



MBA V700
Strategic Business Analysis and Valuation
Fall 2026 Course Outline

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

COURSE OBJECTIVE

Introduction to valuation methodologies and fundamental principles, including a review of capital structure and the determination of discount and capitalization rates, business analysis, and prospective analysis.

INSTRUCTOR AND CONTACT INFORMATION

Thursday 19:00 – 21:50
Instructor: Salvatore Macaluso, CPA, CA, CBV
macalusc@mcmaster.ca
Office Hours: by appointment only

Course website: <https://avenue.cllmcmaster.ca/d2l/home/791578>

Course prerequisite: F600 OR F650 OR F610 and F611

Course antirequisite: F700

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

This course integrates concepts from finance, accounting, economics, business strategy, and related disciplines to assess business value. The course emphasizes the core concepts, principles, approaches, and methodologies used in business valuation.

The course will benefit students pursuing careers in business valuation, investment banking, securities analysis, credit analysis, consulting, public accounting, and corporate management. Lectures will be complemented with case analyses and interactive discussions to encourage a practical application of theory.

We will take a pragmatic approach to building a strong valuation foundation. General topics will include:

- Key concepts such as price vs. value, open vs. notional market transactions, the definition of fair market value, and the seven fundamental principles of valuation.
- The components of business value and the mechanics of discount rates.
- The three primary valuation approaches (asset-based, income, and market) with emphasis on the main income methods (capitalized earnings, capitalized cash flow, and discounted cash flow) and the two primary asset-based methods (adjusted net book value and liquidation).
- Advanced topics such as premiums and discounts, intangible assets, purchase price allocations, and the international cost of capital.

By the end of the course, students will be able to apply high-level valuation principles to real-world business contexts with both technical precision and professional judgment.

LEARNING OUTCOMES

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

- Define and apply key valuation terms, concepts, and the seven fundamental principles of business valuation.
- Differentiate between price and value, and between open-market and notional-market transactions.
- Conduct qualitative and quantitative analyses to support a valuation engagement, including industry, economic, and financial analysis.

- Determine and interpret discount rates, capitalization rates, and valuation multiples.
- Apply the three primary valuation approaches (income, asset-based, and market) using methodologies such as CE, CCF, DCF, ABV, and liquidation value.
- Assess redundant assets, tangible asset backing, and the implied goodwill and intangible value in the valuation process.
- Perform Canadian tax-related adjustments in valuations.
- Analyze and adjust for differences between enterprise value and equity value, including treatment of debt, surplus working capital, and redundant assets.
- Quantify and justify premiums and discounts, including minority interest discounts, control premiums, and other transaction-specific adjustments.
- Understand valuation principles in specialized contexts such as purchase price allocations, intangible asset valuations, and the international cost of capital.

REQUIRED COURSE MATERIALS AND READINGS

Avenue registration for course content, readings and case materials

- <http://avenue.mcmaster.ca>

\$ FREE

Textbook: Howard E. Johnson, Business Valuation in Canada, 2021

Second-hand options are allowed

\$ 120.00 CAD

EVALUATION

Learning in this course results primarily from lectures (supplemented by related readings), in-class discussion and exercises, and assignments (involving the preparation of business valuation calculations). All work will be evaluated individually, except when group work is expected. In these cases, group members will share the same grade adjusted by peer evaluation. Your final grade will be calculated as follows:

Components and Weights

Assignment 1	Capitalized Earnings Case (group)	10%
Assignment 2	Capitalized Cash Flow Case (group)	10%
Assignment 3	Discounted Cash Flow Case (group)	10%

Assignment 4	Adjusted Net Book Value Case (group)	10%
Assignment 5	Liquidation Valuation Case (group)	10%
In-Class Test	Core Knowledge and Theory Test (individual)	40%
Participation	In-class Contribution (individual)	10%
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

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+	77-79	9
B	73-76	8
B-	70-72	7
F	00-69	0

Course Deliverables

Assignment #1 - #5 – Applying Valuation Methodologies

Each assignment is worth 10% of your final grade and will be completed in groups. 80% of the assignment weight will be based on the group's performance on the assignment, and the remaining 20% will be based on each member's anonymous rating of their groupmates. The assignments will be made available during the course and will test your ability to apply a single valuation methodology (i.e., CE, CCF, DCF, ABV, Liquidation).

