

**Business V704  
Advanced Business Valuation Concepts and Applications  
Fall 2023 Course Outline**

**Information, Marketing, Operations Area  
DeGroote School of Business  
McMaster University**

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***COURSE OBJECTIVE***

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Building on the technical valuation techniques, approaches, and methods in V700, this course is designed for rich discussion and engagement with a practical focus on the impact that different situations, goals, and objectives have on the value conclusion.

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***INSTRUCTOR AND CONTACT INFORMATION***

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**Thursday 19:00 to 22:00  
Room: RJC 263  
Instructor: Bobby Hinduja, CPA, CA, CBV  
[hindujar@mcmaster.ca](mailto:hindujar@mcmaster.ca)  
Office Hours: By appointment only**

**Course website:** [Homepage - BUSADMIN V704:Advanced Strategic Business Valuation \(cllmcmaster.ca\)](#)

***COURSE ELEMENTS***

Credit Value: 3	Leadership: Yes	IT skills: No	Global view: Yes
Avenue: Yes	Ethics: Yes	Numeracy: Yes	Written skills: Yes
Participation: Yes	Innovation: Yes	Group work: Yes	Oral skills: Yes
Evidence-based: Yes	Experiential: No	Final Exam: No	Guest speaker(s): No

***COURSE DESCRIPTION***

The goal of this course is to get you thinking about complicated valuation issues in a practical mindset – much like a professional business valuator would do in practice. This course is divided into four distinct sections:

- 1) Valuations in an advisory context;
- 2) Valuations for litigation purposes;
- 3) Valuations for other non-litigation purposes; and
- 4) Current professional practice issues.

Assessing the value of a business requires an analysis and weighting of all value drivers, both tangible and intangible, quantitative and qualitative, and those that are within the control of management (internal), and those that are not (external). The first section of this course focuses on measuring, enhancing, and managing the value of businesses, and the culmination of the management of value process in the merger and acquisition or divestiture process. Advanced topics such as deal structure, marketing a deal, tax implications, value allocation, and intangible assets are also discussed.

In the second section of this course, we will learn about the legal environment for which many business value assessments are required. Concepts of Canadian business law will be explored including shareholder and partner disputes, matrimonial breakdown, and the quantification of economic damages.

The differentiation between a non-independent advisor and an independent expert will be discussed. In the third section of this course, we will discuss the work which valuers perform for purposes outside of the M&A and litigation realm, and how such engagements differ from those with a litigious or M&A purpose.

The course culminates in a team case analysis and presentation incorporating:

- Value measurement and
- Value management, including value-enhancement strategy identification and implementation.

In a broader sense, helping students continue their transition to becoming professionals is the primary goal of this course, and done through a valuation lens.

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## ***LEARNING OUTCOMES***

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Upon completion of this course, students will be able to complete the following key tasks:

- Assess businesses, and their value, for various situation and purposes.
- Allocate value among various classes of securities.
- Assess justifiable values for new business opportunities by comparing the required invested capital, the expected return on invested capital, and the weighted average cost of capital.
- Assess valuation approaches for mergers, acquisitions, and divestitures.
- Identify the sources of information to be input into valuation-assessment models and understand the ways to test the integrity/reliability of that information.
- Assess the drivers of value in numerous enterprise types, and develop appropriate valuation methodologies.
- Provide ideas to management which will result in an increase in shareholder (and other stakeholder) enterprise or equity value.
- Explain valuation issues and other issues related to various types of legal disputes.
- Explain valuation issues and other issues related to various types of non-litigious valuation assignments.
- Understand non-routine business and operating factors which affecting value and assess the effect that such factors have on value.
- Identify situations in which a valuator may encounter a professional practice issue and explain the steps which a professional should take in such situations.

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## ***REQUIRED COURSE MATERIALS AND READINGS***

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- Textbook: Howard E. Johnson, Business Valuation, 2021
- Various articles and other publications will be provided in advance of lectures

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## ***EVALUATION***

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Learning in this course results primarily from class preparation (readings), in-class discussion and exercises, and guest lecturers. The instructor will provide real-world examples to bring clarity to the readings and discussions. Students are required to do the same.

Students will be evaluated on:

- a) Their participation in, and contribution to, the class;
- b) Their performance on an in-class commentary of current events or issues in valuation;
- c) Their performance on a test of core knowledge;

d) Group work for a major case analysis, in which case group members will share the same grade.

