UNIVERSITÀ
DEGLI STUDI DI MILANO-BICOCCA

COURSE SYLLABUS

Financial Assessment - 1

2425-1-F7701M101-F7701M106M-T1

Learning objectives

The course describes the approaches adopted in the international *financial community* by financial analysts, *investment* and *merchant banks*, and large consulting firms for the purpose of business valuation, acquisitions, IPOs, and business combinations, and aims to develop an awareness of these issues based on a clear theoretical model.

The assumptions and application problems of the main valuation tools used in international professional practice and some specific valuation cases are explored.

At the end of the course the learner, in particular knows:

- The logic of reclassification of financial statements for valuation purposes

- The main models of company valuation

- The financial valuation models of companies

- The modeling of risk in business valuation models

- The comparative methods of company valuation

- The income models of company valuation

- The mixed equity and income models of company valuation

Contents

1. *Part I: An overview. Treatment of uncertainty*.

2. *Part II: Determination of flows and introduction to business planning*

3. *Part III: Financial structure, cost of capital, value*

4. *Part IV: DCF - insights*

5. *Part V: Comparative valuations*

6. *Part VI: The alternative methods*

Detailed program

lThe course describes the approaches adopted in the international *financial community* by financial analysts, *investment* and *merchant banks*, and large consulting firms for the purpose of business valuation, acquisitions, IPOs, and business combinations, and aims to develop an awareness of these issues based on a clear theoretical model.

The assumptions and application problems of the main valuation tools used in international professional practice and some specific valuation cases are explored.
The course examines all approaches provided by theory for economic valuations: Income Approach, Market Approach and Cost Approach.
Particular attention is paid to an in-depth study of financial valuation methods (within the Income Approach) used in the predominant valuation practice.
In this context, the different approaches that can be used in the application of the financial method (assets side - equity side - aggregate or APV) will be explored.
Then the ways of estimating discount rates to be used in the application of the financial method will be explored.
Then market methods and reddual asset and mixed asset methods will be explored.

Prerequisites

Knowledge regarding the financial statement

Teaching methods

the course is conducted in delivery mode with face-to-face lectures with theoretical and practical content. In order to illustrate the characteristics, potential and critical issues of business valuation models for their proper analysis and interpretation, practical applications and business cases will be carried out in addition to theoretical aspects.

Taking into account particular exiences and decisions made at the University level, the lectures may be in exceptional cases delivered remotely, through the Kaltura and Webex platform, as per the detailed program that will be published.

Assessment methods

The student taking the oral examination discusses an application case of business valuation.

Registration for the exam roll call (online procedure) is a prerequisite for taking the test (both written and oral). Candidates who are not regularly registered for the exam cannot take the test.

Written test with **11** questions, of which **6 multiple-choice** (correct answer +3; answer not given 0; wrong answer -1) aimed at testing knowledge and ability to apply knowledge and **5** (applied) **open-ended** (rating 0 to +3). The written test lasts 30 minutes.

A written test score of at least 18/30 is required to enter the oral.

The **oral test** consists of at least 3 theoretical-application questions; each question is given a score from 0 to 10.

Textbooks and Reading Materials

- Slides posted on e-learning- page dedicated to the course.
- Massari M., Zanetti L., "Valutazione. Fondamenti teorici e Best practice nel settore industriale e finanziario", Mc Graw Hill, 2010

Semester

Second Semester

Teaching language

Italian

Sustainable Development Goals