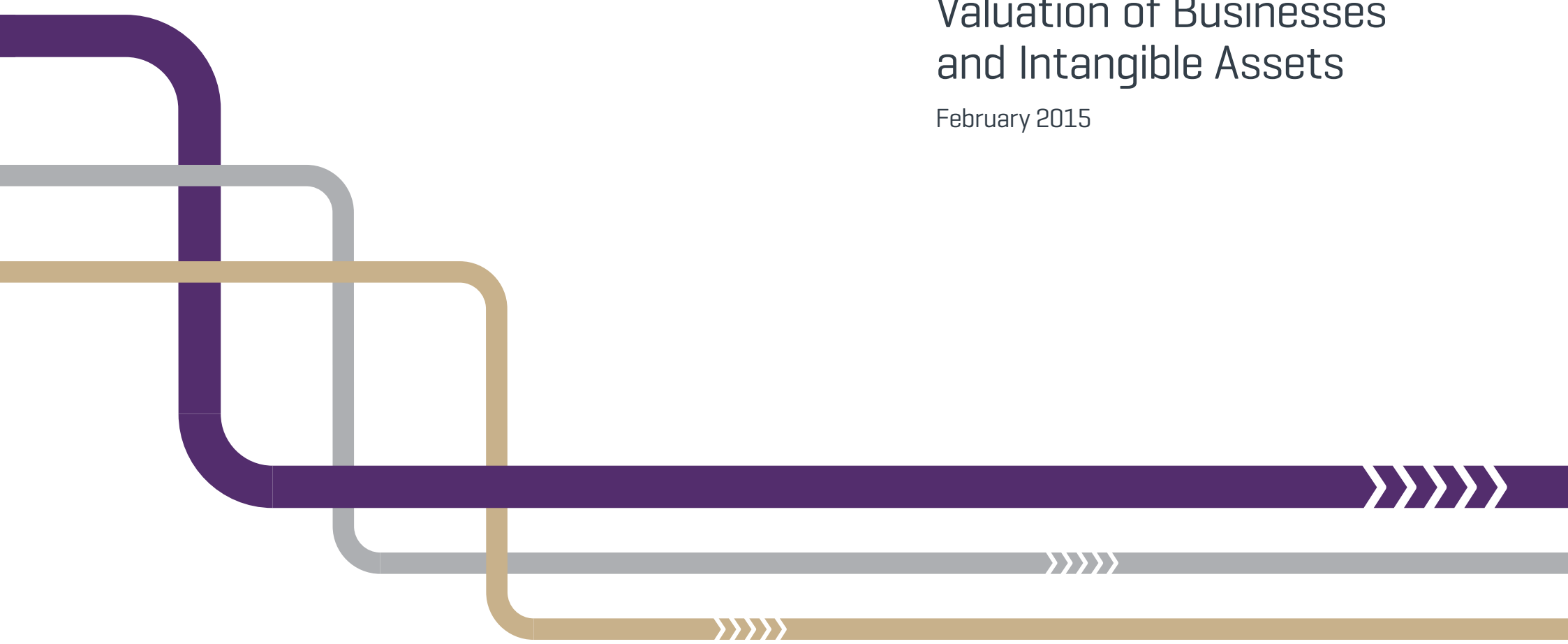




Assessment of Professional Competence

# Valuation of Businesses and Intangible Assets

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## About the APC

The RICS Assessment of Professional Competence (APC) ensures that those applying for RICS membership are competent to practise and meet the high standards required by RICS. There is a wide range of pathways available to qualify as an RICS member covering various areas of practice, at APC (Chartered) level.

The APC normally consists of:

- a period of structured training
- a final assessment

The structured training is based on candidates meeting a set of requirements or competencies. There is a mix of technical, professional, interpersonal, business and management skills.

## How to use this guide

This guide supports the VBIA pathway. It is designed to help you understand more about qualifying as an RICS member in VBIA. VBIA is a global APC pathway but it is appreciated that markets may vary from country to country. If you have any queries please contact your local office. The material is set out in three sections.

