


Discipline	BUSINESS VALUATION code: 45 semester – summer		
Specialty	INDUSTRIAL MANAGEMENT		
ECTS credits: 6	Form of assessment: Examination		
Lecturer	Assoc. Prof. Eng. PhD Tanya Panayotova, Room 508 Phone: +35952383682. E-mail: t_panayotova@tu-varna.bg		
Department	INDUSTRIAL MANAGEMENT		
Faculty	FACULTY OF MECHANICAL ENGINEERING AND TECHNOLOGIES		
<p>Learning objectives:</p> <p>What is the value of business - a key issue which answer is sought by shareholders, investors, managers and creditors. In contemporary economy value of business is recognized as a key criterion for assessing the effectiveness of each business.</p> <p>The educational objectives of the course aim at creating students knowledge of the action or process through which an opinion for the value of an economic unit is reached. The specific terminology and the nature of business valuation process are clarified. The main approaches and assessment methods, as well as the arguments for their selection are classified. The lectures focus on the formation of competencies regarding the value standards and the information provision of the assessment. Special attention is also paid to innovative business valuation methods.</p> <p>The aim is to prepare students with a very good synchronization between the different fields and directions, taking into account the changes in legislation, state policy, international participation, foreign investments and the achievements in the advanced countries.</p>			
CONTENTS:			
Training Area		Hours lectures	Hours laboratory exercises
Topic 1. Introduction to Business valuation 1.1. Foundations of Value 1.2. Objectives of Business valuation		2 hours	
Topic 2. Fundamental Principles of Value Creation 2.1. The Relationship of Growth, Roic, and Cash Flow 2.2. Balancing Roic and Growth to Create Value 2.3. Real-World Examples		2 hours	2 hours

Topic 3. Conservation of Value and the Role of Risk 3.1. Conservation of Value 3.2. Foundations of the Value Conservation Principle 3.3. Managerial Implications	2 hours	
Topic 4. Risk and Value Creation 4.1. Price of Risk 4.2. Level of Risk Exposure	2 hours	
Topic 5. Earnings Management 5.1. Earnings Volatility 5.2. Meeting Consensus Earnings Estimates 5.3. Earnings Guidance	2 hours	
Topic 6. Diversification and the Conglomerate Discount 6.1. Size and Value 6.2. Market Mechanics	2 hours	1 hours
Topic 7. Return on Invested Capital 7.1. Competitive Advantage 7.2. Sustainability of Return on Invested Capital	2 hours	
Topic 8. An Empirical Analysis of Returns on Invested Capital 8.1. ROIC Trends 8.2. ROIC by Industry 8.3. Stability of ROIC	2 hours	2 hours
Topic 9. Growth 9.1. Drivers of Revenue Growth 9.2. Growth and Value Creation 9.3. Empirical Analysis of Corporate Growth	2 hours	2 hours
Topic 10. Frameworks for Valuation 10.1. Enterprise Discounted Cash Flow Model 10.2. Economic-Profit-Based Valuation Models 10.3. Adjusted Present Value Model	2 hours	
Topic 11. Analyzing Performance 11.1. Analyzing Returns on Invested Capital 11.2. Analyzing Revenue Growth 11.3. Credit Health and Capital Structure	2 hours	4 hours
Topic 12. Forecasting Performance 12.1. Determine the Forecast's Length and Detail 12.2. Components of a Good Model 12.3. Mechanics of Forecasting	2 hours	2 hours
Topic 13. Estimating Continuing Value 13.1. Recommended Formula for DCF Valuation 13.2. Continuing Value Using Economic Profit	2 hours	2 hours

13.3. Subtleties of Continuing Value 13.4. Common Pitfalls		
Topic 14. Estimating the Cost of Capital 14.1. Weighted Average Cost of Capital 14.2. Using Target Weights to Determine The Cost of Capital 14.3. Complex Capital Structures	2 hours	
Topic 15. Managing for Value 15.1. Corporate Portfolio Strategy 15.2. Performance Management 15.3. Mergers and Acquisitions	2 hours	
TOTAL: 60. h	30	15

Course Project

Applicability of the methods and formation of a conclusion on the value of an enterprise on an individual case. Applicability depending on the type of the valuated enterprise Determination of value using more than one valuation method	15 hours
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Total: 15 **hours**