Certificate in Business Valuation

Duration: **6 Months Distance Learning Programme**
Language: **English**

RICS Member: **£895.00 + VAT**
Non RICS Member **£995.00 + VAT**

Course Summary

Learn to apply financial and economic theory to investment, financing and dividend decisions to identify ways to maximise shareholder returns.

Understand how practical methods to determine costs of capital, total invested capital, free cash flow and economic profits are used in the valuation analysis for mergers and acquisitions. Develop your own experiences and skill in capital budgeting, initial public offerings and private placements that support the value of a business whether positive or negative.

Providing you with technical training in the practices of business valuation, this distance and blended learning programme covers the key topics to enhance your skills around, business equity, professional valuation reports, taxes and analysing financial data.

Who is this course for?

If you have 2 years' experience working with or managing business financial assets, this course is suitable for you. Learn and develop your key skills in making the decisions to divest, merge, demerge or acquire businesses. Successfully manage risks and the critical importance of the different costs of capital relating to a business valuation.

In this course you will be exposed to the practical steps by step process to effectively value financial assets of a business for the purpose of a valuation. Using a blend of technical teaching and case study scenarios, you will gain the experience required to effectively work through the methodology and start applying these practice into key areas such as analysing financial statements, forecasting loss or profit from balance sheets of a business, being able to develop the cost of equity and assessing risks as a valuer for clients and organisations.

Course Structure

Delivered over a 6 months programme, this course teaches the practices of quantity surveying in a topic approach. Each individual unit teaches a competency required by the profession and using a blended style of online study, delegates will gain a thorough grounding of the required skills.

Each unit is composed of the following to support and enhance the learners needs in gaining the required level of knowledge throughout the course programme.

- Online Technical E-Learning
- Topic related training material
- Reading Material
- Case Studies and Practical Exercise
- Online forum

Online Technical E-Learning

The online technical e-learning courses provide you with a detailed overview of the principles and methodologies covered within each unit. Created by highly experienced trainers

Case Studies and Practical Exerices

Technical case studies provide you with examples of practice, within these case studies you will be able to test the training against the theory taught within the unit. Answers and your examples can be shared within the online forums.

Reading Material

Further your study and understanding of the units and methodologies with the unit reading material. Sourced from text books and articles, these readings support your development throughout the course programme.

Online forum

Each unit has a dedicated forum to provide you with constant access to your tutor and a shared learning area with fellow delegates. Creating a dedicated learning environment you will be able to partake in topic discussion and share you learning with lots of other people from all over the world.

Consolidation Sessions

Virtual learning sessions have been design to support the delegates and help consolidate their knowledge. These 4 structured training sessions will allow the tutor to teach and explain the knowledge and theory in a live environment. Being online is like a face to face session without the need to leave the office, so delegates can be based anywhere geographically.

Course Contents

Module 1 - Business Valuation Profession and Standards - Overview

- Define and discuss the role of business valuation
- Global valuation standards introduction RICS/International Valuation Standards
- What it means to be a professional and the importance of professional ethics
- Compare business valuation with valuation of other asset classes, including real property, machinery & equipment, and trade-related property

Module 2 - Valuation Introduction

- Explore various reasons for undertaking a business valuation.
- Introduce the basic elements of a valuation
- Possible sources of instruction and the elements to be considered before accepting an assignment
- Define bases of value
- Introduction to three main valuation approaches used in valuing businesses

Module 3 - Business Valuation Methodology

- Define the main approaches to business valuation (market approach, income approach, cost approach)
- Analyse when cost approach may be applied
- Indicate other methods such as the "Greenfield" Method and the "asset approach"
- Define components of the income approach
- Apply principle of Substitution

Module 4 - Quantification and costing of construction works

- Indicate various types of data that should be collected, considered, and analysed
- Explore and discuss the reliability of various sources of company data
- Apply basic components of a company overview, including, historical review, operational overview

Module 5 - Levels of Values

- Determine the differences between the benefits of a control equity position and the disadvantages of a minority position
- Evaluate how the liquidity of a stock affects value in terms of periodic cash distributions and the ability to sell stock in the open market
- Establish control versus minority positions are determined by the benefits of operational control (or the lack thereof) and how marketability is determined by liquidity