In-Class Test – Core Knowledge and Theory

The course includes one test that accounts for 40% of your final grade. The test will cover material from lectures, class discussions, and required textbook readings. The test will include multiple-choice and short-answer questions on valuation theory and core concepts discussed throughout the term. The test will not be open book.

Participation

Participation will account for 10% of your final grade. This will include discussion of course material, textbook readings, in-class exercises, and sharing your previous academic and practical experience. You must have a name card with your **full first and last name** clearly written and displayed in front of you for every class.

COMMUNICATION AND FEEDBACK

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.

ACADEMIC INTEGRITY

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

Students are responsible for being aware of and demonstrating behaviour that is honest and ethical in their academic work. Such behaviour includes:

- following the expectations articulated by instructors for referencing sources of information and for group work;
- asking for clarification of expectations as necessary;
- identifying testing situations that may allow copying;
- preventing their work from being used by others (e.g., protecting access to computer files); and
- adhering to the principles of academic integrity when conducting and reporting research.

AUTHENTICITY/PLAGIARISM DETECTION

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.

COURSES WITH AN ONLINE ELEMENT

All courses use some online 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.

Students may be required to use the Respondus LockDown Browser and Respondus Monitor. The Respondus LockDown Browser is a downloadable program that allows a student to take an Avenue to Learn quiz in a secure environment. Quizzes can be set to use LockDown Browser or LockDown Browser.

For more details about McMaster's use of Respondus Lockdown Browser please go to <https://avenuehelp.mcmaster.ca/exec/respondus-lockdown-browser-and-respondus-monitor/>

The available information is dependent on the technology used. Continuation in a course that uses online 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.

ONLINE PROCTORING

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.

CONDUCT EXPECTATIONS

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, Teams, 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.

ATTENDANCE

Arriving late or missing class disrupts the learning experience for both you and your peers. Punctuality and attendance are crucial to maintaining a respectful, professional and productive environment for everyone, including our faculty.

Instructors may use Top Hat in their course in a variety of ways, including to capture attendance in their classes. Attendance is recorded by submitting a unique 4-digit code displayed in your physical classroom using your personal device.

MISSED ACADEMIC WORK

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 [DSB Student Services – Academic Office](#) (DSSAO (DSB Student Services Academic Office)), 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 DSSAO (DSB Student Services Academic Office) **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 DeGroote MBA Student website (mbastudent.degroote.mcmaster.ca). Please direct any questions about acceptable documentation to the MBA Academic Advisors (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 DSSAO ([DSB Student Services Academic Office](#)) 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 DeGroote MBA Current Student website (mbastudent.degroote.mcmaster.ca)

Deferred examination privileges, if granted, are normally satisfied during the deferred examination period as set by the [Office of the Registrar](#).

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

ACADEMIC ACCOMMODATION FOR STUDENTS WITH DISABILITIES

Student Accessibility Services (SAS) offers various support services for students with disabilities. Students must activate their accommodation(s) (e.g., extra-time, alone room, etc.) via [mySAS](#) portal at the beginning of each term, normally, within the first three (3) weeks of classes. 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>

Use of Test Accommodations at McMaster University Burlington Campus Ron Joyce Centre

Whereas Student Accessibility Services (SAS), on Main Campus, determines all MBA student accommodations, the MBA Faculty Office manages the coordination of accommodations for tests, midterms, and exams at the Ron Joyce Centre in Burlington.

Process for Students

- Student Accessibility Services (SAS) now uses the online [mySAS](#) Portal for graduate students to share accommodation letters with their instructors and Faculty/Program. Students are responsible for activating their accommodations each term through the [mySAS](#) Portal. Once

activated, an approved accommodation letter will be automatically sent to the instructors associated with the student's enrolled courses for that term.

