business Valuation – Concept & Principles, Standard & Premise of Value, The Valuation Context
(3)	Seminar 3 Competencies, Role and Behaviour of Professional Business Valuer
(4)	Seminar 4 The Valuation Process & the Valuation Report
(5)	Seminar 5 Valuation Approach & Application – The Market Approach
(6)	Seminar 6 Valuation Approach & Application – The Income Approach
(7)	Seminar 7 Valuation Approach & Application – The Asset Based Approach
Recess Week	Semester Break
(8)	Seminar 8 Valuation Issues & Challenges <ul style="list-style-type: none"> • Valuation Terminologies • Selection of Comparable Companies • Valuation Parameters & Its Components • Discounts & Premiums
(9)	Seminar 9 Financial Reporting Standards Relating to Business Valuation <ul style="list-style-type: none"> • Overview of the FRSs and appreciate and understand the requirements under the reporting standards • Process of Purchase Price Allocation
(10)	Seminar 10 Business Valuation for Financial Reporting <ul style="list-style-type: none"> • Identification, Recognition and Valuation of Intangible Assets • Impairment Testing arising from Business Combination
(11)	Seminar 11 Litigation Cases relating to Business Valuation
(12)	Seminar 12 Written Assignment & Presentations