**Section one** – provides information on this area of practice with a general overview of the VBIA pathway.

**Section two** – lists the competency requirements of the VBIA APC pathway.

**Section three** – describes the main technical competencies associated with VBIA, providing expanded sector specific guidance on each of them. This forms the main part of the guide.

You MUST use this guide in conjunction with the core APC documentation which is available on the RICS website and comprises:

- APC Requirements and competencies guide
- The candidate guide
- the counsellors guide.

You can download all the supporting guidance from [www.rics.org/apcguides](http://www.rics.org/apcguides)

## Introduction

### About the competencies

The APC aims to assess that you are competent to carry out the work of a qualified business valuer. To be competent is to have the skill or ability to perform a task or function. The RICS competencies are not just a list of tasks or functions, but are also based upon attitudes and behaviours. The competencies have been drawn up in a generic way so that they can be applied globally and to different areas of practice. This guide is designed to help you interpret these competencies within the context of business valuation practice.

The competencies are defined at three levels of attainment and each APC pathway has its own specific combination of competencies that you must achieve at the appropriate level. You must reach the required level by logical progression and in successive stages::

**Level 1** – knowledge and understanding

**Level 2** – application of knowledge and understanding

**Level 3** – reasoned advice and depth of technical knowledge.

The competencies are in three distinct categories:

**Mandatory competencies** – the personal, interpersonal, professional practice and business competencies common to all pathways and compulsory for all candidates.

**Core competencies** – the primary technical competencies of your chosen pathway.

**Optional competencies** – a set of competencies selected by the candidate from a list defined for the particular pathway. In most cases there is an element of choice. These are mostly technical competencies, but certain mandatory competencies also appear on the optional competency list and candidates are permitted to select one of these at a higher level.

### Choosing your competencies

It is important that you give careful thought to your choice and combination of competencies. Your choice will inevitably reflect the work you do in your day-to-day environment (driven by the needs of your client/employer). Your choice and combination of competencies will be a reflection of your own judgement. At the final assessment interview, the assessors will take these choices into account. They will expect you to present a sensible and realistic choice that reflects the skills needed to fulfil the role of a competent business valuer.

This guide should help candidates and employers with a degree of assistance in choosing the competencies that are most appropriate to their area of practice.

### How to find help

RICS has fully trained teams across the globe who will be able to help you with any general APC queries. For details of your local office – [www.rics.org/contactus](http://www.rics.org/contactus)

RICS HQ  
Parliament Square  
London SW1P 3AD  
United Kingdom  
T +44 [0]24 7686 8555  
F +44 [0]20 7334 3811  
contactrics@rics.org  
www.rics.org

## About business valuation

Business valuation is a core skill of many valuers and forms part of the professional services provided by many RICS members. Professional business valuations are vital to a healthy market and stable economy, forming the basis of performance analysis, financing decisions, transactional or development advice, dispute resolution, taxation and various statutory applications.

Specialist business valuers can work in both the public and private sector and practice the valuation of both small businesses and large corporations. Some business valuers practice exclusively in one area, while others deal with a wide variety of asset types.

Robust practice standards form the basis of high quality business valuations. RICS is the world's leading qualification for valuation professionals and is well respected by employers and clients the world over.

## RICS qualification

Although valuation is a skill applied across a wide variety of assets, this pathway is specifically aimed at individuals who work in the world of valuation of businesses and intangible assets. Other areas such as the valuation of commercial and residential real estate, machinery, arts and antiques or minerals have their own dedicated RICS pathways to entry.

This pathway places emphasis on competency in business valuation practice (which is required to Level 3 in this pathway). However, as with other valuation pathways, a broad base of experience in general business practice is also required.

For this reason the competency requirements of this pathway are similar to the valuation pathway, which is generic and it may, at times, draw candidates from a professional environment where real estate forms part of the trading business transaction. However, different to the valuation pathway where "inspection" and "measurement" competencies are core competencies, this pathway includes the valuation of business interests and intangible assets where inspection and measurement are not relevant in day-to-day practice. These two established competencies which form part of a number of RICS pathways are not included in this particular pathway.

**Please note that the competencies in this pathway often refer to the term "property". It is important for the candidate to take this term in a generic context and to know that it refers to any type of asset, not just real estate.**

# Pathway requirements

## Valuation of Businesses and Intangible Assets APC

### Mandatory competencies

You must achieve the minimum levels as set out in the mandatory competencies.

