**SIA Module worksheet week 1**

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| Seminar **Questions** (to check and/or develop your relevant knowledge on investment appraisal) | **Answers** (write here in your own words & underline key concepts) | e.g. **Illustrate** from last year’s case study – find this data in the annual report of the target company or the exemplar assessment 2021 case co. Grubhub Inc. @ 31/12/19 | NB - **Find** the equivalent data for the assessment case study you are tasked with analysing from the annual report of target co. |
| 1. What is an investment in a company usually called? | A share or shareholding, also known as an equity holding | Find the number of shares in issue at the balance sheet date  91,576,060 shares = 91.6 million |  |
| 1. Why do individuals and companies invest in business enterprises? | To earn income in the form of dividends and/or for capital growth (a higher share value producing a capital gain) | Find the earnings per share reported in the most recent year  Losses reported so EPS was -$0.20 per share (+$0.88 in 2018) |  |
| 1. How do you explain the difference between the ‘par or nominal value’ of a share and the market price of that share quoted on the stock exchange? | Accumulated profits/earnings attributable to shareholders retained in the company (i.e. not distributed to shareholders as dividends) since the company started | Find the market price of a share at the date of the takeover bid  Share priced quoted at $70 per share at bid date of 29/07/20 |  |
| 1. Define the following terms    1. EBIT    2. Equity    3. Depreciation & amortisation (D&A)    4. NOPAT    5. Market capitalisation | (See SIA glossary)  a. Earnings before interest and taxes  b. Amount sourced from shareholder’s fund only.  c. Depreciation and amortisation, spreads the cost of CAPEX over the useful life of fixed assets (FA)  d. Net operating profit after tax  e. MC=total value the market puts on a company’s equity (share price x no. of shares) | Find the values for each term   1. EBIT -$6.3 million 2. Equity $1.493 billion 3. Depreciation & amortisation (D&A) $115.4 million 4. NOPAT -$18.6 million 5. Market capitalisation Share priced $70 per share multiplied by 91.6m shares = = $6.4 billion market capitalisation |  |