Your final grade will be calculated as follows:

<b>Components and Weights</b>	
In-class participation (individual)	15%
Current events commentary (groups of 2)	20%
In-Class Test	25%
Group Project - Case Analysis, Report and Presentation	40%
Total	100%

NOTE: The use of a McMaster standard calculator is allowed during examinations in this course. See McMaster calculator policy at the following URL:

[www.mcmaster.ca/policy/Students-AcademicStudies/UndergraduateExaminationsPolicy.pdf](http://www.mcmaster.ca/policy/Students-AcademicStudies/UndergraduateExaminationsPolicy.pdf)

### Grade Conversion

At the end of the course your overall percentage grade will be converted to your letter grade in accordance with the following conversion scheme:

LETTER GRADE	PERCENT	POINTS
A+	90-100	12
A	85-89	11
A-	80-84	10
B+	75-79	9
B	70-74	8
B-	60-69	7
F	00-59	0

### Course Deliverables

#### **Participation (15%)**

Each class will contain a thorough discussion on various valuation issues and topics. This will include discussions of current events with a valuation focus and real-life examples and practical uses of valuation. You are expected to contribute to all class discussions. You must have a name card with your **full first and last name** clearly written and displayed in front of you for every class.

#### **In-Class Test – Valuation (25%)**

There is one test in this course that accounts for **25%** of your final grade. This test will cover material from the lectures, class discussions, textbook and readings. The test will include multiple choice, short

questions and longer valuation related exercises. You will be provided examples of each prior to the test. You are allowed to use a calculator and pen for the test. This test will not be open-book.

### ***Current Events Commentary (20%)***

The application of technical business valuation education to “real-world” scenarios is also an essential part of learning process, and is an important part of being a well-informed professional. Students, in groups of 2, will be required to provide a 15-minute max presentation of a current event (of their choosing) dealing with valuations, mergers and acquisition, economic loss quantification, or any other topic related to course content. PowerPoint slides accompanying the presentation, must be submitted prior to the presentation. Following the student’s presentation, the class will have a chance to ask questions on the topic. Although the students will not be penalized if they are unable to answer certain questions, the student is expected to fully understand their topic of choice, be aware of all the relevant facts and have an opinion as to the relevance of their topic to the course content. Students can choose their partner for this project.

### ***Group Project (40%)***

The group project, worth 40%, will test the students’ ability to apply the technical knowledge acquired during the course to a real-world case simulation. The assignment will be geared to the measurement of value and the creation of a detailed value-enhancement strategy. It involves preparing a report and giving a presentation to your theoretical client or the theoretical board of directors of a company that employs you. The assignment will be completed with the presentation and submission of the written report.

- 1) Select a subject (publicly-traded) company and perform an independent analysis of its “standalone value”.
- 2) Compare your analysis of stand-alone value to the market’s assessment at that time.
- 3) Provide the company’s board of directors with ideas and strategies that they can implement, along with the implementation instructions, to increase the value of the company.
- 4) For the last step, choose a potential purchaser for the above company (another publicly- traded company). Assume you work for (or advise) the potential purchaser.
  - a. Provide reasons as to why you think the subject company would be a good acquisition for the potential purchaser. These reasons could include (but are not limited to) synergies, operational compatibility, etc.
  - b. Also provide a “fair” offer price (en bloc value) for the subject company, with explanation.

A written report containing a mix of narrative explanations and numerical analysis is expected. A (approximately) 30 minute presentation to the recipient of the report with up to (approximately) 30

minutes of Q&A is expected.

The marking key for the assignment will be approximately 30% value measurement, 25% value management/enhancement, 25% identification of divestiture scenario calculation and discussion, and 20% professionalism and quality of the presentation, written report and advice given. There will be a component of the presentation mark that is related to your personal presentation as well as if the group presentation overall was balanced.

A reasonable expectation for the size of the report is (approximately) 30 pages of narrative and (approximately) 10-15 schedules of numerical analysis.

### ***Resources Used***

All resources used (either in the presentation or the written report) must be sourced and either a link (for articles/information available online) or the appropriate excerpt relied upon must be provided.

If you are relying on a specific piece of information from a web source (as opposed to the whole article), please print the excerpt, highlight the relevant section, indicate the source (e.g. full weblink), scan and include with your assignment submission.

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## ***COMMUNICATION AND FEEDBACK***

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Students that are uncomfortable in directly approaching an instructor regarding a course concern may send a confidential and anonymous email to the respective Area Chair or Associate Dean:

<http://mbastudent.degroote.mcmaster.ca/contact/anonymous/>

Students who wish to correspond with instructors or TAs directly via email must send messages that originate from their official McMaster University email account. This protects the confidentiality and sensitivity of information as well as confirms the identity of the student. Emails regarding course issues should NOT be sent to the Administrative Assistant.

