

**CHARTERED VALUER AND APPRAISER PROGRAMME  
BODY OF KNOWLEDGE**

**Module 1: Introductory Valuation and Ethics**

1. Code of Ethical Principles for Professional Valuers by the International Valuation Standards Council (IVSC)
2. Valuation standards
  - 2.1. International valuation standards
  - 2.2. Valuation related financial reporting standards
3. Concept of value
  - 3.1. Risk and Return
4. Valuation terminologies
  - 4.1. Commonly used valuation terms
  - 4.2. International glossary of business valuation terms
5. Bases and premise of value
  - 5.1. Various definitions of value
    - 5.1.1. Market value
    - 5.1.2. Equitable value
    - 5.1.3. Investment value
    - 5.1.4. Synergistic value
    - 5.1.5. Liquidation value
    - 5.1.6. Fair value (International Financial Reporting Standards)
    - 5.1.7. Fair market value (Organisation for Economic Co-operation and Development)
    - 5.1.8. Fair market value (United States Internal Revenue Service)
    - 5.1.9. Fair value (Legal/ Statutory)
  - 5.2. Various premises of value
    - 5.2.1. Highest and best use
    - 5.2.2. Current use/ existing use
    - 5.2.3. Orderly liquidation
    - 5.2.4. Forced sale
6. Valuation context
  - 6.1. Roles of business valuation and the valuer
    - 6.1.1. Skills and competencies of a valuer
    - 6.1.2. Common situations where valuation services is required
  - 6.2. Why are we valuing
  - 6.3. What are we valuing
  - 6.4. How do we value
  - 6.5. For whom do we value
  - 6.6. The role of valuation in practice
7. Valuation principles
  - 7.1. Specific point in time
  - 7.2. Prospective in nature

- 7.3. Market dictates return
- 7.4. Influenced by liquidity etc
- 8. Valuation process and practice standards of a valuer
  - 8.1. Define the scope of work
  - 8.2. Understand the business / industry
  - 8.3. Analysis of data in the process
  - 8.4. Information requirements and availability
  - 8.5. Select the valuation approach / methodology
  - 8.6. Determine valuation parameters
  - 8.7. Review results and conduct sensitivity analysis
  - 8.8. Conduct of valuation engagement
    - 8.8.1. Meeting with client
  - 8.9. Scope of work standards
    - 8.9.1. Independence and conflicts of interest checks
    - 8.9.2. Letter of engagement
    - 8.9.3. Research on company and industry
  - 8.10. Performing accounting, financial, management and prospective analysis
    - 8.10.1. Draft report and valuation exhibits
    - 8.10.2. Letter of representation
    - 8.10.3. Final report
- 9. Valuation report contents
  - 9.1. Sections of the report and report disclosure standards
  - 9.2. Appendices
- 10. Information collection and analysis (qualitative and quantitative)
  - 10.1. Types and sources of information
  - 10.2. Site visits and management interviews
  - 10.3. Researching of information
  - 10.4. Analysis of information
- 11. Performing accounting, financial, management and prospective analysis
  - 11.1. Build a sensible, reasonable and unbiased financial statement model in Excel
  - 11.2. Understand the role of valuer in financial forecasting
  - 11.3. Identify and incorporate the important sources of information for forecasting
  - 11.4. Identify and determine the key value drivers for forecasting
  - 11.5. Factors to consider in making appropriate assumptions in forecasting
  - 11.6. Organise and model assumptions and test assumptions
  - 11.7. Deal with uncertainty in forecasts, data and data availability

## **Module 2: Law and Valuation**

- 1. The legal framework and system for conducting business
  - 1.1. Importance and the basis of the Law
  - 1.2. The court system and alternative dispute resolution mechanisms
  - 1.3. Overview of the judicial, arbitration and mediation process
- 2. Various forms of business entities being valued
  - 2.1. Sole proprietorship
  - 2.2. Partnership
  - 2.3. Joint venture

- 2.4. Corporations
- 2.5. Business trusts
- 2.6. Others
3. Valuation related matters in litigation and arbitration
  - 3.1. Contract disputes
  - 3.2. Commercial torts
  - 3.3. Business interruption claims
  - 3.4. Securities litigation
  - 3.5. Tax related litigation
  - 3.6. Insolvency/reorganisation situations
  - 3.7. Intellectual property rights infringement
  - 3.8. Others
4. Valuer's involvement in litigation and arbitration proceedings
  - 4.1. Valuer engagement process
    - 4.1.1. Credentials and qualifications
    - 4.1.2. Conflicts of interest
    - 4.1.3. Engagement agreement
  - 4.2. Professional liability
    - 4.2.1. Liability in contract
    - 4.2.2. Liability in tort
    - 4.2.3. Tort of negligent misrepresentation
    - 4.2.4. Fiduciary duty
  - 4.3. Role of a valuer in litigation and arbitration proceedings
    - 4.3.1. Duties and responsibilities of the valuer
    - 4.3.2. Discovery process
    - 4.3.3. Preparing and serving an expert report
    - 4.3.4. Examination-in-chief, cross-examination and re-examination
    - 4.3.5. Role of critiquing
5. Assessment of damages
6. Common pitfalls and useful hints for the expert
7. Court decisions on valuation matters
  - 7.1. Learning points from court cases relating to valuation
  - 7.2. Implications for valuer