### Core competencies

#### Level 3

- Accounting principles and procedures
- Asset identification and assessment
- Valuation of businesses and intangible assets
- Valuation reporting and research

### Optional competencies

**One** competency at Level 3 or **two** competencies at Level 2 from the list below:

- Capital allowances
- Compulsory purchase and compensation
- Corporate finance
- Corporate recovery and insolvency
- Purchase and sale
- Taxation



## Competency guidance

The pages that follow are intended to provide guidance for users on the main competencies associated with business valuation practice.

The guidance has been drawn up by experienced practitioners and aims to give you a clear and practical understanding of how to apply the listed core and optional competencies in the context of business valuation practice.

It is intended to be a broad range incorporating certain optional competencies which may relate to business valuation where real estate forms part of their practice.

The official competency definitions [at levels one, two and three] for this pathway are provided, followed by a description of the key knowledge and activities that are likely to fall within the scope of each competency.

The information provided is designed to be helpful but informal guidance. The knowledge and activities described under each competency are not exhaustive, and should not be relied upon as any form of definitive list. Candidates must satisfy themselves and their employers that they have reached the required level of attainment before applying for final assessment.

The competencies are arranged in alphabetical order.

## Mandatory competencies

These competencies are a mix of the professional practice, interpersonal, business and management skills that are considered common to, and necessary for, all professional members.

Title	Definition	Level required
Conduct rules, ethics and professional practice	<p><b>Level 1</b> Demonstrate knowledge and understanding of the role and significance of RICS and its functions. Also an appreciation of your personal professional role and society's expectations of professional practice and RICS Rules of Conduct and conduct regulations, including the general principles of law and the legal system, as applicable in your country of practice.</p> <p><b>Level 2</b> Provide evidence of practical application in your area of practice, being able to justify actions at all times and demonstrate personal commitment to the RICS Rules of Conduct, ethics and RICS 5 professional and ethical standards.</p> <p><b>Level 3</b> Provide evidence of application of the above.</p>	3
Client care	<p><b>Level 1</b> Demonstrate knowledge and understanding of the principles and practice of client care including:</p> <ul style="list-style-type: none"> <li>• the concept of identifying all clients/colleagues/third parties who are your clients and the behaviours that are appropriate to establish good client relationships</li> <li>• the systems and procedures that are appropriate for managing the process of client care, including complaints</li> <li>• the requirement to collect data, analyse and define the needs of clients</li> </ul> <p><b>Level 2</b> Provide evidence of practical application of the principles and practice of client care in your area of practice.</p>	2
Communication and negotiation	<p><b>Level 1</b> Demonstrate knowledge and understanding of effective oral, written, graphic and presentation skills including the methods and techniques that are appropriate to specific situations.</p> <p><b>Level 2</b> Provide evidence of practical application of oral, written, graphic and presentation skills that are appropriate in a variety of situations, specifically including where negotiation is involved.</p>	2

Title	Definition	Level required
Health and safety	<p><b>Level 1</b> Demonstrate knowledge and understanding of the principles and responsibilities imposed by law, codes of practice and other regulations appropriate to your area of practice.</p> <p><b>Level 2</b> Provide evidence of practical application of health and safety issues and the requirements for compliance, in your area of practice.</p>	2
Accounting principles and procedures	Demonstrate knowledge and understanding of accounting concepts and the format and preparation of management and company accounts, including profit and loss statements, cash flow statements and balance sheets.	1
Business planning	Demonstrate knowledge and understanding of how business planning activities contribute to the achievement of corporate objectives.	1
Conflict avoidance, management and dispute resolution procedures	Demonstrate knowledge and understanding of the techniques for conflict avoidance, conflict management and dispute resolution procedures including for example adjudication and arbitration, appropriate to your APC pathway.	1
Data management	Demonstrate knowledge and understanding of the sources of information and data, and of the systems applicable to your area of practice, including the methodologies and techniques most appropriate to collect, collate and store data.	1
Sustainability	Demonstrate knowledge and understanding of why and how sustainability seeks to balance economic, environmental and social objectives at global, national and local levels, in the context of land, property and the built environment.	1
Team working	Demonstrate knowledge and understanding of the principles, behaviour and dynamics of working in a team.	1

# Technical competencies

## Accounting principles and procedures

### Description of competency in context of this sector

This competency covers the basic principles of accounting and the interpretation of company accounts in order that reasoned valuation advice can be given to clients.