Instructors are encouraged to conduct an informal course review with students by Week #4 to allow time for modifications in curriculum delivery. Instructors should provide evaluation feedback for at least 10% of the final grade to students prior to Week #8 in the term.

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## ***ACADEMIC INTEGRITY***

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You are expected to exhibit honesty and use ethical behaviour in all aspects of the learning process. Academic credentials you earn are rooted in principles of honesty and academic integrity.

Academic dishonesty is to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. This behaviour can result in serious consequences, e.g., the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: “Grade of F assigned for academic dishonesty”), and/or suspension or expulsion from the university.

It is your responsibility to understand what constitutes academic dishonesty. For information on the various types of academic dishonesty please refer to the Academic Integrity Policy, located at:

[www.mcmaster.ca/academicintegrity](http://www.mcmaster.ca/academicintegrity)

The following illustrates only three forms of academic dishonesty:

1. Plagiarism, e.g., the submission of work that is not one’s own or for which other credit has been obtained.
2. Improper collaboration in group work.
3. Copying or using unauthorized aids in tests and examinations

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### ***AUTHENTICITY/PLAGIARISM DETECTION***

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**Some courses may** use a web-based service (Turnitin.com) to reveal authenticity and ownership of student submitted work. For courses using such software, students will be expected to submit their work electronically either directly to Turnitin.com or via an online learning platform (e.g., A2L, etc.) using plagiarism detection (a service supported by Turnitin.com) so it can be checked for academic dishonesty.

Students who do not wish their work to be submitted through the plagiarism detection software must inform the instructor before the assignment is due. No penalty will be assigned to a student who does not submit work to the plagiarism detection software.

**All submitted work is subject to normal verification that standards of academic integrity have been upheld** (e.g., on-line search, other software, etc.). For more details about McMaster’s use of Turnitin.com please go to [www.mcmaster.ca/academicintegrity](http://www.mcmaster.ca/academicintegrity).

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### ***COURSES WITH AN ON-LINE ELEMENT***

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**Some courses may** use on-line elements (e.g. e-mail, Avenue to Learn (A2L), LearnLink, web pages, capa, Moodle, ThinkingCap, etc.). Students should be aware that, when they access the electronic



components of a course using these elements, private information such as first and last names, user names for the McMaster e-mail accounts, and program affiliation may become apparent to all other students in the same course.

The available information is dependent on the technology used. Continuation in a course that uses on-line elements will be deemed consent to this disclosure. If you have any questions or concerns about such disclosure, please discuss this with the course instructor.

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### ***ON-LINE PROCTORING***

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**Some courses may** use online proctoring software for tests and exams. This software may require students to turn on their video camera, present identification, monitor and record their computer activities, and/or lock/restrict their browser or other applications/software during tests or exams. This software may be required to be installed before the test/exam begins.

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### ***CONDUCT EXPECTATIONS***

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As a McMaster student, you have the right to experience, and the responsibility to demonstrate, respectful and dignified interactions within all of our living, learning and working communities. These expectations are described in the [Code of Student Rights & Responsibilities](#) (the “Code”). All students share the responsibility of maintaining a positive environment for the academic and personal growth of all McMaster community members, **whether in person or online**.

It is essential that students be mindful of their interactions online, as the Code remains in effect in virtual learning environments. The Code applies to any interactions that adversely affect, disrupt, or interfere with reasonable participation in University activities. Student disruptions or behaviours that interfere with university functions on online platforms (e.g. use of Avenue 2 Learn, WebEx or Zoom for delivery), will be taken very seriously and will be investigated. Outcomes may include restriction or removal of the involved students’ access to these platforms.

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### ***MISSED ACADEMIC WORK***

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#### ***Missed Mid-Term Examinations / Tests / Class Participation***

Please do not use the online [McMaster Student Absence Form \(MSAF\)](#) as this is for Undergraduate students only. The MBA program will not accept an MSAF.



When students miss regularly scheduled term work which contributes 10% or more to the final grade, for legitimate reasons as determined by the Student Experience – Academic Office (SEAO), the activity necessary to compensate for the missed work will be determined by the course instructor. The compensatory activities assigned will vary with the nature of the course and the missed requirement. They include, but are not restricted to, an alternative assignment, a rescheduled midterm exam, or re-weighting the marks for the missed component to other mark components. Documentation explaining such missed work must be provided to the SEAO within five (5) working days of the scheduled date for completion of the work.

