



THE CYPRUS INTERNATIONAL INSTITUTE OF MANAGEMENT
COURSE UNIT DESCRIPTION

Course Unit Title	COMPANY VALUATION	
Course Unit Code	FB460	
Type of Unit	Core	
Level of Course Unit	First cycle	
Year of Study	First/second year	
Semester	On demand	
Number of ECTS Credits	6 ECTS	
Course Unit Objectives	The key objective of this course is to introduce the main valuation methods and practice their application using Excel spreadsheets. This is a very practical class: a laptop equipped with Microsoft Excel is required for each class, per each student.	
Learning Outcomes	On completion of this course students are expected to:	
	CILO 1	Develop strong skills of financial modeling in Excel
	CILO 2	Be able to put finance concepts into practical frameworks for valuing companies
	CILO 3	Value companies using absolute valuation models
	CILO 4	Value companies using relative valuation models
Name of Lecturer(s)	Dr. Andrey Afanasiev	
Mode of delivery	Face to Face	
Prerequisites or corequisites	Completion of the “Corporate Finance” course	
Course Content	<p>1. Creating financial models in Excel:</p> <ul style="list-style-type: none"> - Present Value and Net Present Value: difference between PV and NPV functions in Excel - Creating Data tables for the purposes of a sensitivity (“what-if”) analysis: e.g. NPV as function of discount rate (one-dimensional table), NPV as function of discount rate and growth rate (two-dimensional table), scatter graphs - Value of annuities and perpetuities (=PV); applying perpetuities to compute continuing value (=terminal value) - IRR, loan tables (PMT function), use of Goal seek (Solver) - RATE function - Using SLOPE function to compute beta - Calculating WACC in Excel 	CILO 1
	<p>2. Understanding the effect of leverage on the cost of capital. Applying of Modigliani and Miller’s law of conservation of value, as well as Weighted-Average Cost of Capital (WACC) Method and Adjusted Present Value (APV) Method</p>	CILO 2
	<p>3. Implementing absolute valuation models:</p> <ul style="list-style-type: none"> - Present value models <ul style="list-style-type: none"> Dividend discount models Free cash flow to equity Free cash flow to the firm Residual income - Asset-based models 	CILO 3

	<p>4. Implementing relative valuation models:</p> <ul style="list-style-type: none"> - Multiplier models <ul style="list-style-type: none"> Price-to-earnings ratio Price-to-book-value ratio Price-to-sales ratio Price-to-cash-flow ratio - Enterprise value multiples 	CILO 4
Recommended or required reading	<p><u>Recommended textbooks:</u></p> <ul style="list-style-type: none"> • Benninga, S. (2014) Financial Modeling, 4th edition. MIT Press. • Brealey, R., Myers, S. & Allen, F. (2014). Principles of Corporate Finance, 11th ed. McGraw-Hill. <p><u>Other textbooks and materials</u></p> <ul style="list-style-type: none"> • CFA Institute materials related to Company Valuation 	
Planned learning activities and teaching methods	<p>Lectures; in-class discussions; in-class exercises; problem sets; Excel spreadsheet calculations; group exercises; case study analysis; online activities in CIIM Moodle.</p> <p>It is imperative for each participant to have a laptop with Microsoft Excel.</p>	
Assessment methods and criteria	<p>10% Class attendance and participation</p> <p>20% Quizzes in Moodle</p> <p>10% Case Workshop</p> <p>60% Final assignment</p>	
Language of instruction	English	
Work Placement(s)	Not applicable	