Module 6 – Market Approach

- Analyse GPC methodology
- Identify the use of equity valuation
- Identify the use of capital valuation
- Determine the use of invested capital market approach

Module 7 – The Cost Approach to Value

- Establish the relevant use of value
- Identify the use of asset accumulation method
- Determine the other cost approach considerations, such as tangible assets, depreciation methods and taxation.
- Establishing the premise of value

Module 8 – Reporting

- Identify the steps in the valuation process
- Establish the minimum information that a valuer must include in a business valuation
- report
- Review how the valuer can clearly and logically convey the analysis and conclusion in a report

Module 9 – Introduction to the Income Approach

- Review and compare the Market and Income Approaches to valuing businesses
- Explain the steps in using the Income Approach
- Define and distinguish between equity value and invested capital
- Identify the present value techniques and relate their use to finding the current value of future economic benefits of a company or business

Module 10 – Financial Statement Analysis

- Instruct the participant in building historical and forward-looking financial models in Excel
- Explore the responsibility of the valuer with respect to financial forecasting and questioning management's views
- Analyse the financial forecasting methods and account relationships
- Learn how to use financial ratios to project a firm's balance sheet

Module 11 – Financial Statement Forecasting

- Review financial project growths
- Applying steps in forming financial projections, including sales projections
- Analysing operation expense projections
- Review project tax expense and carrying out forecasting exercises

Module 12 – Developing the Cost of Equity

- Review the time value and discount models
- Applying risk analysis and cost of equity to business valuations
- Learn how to appropriately apply the Build-up Model
- Review the use of the capital pricing model known as (CAPM)

Module 13 – Weighted Average Cost of Capital

- Identify the cost of debt and the weighted average cost of capital
- Indicate the use of the target capital structure
- Review the use of debt capacity and incremental risk
- Apply the fair value of capital and iterative models

Module 14 – Country Risk Assessment

- Establish the use of components of unsystematic risk.
- Review basic international economic theory and why currencies fluctuate in value.
- Analyse and quantify country risk as a component of unsystematic risk in the CAPM.

Module 15 – Valuation Correlation and Conclusion

- Apply quality control to a business valuation report
- Review the levels of value against the report
- Being able to reconcile against the value
- External influences on the valuation report

Course Overview

The foundation level course is made up of the following 15 technical modules covering the technical practices of business valuations.

Module 1 - Business Valuation Profession and Standards – Overview
Module 2 - Valuation Introduction
Module 3 - Business Valuation Methodology
Module 4 - Quantification and costing of construction works
Module 5 - Levels of Values
Module 6 – Market Approach
Module 7 – The Cost Approach to Value
Module 8 – Reporting
Module 9 – Introduction to the Income Approach
Module 10 – Financial Statement Analysis
Module 11 – Financial Statement Forecasting
Module 12 – Developing the Cost of Equity
Module 13 – Weighted Average Cost of Capita
Module 14 – Country Risk Assessment
Module 15 – Valuation Correlation and Conclusion

Learning Outcomes

At the end of the 6 months, you will be able to:

- Ability to operate as a technically skilled business valuation practitioner
- Fundamentals of valuation, the requirements of the valuation standards and how to apply these to Business Valuation
- Approaches used in Business Valuations and the different methods that can be applied
- Ability to analyse data required for the valuation process and gain a deeper understanding of financial statements
- Demonstrate the three levels of value and how the assumptions lead to a level of value
- Differences of equity and invested capital methods, gain an understanding into market methods, in particular
- Understand the income approach to valuing businesses and the theory behind techniques
- Different invested capital and equity income streams and understand how to deal with issues as they arise
- How to determine the important factors and sources of projections and the tools required for financial forecasts Relationship between risk and return and understand how each level of risk is measured

End of Course Assessment

Delegates are assessed through an online examination within the RICS Online Academy. You will be supported through your training programme by a dedicated course tutor. The examination will take place within a one month window period at the end of the 6 month programme.

Upon successful completion of the course delegates would have completed 250 CPD hours study over the 6 month period. Delegates will also receive a certificate of course completion confirming you have successfully attended and passed the Certificate in Business Valuation Techniques.