Acceptable reasons for missed work, along with the [Petition for Missed Term Work](#) and the [MBA Student McMaster University Student Health Certificate](#), can be found on the DeGroot MBA Student website ([mbastudent.degrootemcmaster.ca](http://mbastudent.degrootemcmaster.ca)). Please direct any questions about acceptable documentation to the MBA Academic Advisors ([askmba@mcmaster.ca](mailto:askmba@mcmaster.ca)).

University policy states that a student may submit a maximum of three (3) [Petition for Missed Term Work](#) per academic year, after which the student must meet with the Director of the program.

If term work is missed without an approved reason, students will receive a grade of zero (0) for that component.

#### **Missed Final Examinations**

Students must be available for the duration of the posted exam period regardless of their personal exam schedule. This is to ensure student availability throughout the entire exam period in the event that an exam must be rescheduled due to unforeseen circumstances (university closure, power outage, storm policy, etc.). A student who misses a final examination without valid reason will receive a mark of 0 on the examination.

Students who have missed a final exam for a valid reason can apply to the SEAO to write a deferred examination by submitting an [Application for Deferring a Final Exam](#) with supporting documentation. The application must be made within five days of the scheduled exam.

The [Application for Deferring a Final Exam](#) and the [MBA Student McMaster University Student Health Certificate](#) can be found on the DeGroot MBA Current Student website ([mbastudent.degrootemcmaster.ca](http://mbastudent.degrootemcmaster.ca))

Deferred examination privileges, if granted, are normally satisfied during the examination period at the end of the following semester. In select cases, the deferred examination may be written at a time facilitated by the SEAO and agreed to by the course instructor.

Requests for a second deferral or rescheduling of a deferred examination will not be considered.

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### **ACADEMIC ACCOMMODATION FOR STUDENTS WITH DISABILITIES**

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Student Accessibility Services (SAS) offers various support services for students with disabilities. Students are required to inform SAS of accommodation needs for course work at the outset of term. Students must forward a copy of such SAS accommodation to the instructor normally, within the first three (3) weeks of classes by setting up an appointment with the instructor. If a student with a disability chooses NOT to take advantage of an SAS accommodation and chooses to sit for a regular exam, a petition for relief may not be filed after the examination is complete. The SAS website is:

<http://sas.mcmaster.ca>

Students who are leveraging accommodation for tests and exams are supported by the SEAO. These exams are written at the Ron Joyce Centre and do not take place in the Tim Nolan Testing Centre. Correspondence for accommodations is managed via the [DSBSAS@mcmaster.ca](mailto:DSBSAS@mcmaster.ca) email address. Students must communicate their intent to leverage accommodations on a test or exam a minimum of 10 business days prior to the assessment.

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### ***ACADEMIC ACCOMMODATION FOR RELIGIOUS, INDIGENOUS OR SPIRITUAL OBSERVANCES (RISO)***

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Students requiring academic accommodation based on religious, indigenous or spiritual observances should follow the procedures set out in the [RISO](#) policy. Students should submit their request to the SEAO **normally within 10 working days** of the beginning of term in which they anticipate a need for accommodation. Students should also contact their instructors as soon as possible to make alternative arrangements for classes, assignments, and tests.

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### ***COPYRIGHT AND RECORDING***

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Students are advised that lectures, demonstrations, performances, and any other course material provided by an instructor include copyright protected works. The Copyright Act and copyright law protect every original literary, dramatic, musical and artistic work, **including lectures** by University instructors.

The recording of lectures, tutorials, or other methods of instruction may occur during a course. Recording may be done by either the instructor for the purpose of authorized distribution, or by a student for the purpose of personal study. Students should be aware that their voice and/or image may be recorded by others during the class. Please speak with the instructor if this is a concern for you.

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### ***POTENTIAL MODIFICATION TO THE COURSE***

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The instructor and university reserve the right to modify elements of the course during the term. The university may change the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check their McMaster email and course websites weekly during the term and to note any changes.

**ACKNOWLEDGEMENT OF COURSE POLICIES**

Your registration and continuous participation (e.g. on A2L, in the classroom, etc.) to the various learning activities of V704 will be considered to be an implicit acknowledgement of the course policies outlined above, or of any other that may be announced during lecture and/or on A2L. **It is your responsibility to read this course outline, to familiarize yourself with the course policies and to act accordingly.**

Lack of awareness of the course policies **cannot be invoked** at any point during this course for failure to meet them. It is your responsibility to ask for clarification on any policies that you do not understand.