### Examples of likely knowledge, skills and experience at each level

Level 1	Level 2	Level 3
Demonstrate knowledge and understanding of accounting concepts and the format and preparation of management and company accounts, including profit and loss statements, cash flow statements and balance sheets.	Provide evidence of interpretation of company accounts and balance sheets in your area of practice and application of appropriate accounting and regulatory standards.	Provide evidence of reasoned advice given to clients with regard to profit and loss statements and balance sheets.
<p>Examples of knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>• An awareness of the Generally Accepted Accounting Principles (GAAP) relevant to the candidate's geographical area of experience and how business assets, including intangible assets, R&amp;D and liabilities are treated in an entity's accounts</li> <li>• An awareness of International Accounting Standards (IAS), broadly how IAS vary from National GAAP and how business assets, including intangible assets, R&amp;D and liabilities are treated in an entity's accounts prepared under IAS</li> <li>• An understanding of the financial results of a business and basic accounting principles including balance sheets, profit and loss statements and cash flow statements</li> <li>• An understanding of the role of the Auditor.</li> </ul>	<p>Examples of activities and knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>• The application of knowledge obtained to achieve Level 1 and specific knowledge of the accounting standards that relate to the valuation of business assets, including intangible assets, R&amp;D and liabilities</li> <li>• Considering financial statements to establish, for example, the financial strength of an entity</li> <li>• Reviewing, understanding and providing evidence of interpretation of analyst's reports on financial statements</li> <li>• Considering and understanding common financial measures such as return on capital employed, NAV, net assets per share, gearing ratio, EBIT, EBITDA and PE ratio.</li> </ul>	<p>Examples of activities and knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>• Provide clients with reasoned valuation advice relating to the financial standing of a company for activities such as balance sheet operations, buying, selling or to assess suitability for a commercial relationship, amongst others</li> <li>• Preparing or assisting in the preparation of valuation advice for management accounts if appropriate in your country's jurisdiction</li> <li>• Preparing, or assisting in the preparation of valuation advice for financial accounts, including balance sheets, profit and loss statements and cash flow statements, if appropriate in your country's jurisdiction</li> <li>• Preparing other professional advice related to the interpretation and/or preparation of accounts.</li> </ul>

## Asset identification and assessment

### Description of competency in context of this sector

This competency is about applying your knowledge to identify and assess one or more asset types and report the findings to support the provision of reasoned valuation advice. The asset types include trading businesses, business assets including share classes/rights, options, intellectual property, R&D, instruments or liabilities and other securities or intangible asset rights.

### Examples of likely knowledge, skills and experience at each level

Level 1	Level 2	Level 3
Demonstrate knowledge and understanding of the identification and assessment of intangible and business assets.	Apply your knowledge and understanding of what constitutes intangible and business assets, the nature and character of the asset and different forms of ownership.	Provide evidence of reasoned advice on complex asset identification issues, the nature of assets, liability or business asset to be valued.
<p>Examples of knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>• Knowledge of what constitutes the assets and how they are separately identified</li> <li>• Understanding of relevant case law and law relating to the legal protection of assets</li> <li>• Ascertaining the precise nature of the asset from examination of the related articles of association, including agreements, contracts and instruments.</li> </ul>	<p>Examples of activities and knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>• Knowledge of the process of identifying assets within a transaction</li> <li>• Collation and interpretation of information relevant to the asset or business activity</li> <li>• Analysis and interpretation of comparable evidence</li> <li>• An understanding of the implications for the nature and character of the assets being valued from different forms of ownership</li> <li>• The ability to provide reasonable estimates of the likely life span and sustainability of assets</li> <li>• Demonstrate a clear understanding of differing results within a transaction when considered for different purposes, such as apportionment for fiscal purposes or inclusion in a purchase price allocation for financial reporting.</li> </ul>	<p>Examples of activities and knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>• Detailed knowledge of how assets are separately identified and how this can vary within a transaction depending on the purpose of the apportionment valuation for financial reporting, litigation or fiscal purposes, including transfer pricing</li> <li>• Ownership and how different forms of ownership such as legal, beneficial, economic or licensed ownership interact with the valuation</li> <li>• Provide advice on complex asset identification issues that assist in defining the nature of the asset, liability or business to be valued</li> <li>• Provide clients with advice on the nature of different types of intellectual property and how it is distinguished from other intangible assets</li> <li>• Provide detailed advice on the nature of restricted securities under national taxation law.</li> </ul>

