

Summary Information

Module Code	6107LBSAF
Formal Module Title	Financial Modelling and Valuation
Owning School	Business and Management
Career	Undergraduate
Credits	20
Academic level	FHEQ Level 6
Grading Schema	40

Teaching Responsibility

LJMU Schools involved in Delivery
Business and Management

Learning Methods

Learning Method Type	Hours
Online	22
Workshop	22

Module Offering(s)

Display Name	Location	Start Month	Duration Number Duration Unit
JAN-MTP	MTP	January	12 Weeks

Aims and Outcomes

Aims	The purpose of this module is to provide an in-depth understanding of the development of the pitch book document used by investment banks when advising client organisations on capital raising, mergers and acquisition transactions.
------	--

After completing the module the student should be able to:

Learning Outcomes

Code	Number	Description
MLO1	1	Evaluate the current and future financial performance and position of an organisation after taking account of non-recurring and non-core items.
MLO2	2	Apply and evaluate advanced valuation techniques relating to controlled valuation, standalone valuation and strategic acquisition.
MLO3	3	Appraise internal and external factors in the development and communication of a transaction strategy.

Module Content

Outline Syllabus	Identifying non-recurring items from the income statement, management discussion and analysis and the notes to accounts in order to calculate key metrics including EBIT, EBITDA, diluted earnings per share and net debt. Working capital, operating working capital and the cash impact of changes in operating working capital. How to assess the credit quality of a business. Credit analysis, business risks, financial risks and debt capacity analysis and metrics used by credit rating agencies. Integrated three-statement (income statement, balance sheet and cash flow statement) financial modelling and forecasting. Modelling with interest including circular references and a 'cash sweep' on debt. Equity to enterprise value bridge and adjusting for non-core items, debt equivalents and non-controlling interests. Trading comparable valuation including the analysis of the comparable company set and understanding which ratios are important for the analysis. Weighted average cost of capital, the Capital asset pricing model and calculating a reasonable cost of capital for a target company. Discounted cash flow valuation including the calculation of free cash flows, assumptions for long-term growth rates, discounting to deal date and calculating an implied share price. Transaction comparables and premium paid analysis using source data from recent transactions. Merger analysis, cash deal. Calculation of a range of acquisition prices and impact on earnings per share forecast, credit rating, potential pre-tax synergies to prevent dilution, return on capital employed and present value of synergies versus premium paid. Merger analysis, stock deal. Including an analysis of exchange ratios, side-by-side analysis and analysis at various prices. Displaying the output of the various valuation methodologies, including football field charts. Development of the transaction pitch book.
Module Overview	
Additional Information	A variety of formative activities will be used to aid learning and reflection.

Assessments

Assignment Category	Assessment Name	Weight	Exam/Test Length (hours)	Module Learning Outcome Mapping
Presentation	Pitch Book presentation	100	0	MLO1, MLO2, MLO3

Module Contacts

Module Leader

Contact Name	Applies to all offerings	Offerings
Paul Summers	Yes	N/A

Partner Module Team

Contact Name	Applies to all offerings	Offerings
--------------	--------------------------	-----------