

Course Code	Course Title	C	H	I	E	T
17U5KSM5	Business Valuation	2	30	25	75	100
Learning Objectives <ul style="list-style-type: none"> • To gain knowledge on business valuation , elements and importance of valuation • To acquire skill on various valuation models • To get hold on valuation of inventories, investments and intangibles 						
Learning Outcomes: Ability to value inventories, investments and intangibles						

Unit I

Introduction to Business Valuation

Introduction – Difference between Value & Valuation – Purpose of Valuation - Advantages –Elements of Business Valuation – Economic Conditions – Normalization of Financial Statement – Valuation approach – Basis for Valuation.

Unit II

Valuation Models

Introduction – Methods of Valuation – Income Based Method – Capitalization of Earning Method – Discounted Free Cash Flow Method –Asset Based Method – Book Value Method – Realization Method - Market Based Method – Comparable Companies Market Multiples Method (CCM) – Comparable Transactions Multiple Method (CTM) – Market Value Method.

Unit III

Valuation of Inventories

Definition of Inventory –Inventory Valuation Methods – FIFO Method – LIFO Method –HIFO - Average Cost Method - Specific Price Method - Market Price Method - Standard Price Method – Retail Cost Method –Inflated Method

Unit IV

Valuation of Intangibles

Definition – Nature of Goodwill – Sources of Goodwill – Factors affecting Value of Goodwill – Profitability – Normal Rate of Return – Capital Employed – Average Capital Employed – Method of Valuation of Goodwill – Average profit method – Super profit method – Capitalization Method.

Unit V

Valuation of Investments

Valuation of Equity Shares – Meaning – Need for Valuation of Equity Shares — Methods – Net Asset Method – Yield Method – Fair Method- Valuation of Preference Shares –Meaning – Yield on Preference Share – Bond Valuation – Traditional Technique – Current Yield – Yield to Maturity – Modern Technique – Holding Period yield.

Note: The Questions should be asked in the ratio of 60% Problems and 40 % Theory.

Books for Study:

1. Preeti Singh, *Investment Management Security Analysis and Portfolio Management*, 19th Revised Edition, 2015, Himalaya Publishing House, New Delhi.
2. Ravindhar Vadapalli, *Mergers, Acquisitions and Business Valuation*, Excel Books, New Delhi.

Books for References:

1. S.P. Jain & K.L Narang, *“Advanced Accountancy”* Vol-I, Nineteenth Edition, 2015, Kalyani Publishers, Mumbai.
2. M.Y. Khan & P.K. Jain, *Financial Management Text, Problems and Cases*, McGraw Hill Education Pvt. Ltd. New Delhi.
3. S.P. Jain & K.L Narang, *Cost Accounting*, Kalyani Publishers, Ludhiana.
4. www.icaai.org.in
5. www.icmai.in
6. www.icsi.edu.in