## Capital allowances

### Description of competency in context of this sector

This competency covers the taxation incentives/capital allowances available on property and other assets both tangible and intangible, in order to prepare claims and give advice to clients. Candidates should have an awareness of the various types of capital allowance that are available in accordance with capital allowances legislation or their equivalent in different geographical locations. They should have a thorough understanding of types used in connection with their work.

*[Note] This competency may be most relevant to those carrying out valuations of trading businesses.*

### Examples of likely knowledge, skills and experience at each level

Level 1	Level 2	Level 3
Demonstrate knowledge and understanding of capital allowances and grants.	Apply knowledge of capital allowances and grants, including the ability to use source documents necessary to prepare taxation allowances analyses.	Provide evidence of giving reasoned advice; preparing claims; making applications for grants; preparing and presenting reports to clients; and corresponding and negotiating with the relevant government and other authorities.
<p>Examples of knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>The definition of capital allowances and the history behind their existence</li> <li>The main types of capital allowances available and the asset types that they apply to including plant and machinery, industrial building allowances, hotel allowances and enhance capital allowances.</li> </ul>	<p>Examples of activities and knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>Collecting the relevant documentation to assist in claim preparation relating to a transaction. For acquisitions this might include sale agreements, reports and specifications and for developments this may be ledgers, contracts, final accounts and invoices</li> <li>Understanding, establishing and applying entitlement and compliance issues</li> <li>Identifying and quantifying qualifying expenditure.</li> </ul>	<p>Examples of activities and knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>Preparing and presenting reports and documentation</li> <li>Providing advice on issues affecting acquisitions and disposals, or developments where applicable</li> <li>Giving advice on the effect and interaction of capital allowances, general taxation and accounting issues</li> <li>Negotiating and agreeing claims with taxation authorities.</li> </ul>

## Compulsory purchase and compensation

### Description of competency in context of this sector

This competency addresses the understanding and practical application, within the appropriate legal framework, of compulsory purchase powers. This includes how an assessment of business value is calculated in respect of the legislation and the claim for compensation. The candidate is expected to have an understanding from both the acquiring authority and claimant's position, even if they have only acted for one party.

This competency may be most relevant to those carrying out valuations of trading businesses.

### Examples of likely knowledge, skills and experience at each level

Level 1	Level 2	Level 3
Demonstrate knowledge and understanding of the powers and procedures of government and other bodies in relation to compulsory purchase and compensation. This should cover interests in real estate and of the rights of owners and occupiers of the various interests in property.	Demonstrate knowledge and understanding of the powers and procedures of government and other bodies in relation to compulsory purchase and compensation. This should cover interests in real estate and of the rights of owners and occupiers of the various interests in property.	Demonstrate knowledge and understanding of the powers and procedures of government and other bodies in relation to compulsory purchase and compensation. This should cover interests in real estate and of the rights of owners and occupiers of the various interests in property.
<p>Examples of knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>• The historical background, requirement for and justification of the use of compulsory purchase powers</li> <li>• An overview of the various government legislation covering acquisition of land and rights, planning and compensation relevant to geographical area of the candidate and how this topic relates to business valuation</li> <li>• The basic principles of compensation and the legal right to claim relevant to the candidate's geographical area.</li> </ul>	<p>Examples of activities and knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>• Outlining the stages and timing involved in making, confirming and implementing a compulsory purchase order</li> <li>• An understanding of statutory ability to acquire rights, other than outright purchase, such as those exercised by utility companies</li> <li>• Setting out heads of claim under a compensation claim</li> <li>• Being aware of and using appropriately, the relevant case law in the assessment of a claim for compensation.</li> </ul>	<p>Examples of activities and knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>• Supplying and justifying evidence for a statement of claim using established business valuation practice and other logical techniques to back up the level of claim</li> <li>• Assisting in the preparation for an attendance at a Public Inquiry (or equivalent), including understanding of procedure and process</li> <li>• Being aware of the fee basis for professional advice and the role of the Lands Tribunal (or equivalent) as well as mediation/arbitration.</li> </ul>

