

**RUTGERS UNIVERSITY**  
School of Business - Camden  
Business Valuation  
52 390 306 Section: 01 Index: 05061  
Monday and Wednesday, 9:35 am to 10:55 am  
Fall 2017

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Office hours: After class

**Course objective:** This course will introduce the three basic approaches to business valuation. The valuation process will be the focus of the course, including instruction on how to do company analysis, industry and economic analysis and financial analysis. A full explanation of the market approach will emphasize the application of the subject company's qualitative and quantitative analysis to the valuation process. The basic theory and application of the income approach and its various methodologies is presented. Basic capitalization models and discounting models are shown in the context of earnings and cash flow measurements, as well as equity and invested capital assignments. In addition, the fundamentals of the asset approach will be taught.

**Textbook:** Financial Statement Analysis & Valuation", 5th Edition by Easton, McAnally, Sommers, Zhang. ISBN Number 978-1-61853-233-6, or purchase ebook at website <https://mybusinesscourse.com/>

**Administration:** All handouts are available in the Canvas site for this course. There are no excuses for not having class material.

**Grading:**

Letter grades will be assigned based on the following scale:

100 - 93	A
92 - 89	B+
88 - 85	B
84 - 78	C+
77 - 70	C
69 - 60	D
59 or less	F

There will be three tests this semester.

Test 1	25% of grade
Test 2	35% of grade
Test 3 (Final)	40% of grade

**Tests:** There are three tests in this course. The tests are based on the problems covered in class. Please schedule all outside activities, including employment and out-of-town trips, to allow attendance at class and especially at the exams.

## **Academic Integrity**

Policy found at <http://academicintegrity.rutgers.edu/academic-integrity-at-rutgers>.

Students are responsible for understanding the principles of academic integrity and abiding by them in all aspects of their work at the University. Students are also encouraged to help educate fellow students about academic integrity and to bring all alleged violations of academic integrity they encounter to the attention of the appropriate authorities.

Academic Integrity means that you (the student) must:

- properly acknowledge and cite all use of the ideas, results, or words of others,
- properly acknowledge all contributors to a given piece of work,
- make sure that all work submitted as your own in a course activity is your own and not from someone else
- obtain all data or results by ethical means and report them accurately
- treat all other students fairly with no encouragement of academic dishonesty

Adherence to these principles is necessary in order to ensure that:

- everyone is given proper credit for his or her ideas, words, results, and other scholarly accomplishments
- all student work is fairly evaluated and no student has an inappropriate advantage over others
- the academic and ethical development of all students is fostered
- the reputation of the University for integrity is maintained and enhanced.

Failure to uphold these principles of academic integrity threatens both the reputation of the University and the value of the degrees awarded to its students. Every member of the University community therefore bears a responsibility for ensuring that the highest standards of academic integrity are upheld. Violations are taken seriously and will be handled according to University policy.

If there are questions on how to comply, please contact Mary Flaherty in the Rutgers-Camden Dean of Students office: [marykreb@camden.rutgers.edu](mailto:marykreb@camden.rutgers.edu) or contact the appropriate Associate Dean or Area Head at the School of Business.

## **Student Code of Conduct**

Violations of the Student Code of Conduct are considered serious infractions of student behavior and students who violate the code are subject to penalties relative to the level of the matter. In general, students may not disturb normal classroom procedures by distracting or disruptive behavior. Examples of disruptive behavior include, but are not limited to, the following:

- Repeatedly leaving and entering the classroom without authorization
- Answering cellular phone or allowing pager to beep
- Making loud or distracting noises
- Repeatedly speaking without being recognized, interrupting the instructor or other students, or otherwise acting in disregard of the instructor's requests
- Threats or violence Violations of the code should be reported to the Dean of Students office deanofstu-dents@camden.rutgers.edu or 856-225-6050.