**COURSE SCHEDULE**

**V704  
Advanced Business Valuation Concepts and Applications  
Fall 2023 Course Schedule**

WEEK	DATE	ASSIGNMENT
1	September 14	<ul style="list-style-type: none"> <li>• Introduction to the class</li> <li>• CICBV Program of Studies</li> <li>• Valuation profession</li> </ul> Classes 1 to 3 will contain an overview of valuation approaches, including the following: <ul style="list-style-type: none"> <li>• Core valuation concepts and basics of value (<b>Johnson Ch. 1, 2</b>)</li> <li>• Company financial analysis               <ul style="list-style-type: none"> <li>- Accounting profits vs cash flow</li> <li>- Dissecting and segregating the balance sheet</li> </ul> </li> </ul>

		<ul style="list-style-type: none"> <li>• Brief re-cap of*             <ul style="list-style-type: none"> <li>▪ Asset-based Valuation Methodologies (Johnson Ch. 3, excluding sections titled “Real Estate Valuation”, “Equipment Valuation”)</li> <li>▪ Earnings-based valuation methodologies (Johnson Ch.4, 6 and 7) and cost of capital (Johnson Ch. 8)</li> </ul> </li> </ul>
2	September 21	<ul style="list-style-type: none"> <li>• Review of Week 1 Exercises (Pre-Class)</li> <li>• Continuation of recap</li> <li>• Earnings-based valuation methodologies (Johnson Ch.4, 6 and 7) and cost of capital (Johnson Ch. 8)</li> <li>• Intro to DCF</li> </ul>
3	September 28	<ul style="list-style-type: none"> <li>• Review of Week 2 Exercises (Pre-Class)</li> <li>• DCF Valuation Methodology</li> <li>• Comparable Transactions and Companies (Johnson Chapter 5)</li> </ul>
4	October 5	<ul style="list-style-type: none"> <li>• Current Events (2 Presentations)</li> <li>• Market based approaches to valuation</li> </ul>
5	October 12	<ul style="list-style-type: none"> <li>• Current Events (2 Presentations)</li> <li>• After the enterprise value conclusion:             <ul style="list-style-type: none"> <li>○ Triangulation of value calculations</li> <li>○ Enterprise value vs. equity value</li> <li>○ Allocation of value amongst securities</li> <li>○ Discounts and premiums</li> </ul> </li> <li>• Value Creation:</li> <li>• Fundamental principles of value creation, ROIC, and growth</li> </ul>
6	October 19	<ul style="list-style-type: none"> <li>• Current Events (3 Presentations)</li> <li>• Value Creation and ROIC:             <ul style="list-style-type: none"> <li>○ Reorganizing the F/S</li> <li>○ Analyzing performance and competitive position.</li> <li>○ Corporate portfolio strategy and performance management</li> </ul> </li> </ul>
7	October 26	<ul style="list-style-type: none"> <li>• Mergers, Acquisitions &amp; Divestitures (Johnson Ch. 10)             <ul style="list-style-type: none"> <li>• Creating value through M&amp;A</li> <li>• Selling a business to management vs. externally</li> <li>• Creating value through divestitures</li> <li>• Marketing and negotiating the deal</li> <li>• Acquisition and divestiture strategies and processes</li> <li>• Value maximization as a business strategy</li> <li>• Deal Structure</li> <li>• Assets vs. Shares</li> <li>• Bridging the gap</li> </ul> </li> </ul>
8	November 2	Test #1 (all class)
9	November 9	• Test take-up

		<ul style="list-style-type: none"> <li>• Investor Communications</li> <li>• Public Market Behaviour</li> <li>• Take-Over Bids; Insider/issuer bids; Going Private</li> </ul>
10	November 16	<ul style="list-style-type: none"> <li>• Litigation-Related Valuations and other valuator issues               <ul style="list-style-type: none"> <li>○ Partner and Shareholder Disputes (Johnson Ch. 9 – “Shareholder Rights and Remedies” and “Shareholder Agreements”)</li> <li>○ Matrimonial breakdown</li> </ul> </li> </ul>
11	November 23	<p>Small Business Valuation Issues and Planning</p> <ul style="list-style-type: none"> <li>• Business succession issues</li> <li>• Equalization Planning</li> <li>• Tax planning</li> </ul>
12	November 30	<ul style="list-style-type: none"> <li>• Course evaluation (15 minutes)</li> <li>• Valuations in the current world. Includes discussion on:               <ul style="list-style-type: none"> <li>○ Current M&amp;A deal volume and multiples</li> <li>○ Observations of Current M&amp;A deal terms</li> <li>○ Observations of Current M&amp;A due diligence procedures</li> <li>○ Observations of litigation related valuation practices</li> </ul> </li> </ul>
13	December 7	<p>Group Presentations (3) Final Remarks</p>