- Students must engage the DSSAO (DSB Student Services Academic Office) to implement their accommodation(s) (e.g., extra-time, alone room, etc.) for each upcoming test, midterm, or exam, at **least two weeks in advance**. Students can do this by emailing DeGroote MBA SAS scheduling office at DSBSAS@mcmaster.ca or completing the [Accommodation Implementation form](#). If a student cannot meet this deadline, they should contact DSBSAS@mcmaster.ca to discuss alternative arrangements. The program is committed to exploring flexibilities where possible to support students.
- All tests, midterms, and exams are booked synchronously with the class's start time. Any deviations from the start time (e.g. start earlier than the class to enable completion at the same end time) requires a discussion with their instructor on protocol at the time of accommodation activation.
- Students will leverage the accommodation (e.g., extra-time, alone room, etc.), in a designated testing room. Rooms will be booked according to the student's SAS accommodation. Unless the accommodation states otherwise, students should expect that they will be writing in a room with other students. One or more invigilators will always be in the room.
- Following the request to implement the accommodation(s), dsbsas@mcmaster.ca will reach out to the student with their test, midterm, or exam details, including the date, time, and room number. As there may be other students writing tests in the room, we ask that students enter the room quietly and leave all personal items at the front of the room.

All policies and procedures, including restroom access, how extra-time is allocated for assessments under Universal Design, and the submission of memory aids in advance, are consistent with those of SAS on Main Campus. The only variance in procedure is communication around, and physical location of, assessment. There is not a dedicated testing space at RJC. Existing classrooms and lecture halls will be used for most testing. All SAS-approved accommodations will be honoured by our staff; however, core testing elements are not eliminated in alternative testing formats. Students should expect and plan for invigilation, incidental noise, and other potential distractions.

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

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

DSSAO (DSB Student Services Academic Office) **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.

COPYRIGHT AND RECORDING

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.

POTENTIAL MODIFICATION TO THE COURSE

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 MBA V700 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.

ARTIFICIAL INTELLIGENCE

Artificial intelligence tools (e.g., ChatGPT, Copilot, and similar platforms) may be used as a supplementary resource to support your understanding of course concepts, clarify complex topics, and help you explore valuation methodologies. However, AI must not replace independent analysis or serve as a “plug-and-crank” solution for completing assignments and assessments.

All submitted work must reflect your own critical thinking, professional judgment, and application of course material. Relying on AI to generate complete answers without meaningful engagement and adaptation is inconsistent with this course's learning objectives and may violate the University's academic integrity policy.

Students are encouraged to use AI responsibly. Please treat it as a learning aid, not a replacement for your own work.

COURSE SCHEDULE

MBA V700 Strategic Business Analysis and Valuation Fall 2026 Course Schedule

WEEK	DATE	ASSIGNMENT
1	Thurs. Sept 10	Discuss: Introductions, Class Syllabus, Assignments/Testing, CBV Profession Lecture Topics: • Notional market valuations vs. open market transactions • Fair market value • Price vs. value • Special interest purchasers • Seven fundamental valuation principles • Approaches to value determination • Introduction to components of value Textbook Reading: Chapter 1- Valuation Terms and Principles
2	Thurs. Sept 17	Discuss: Review Week 1 Exercises/Theory Lecture Topics: • Role of a business valuator in a valuation engagement

		• Conducting a valuation assignment (qualitative and quantitative requirements) • Types of Valuation Reports • Analysis (Industry, Economic, and Financial) • Balance sheet segregations • Redundant assets • EBITDA vs discretionary cash flows • Basic introduction to cash flow valuation methodology • Components of value (Enterprise value vs. Equity value) • Tangible asset backing (TAB) • Implied goodwill and intangible value Textbook Reading: Chapter 2 – Business and Financial Analysis
3	Thurs. Sept 24	Discuss: Review Week 2 Exercises/Theory Lecture Topics: • Discount rates, capitalization rates, valuation multiples • Fundamental principles of cost of capital determination • Weighted average cost of capital (WACC) • Cost of equity assessment (CAPM vs. buildup approach) • Capitalization rate determination • Unlevered vs. levered approach to value a firm • Calculating a firm's cost of debt • Introduction to income-based valuation methodologies (CE, CCF, DCF) Textbook Reading: Chapter 8 – Cost of Capital Finalize and formalize working groups for assignments (~5 people per group)
4	Thurs. Oct 1	Discuss: Review Week 3 Exercises/Theory Lecture Topics: • Capitalized earnings methodology • After-tax normalized earnings from operations (variants, normalized vs. reported, historical assessment, determining a range of maintainable earnings, income tax rate selection) • Capitalization rate (or capitalization multiple) selection • Redundant assets • Interest-bearing debt/leverage adjustments • Verifying valuation conclusions • Examples of levered vs. unlevered approaches Textbook Reading: Chapter 6 – Capitalized Cash Flow Methodology (also covers CE approach) Assignment #1 is released to students (Capitalized Earnings case)
5	Thurs. Oct 8	Discuss: Review Week 4 Exercises/Theory Lecture Topics: • Capitalized cash flow methodology • Cash flows vs. earnings