If the violation is immediate and a potential threat is a concern, call the Rutgers-Camden police at 856-225-6111

### **Disability Services**

Rutgers University welcomes students with disabilities into all of the University's educational programs. In order to receive consideration for reasonable accommodations, a student with a disability must contact the appropriate disability services office at the campus where you are officially enrolled, participate in an intake interview, and provide documentation:

<https://ods.rutgers.edu/students/documentation-guidelines>

If the documentation supports your request for reasonable accommodations, your campus's disability services office will provide you with a Letter of Accommodations. Please share this letter with your instructors and discuss the accommodations with them as early in your courses as possible. To begin this process, please complete the Registration form on the Office of Disability Services web site at:

<https://ods.rutgers.edu/students/registration-form>

Ajeenah Nuriddin-Little (856) 225-2722  
 Rutgers-Camden Disability Services:  
 Rutgers-Camden Learning Center  
 Armitage Hall, Room 240  
 311 North Fifth Street, Camden, NJ 08102-1405  
 Web page: <https://learn.camden.rutgers.edu/disability-services>  
 E-mail: [Ajeenah.nuriddin-little@camden.rutgers.edu](mailto:Ajeenah.nuriddin-little@camden.rutgers.edu)

**Tutoring:** Rutgers Camden Learning Center (RCLC) provides academic support workshops, academic coaching, tutoring and writing assistance at many convenient times. These include special designated tutoring sessions for business students in Pre-calculus for business, calculus for business, management accounting, and statistics.

You can find information about the center at the website <http://learn.camden.rutgers.edu>. Appointments are available at the RCLC Monday through Friday. Appointments can be made in person at Armitage 231 or over the phone at (856) 225-6442. All Academic Coaching appointments must be made at least 24 hours in advance. There are also numerous skill-building workshops that you may find useful.

**Cell Phones:** Students are required to *turn off* their cell phones while they are in class, unless there is an emergency.

**Last day to Drop with a “W”:** **November 14th** is the last day to withdraw from this class with a “W”. For more information see the registrar’s website. <http://registrar.camden.rutgers.edu/>

**Class Schedule: (The following schedule is tentative and may change at any time)**

<b>Date</b>	<b>Topic</b>	<b>Module</b>	<b>Exercises/Problems</b>
9/6/2017	Framework for Analysis and Valuation	1	P1-41, P1-42, P1-43
9/11/2017	Framework for Analysis and Valuation	1	
9/13/2017	Review of Business Activities and Financial Statements	2	P2-45, P2-48
9/18/2017	Review of Business Activities and Financial Statements	2	
9/20/2017	Profitability Analysis and Interpretation	3	P3-46, P3-48
9/25/2017	Profitability Analysis and Interpretation	3	
9/27/2017	Credit Risk Analysis and Interpretation	4	E4-22
10/2/2017	Credit Risk Analysis and Interpretation	4	
<b>10/4/2017</b>	<b>Test 1 – Modules 1 to 4</b>		
10/9/2017	Revenue Recognition and Operating Income	5	M5-18, E5-41
10/11/2017	Revenue Recognition and Operating Income	5	
10/16/2017	Asset Recognition and Operating Assets	6	E6-25, P6-27
10/18/2017	Asset Recognition and Operating Assets	6	
10/23/2017	Liability Recognition and Non-owner Financing	7	E7-33, E7-41, E7-42
10/25/2017	Liability Recognition and Non-owner Financing	7	
10/30/2017	Equity Recognition and Owner Financing	8	E8-36, E8-37, E8-47, P8-51
11/1/2017	Equity Recognition and Owner Financing	8	
11/6/2017	Forecasting Financial Statements	11	M11-11, M11-12
<b>11/8/2017</b>	<b>Test 2 – Modules 5 to 8</b>		
11/13/2017	Forecasting Financial Statements	11	
11/15/2017	Cost of Capital and Valuation Basics	12	E12-27, E12-28, E12-29, E12-30
11/20/2017	Cost of Capital and Valuation Basics	12	
<b>11/22/2017</b>	<b>Rutgers – follows Friday schedule</b>		
11/27/2017	Cash-Flow-Based Valuation	13	E13-12, E13-13
11/29/2017	Cash-Flow-Based Valuation	13	
12/4/2017	Operating-Income-Based Valuation	14	E14-18, P14-19
12/6/2017	Operating-Income-Based Valuation	14	
12/11/2017	Market-Based Valuation	15	E15-21, P15-38
12/13/2017	Market-Based Valuation	15	
<b>12/20/2017</b>	<b>Test 3 (Final) – Modules 11 to 15</b>		<b>*Final Exam 8 to 11 am</b>