### **Module 3: Valuation for Transactions**

1. Valuation for transactions
  - 1.1. International valuation standards
  - 1.2. Understand the securities and exchange regulations on valuation
  - 1.3. Understand the IPEV guidelines
  - 1.4. Defining market value for transaction valuations
  - 1.5. Open market transactions vs notional market valuations
  - 1.6. Share market valuations vs corporate valuation
  - 1.7. Business enterprise value vs equity value
2. Valuation approaches and methods
  - 2.1. Market approach
    - 2.1.1. Understand the market approach

- 2.1.2. When to use market approach
    - 2.1.3. Application of comparable guideline company method
    - 2.1.4. Application of comparable transactions method
    - 2.1.5. Issues to consider when using market approach
  - 2.2. Income approach
    - 2.2.1. Understand the income approach
    - 2.2.2. When to use the income approach
    - 2.2.3. Application of discounted cash flow method
    - 2.2.4. Issues to consider when using income approach
  - 2.3. Asset based approach
    - 2.3.1. Understand the asset based approach
    - 2.3.2. When to use asset based approach
    - 2.3.3. Determine tangible asset backing
    - 2.3.4. Determine adjusted net asset value
    - 2.3.5. Determine Liquidation value (orderly and forced liquidation basis)
    - 2.3.6. Issues to consider when using asset based approach
- 3. Valuation parameters
  - 3.1. Comparable companies selection
  - 3.2. Understand and evaluate different sources of data and its reliability
  - 3.3. Determine common valuation multiples used in practice
    - 3.3.1. Enterprise value multiples
    - 3.3.2. Equity value multiples
  - 3.4. Determine discount rates
    - 3.4.1. Approaches to determine cost of equity
    - 3.4.2. Approaches to determine cost of debt
    - 3.4.3. Determine debt/equity mix
    - 3.4.4. Determine weighted average cost of capital (WACC)
  - 3.5. Determine long term growth rate
- 4. Discounts and premium
  - 4.1. Control premium
  - 4.2. Minority interest discount
  - 4.3. Marketability discount
  - 4.4. Portfolio discount
  - 4.5. Blockage discount etc
- 5. Valuation of privately owned entities
  - 5.1. Public vs private shares
  - 5.2. Memorandum and articles of association/shareholders agreements
    - 5.2.1. Implications on value
    - 5.2.2. Implications on liquidity
  - 5.3. Issues to consider when valuing privately owned entities
- 6. VC/PE valuation model

#### **Module 4: Valuation for Financial Reporting**

- 1. Valuation for financial reporting
  - 1.1. Valuation related financial reporting standards
  - 1.2. Fair value defined in accordance with financial reporting standards

- 1.3. Considerations in determining fair value for financial reporting purposes
  - 1.3.1. Fair value hierarchy
  - 1.3.2. Market participants
2. Requirement and role of valuer in financial reporting environment
  - 2.1. Requirement of a specialist for financial reporting purposes
  - 2.2. Valuation specialist as part of the audit team
    - 2.2.1. Assessing the qualifications of valuation specialist engaged by audit client
    - 2.2.2. Scope, planning, information request, communication and deliverables
  - 2.3. Valuation specialist engaged by audit client to perform valuation
    - 2.3.1. Understand the process in engaging the auditor
    - 2.3.2. Scope, planning, information request, communication and deliverables
3. Purchase price allocation (PPA)
  - 3.1. Understand the PPA process
  - 3.2. Identify the acquirer
  - 3.3. Determine acquisition date
  - 3.4. Determine the fair value of acquire
  - 3.5. Measure and recognize at fair value the assets acquired and liabilities assumed
  - 3.6. Identify, recognize and measure fair value of intangible assets
  - 3.7. Determine goodwill
4. Impairment testing
  - 4.1. Impairment testing of intangible assets
  - 4.2. Impairment testing of goodwill
5. Valuation of intangible assets
  - 5.1. Nature of intangible assets
  - 5.2. Identification and classification of intangible assets
    - 5.2.1. Marketing related
    - 5.2.2. Customer related
    - 5.2.3. Artistic related
    - 5.2.4. Contract based
    - 5.2.5. Technology based
  - 5.3. Measurement of intangible assets
    - 5.3.1. Relief from royalty method
    - 5.3.2. Multi period excess earnings method
    - 5.3.3. Replacement and reproduction cost method

### **Capstone - Applied Valuation**

1. Structure of entities and businesses
  - 1.1. Cross holdings
  - 1.2. Complex group structure
  - 1.3. Conglomerate
  - 1.4. Sum of parts valuation
2. Valuation of companies in different stages of life cycle
  - 2.1. Early-stage companies

- 2.2. High-growth companies
- 2.3. Mature companies
- 2.4. Distressed companies
- 3. Valuation of specific industries
  - 3.1. Technology, media and telecom
  - 3.2. Biotechnology
  - 3.3. Healthcare
  - 3.4. Resources and renewables
  - 3.5. Financial services
- 4. Valuation in emerging markets
  - 4.1. Key characteristics and challenges
- 5. Impact of Environmental, Social and Governance (ESG) factors on valuation
- 6. Black swan situations
- 7. Valuation Reporting
  - 7.1. Minimum requirements for valuation reports
  - 7.2. Reviewing another valuer's report