		• Normalized discretionary cash flow and normalized maintainable EBITDA • Income taxes • Sustaining capital reinvestment • Incremental net trade working capital • Tax shield of existing tax pools • Examples of unlevered vs. levered approach Textbook Reading: Chapter 6 – Capitalized Cash Flow Methodology Assignment #2 is released to students (Capitalized Cash Flow case)
6	Thurs. Oct 15	Due: Assignment #1 (Capitalized Earnings case) Discuss: Review Week 5 Exercises/Theory Lecture Topics: • Discounted cash flow methodology • Cash flow forecasts (period, drivers, assumptions) • Annual capital expenditure • Incremental investment in net trade working capital • Terminal (residual) value • Present value periods and factors • Interest-bearing debt and debt-like obligations • Excess or deficient net trade working capital as at the valuation date • Redundant assets and other adjustments • Examples of DCF's Textbook Reading: Chapter 7 – Discounted Cash Flow Methodology Assignment #3 is released to students (Discounted Cash Flow case)
7	Thurs. Oct 22	Due: Assignment #2 (Capitalized Cash Flow case) Discuss: Review Week 6 Exercises/Theory Lecture Topics: • Adjusted net book value methodology introduction • Canadian tax review (capital property, ABI vs. investment income, RDTOH, CDA, UCC, recapture vs. terminal losses) • Going concern vs. not a going concern assessment • Steps to ABV methodology • Adjustment of assets and liabilities • Adjustment for lost tax shields and trapped in capital gains • Calculating TAB for risk assessment Textbook Reading: Chapter 3 – Asset Valuation Methodologies Assignment #4 is released to students (Adjusted Net Book Value case)
8	Thurs. Oct 29	Due: Assignment #3 (Discounted Cash Flow case) Discuss: Review Week 7 Exercises/Theory Lecture Topics: • Liquidation value methodology introduction • Orderly vs. forced liquidation • Steps for calculating liquidation value

		• Tax calculations on the liquidation of a corporation • Liquidation costs (payroll, severance, etc.) • Funds available for distribution to shareholders vs. Liquidation value of assets / net realizable value • Share sale vs. asset sale Textbook Reading: Chapter 3 – Asset Valuation Methodologies Assignment #5 is released to students (Liquidation value case)
9	Thurs. Nov 5	Due: Assignment #4 (Adjusted Net Book Value case) Discuss: Review Week 8 Exercises/Theory Lecture Topics: • Application of the market approach in valuations • Introduction to comparable company multiples and transactions • Common multiples used in practice • Guideline public company multiples • Equity value vs. enterprise value multiples • Private vs. public companies and important considerations and potential adjustments to public companies • Precedent transaction multiples Textbook Reading: No reading required.
10	Thurs. Nov 12	Due: Assignment #5 (Liquidation Value case) Discuss: Review Week 9 Exercises/Theory Lecture Topics: • Controlling interest vs. minority interests • Types of control • The Canada Revenue Agency and control • Discounts and premiums • Factors to consider when quantifying minority discounts • Shareholder rights and remedies • Shareholders' agreements Textbook Reading: Chapter 9 – Valuing Minority Interests
11	Thurs. Nov 19	Due: Assignment peer review (if required) Discuss: Review Week 10 Exercises/Theory Lecture Topics: Review period for the upcoming theory and knowledge test
12	Thurs. Nov 26	Test: Valuation Theory and Knowledge (40% 2.0 hours) Lecture Topics: Debrief assignments with remaining time after test
13	Thurs. Dec 3	Lecture Topics: • Debrief test results + test question review • Becoming a CBV • Intangible valuations and Purchase Price Allocations • International cost of capital • Odds and ends of valuations



		Textbook Reading: Chapter 10 – Open Market Transactions (only PPA section)
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