## Corporate finance

### Description of competency in context of this sector

Corporate finance is a specific area which deals with the financial decisions that corporations make and the tools and analyses used to make these decisions within the context of the business world.

*[Note] This is an established competency, which was originally formed for the real estate valuation pathway. In order to fit in with the criteria required of business valuation, the candidate is able to include business assets such as share classes/rights, options, intellectual property, R&D, instruments or liabilities and other securities or intangible asset rights, not just real estate (mostly trading properties and occupational premises) and plant or machinery as assets.*

### Examples of likely knowledge, skills and experience at each level

Level 1	Level 2	Level 3
Demonstrate knowledge and understanding of the principles and practices underlying the structuring and financing of corporate transactions, with particular reference to the role of real estate (see note above) within these transactions.	Apply your knowledge and understanding to assist in advising corporate organisations on the capital structure options relating to both occupational and surplus real estate (see note above). This should include the calculation and modelling cost of capital, plus a working knowledge of the regulatory framework within which the corporate finance marketplace operates.	Give reasoned advice on the effects of different corporate financing techniques and structures on real estate (or plant or machinery) holdings (see note above) in a corporate context. This should include impacts on accounts and contributions to both merger and acquisition activity, as well as general corporate financing/ restructuring transactions.
<p>Examples of knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>Understanding the role and importance of the component parts of a business for corporate organisations as well as real estate</li> <li>Researching financial and corporate organisational information</li> <li>Knowledge of the financial markets, in particular the equity and money markets</li> <li>Knowledge of the structure of company accounts and accurately conveying the significant points.</li> </ul>	<p>Examples of activities and knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>Knowledge and experience of the investment mathematics and cash flow techniques used in investment and portfolio analysis</li> <li>Identifying key groups of lenders and equity providers and understanding the type of terms associated with their lending requirements</li> <li>Understanding and calculating the effect of capital structure decisions on the cost of capital</li> <li>Understanding drivers that affect loan transactions and investor returns</li> <li>Practical knowledge of commercial, technical and regulatory issues.</li> </ul>	<p>Examples of activities and knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>Understanding of the key issues and being familiar with the basic outline of how securitisation, CMBS and REIT structures work</li> <li>Undertaking analysis and give an opinion on the impact of taxation on capital structures</li> <li>Performing analysis to form an opinion on the relative financial strength of a business</li> <li>Assisting in providing strategic advice and recommendations to clients supported by appropriate analysis</li> <li>Understanding structuring issues on different asset-holding entities including tax efficient structures.</li> </ul>



## Corporate recovery and insolvency

### Description of competency in context of this sector

This competency relates to providing reasoned valuation advice to parties when a business is struggling to meet its commitments. This could include working with a Fixed Charge Receiver or advising insolvency practitioners or turnaround specialists and lenders amongst others. It includes valuation advice on a variety of assets including, business assets, intangible assets, R&D and liabilities as well as trading related real estate and occupational premises.

*[Note] For the purpose of this competency the term "Fixed Charge Receiver" can be locally interpreted as per the candidate's geographical location as required.*

### Examples of likely knowledge, skills and experience at each level

Level 1	Level 2	Level 3
Demonstrate knowledge and understanding of the valuation professional in corporate recovery and insolvency situations.	Demonstrate an understanding of the professional services required for the various types of appointment that can be made to administer/manage the affairs of insolvent and potentially insolvent companies and individuals.	Provide evidence of reasoned advice, prepare and present reports on the assets of insolvent companies and individuals and/or in the administration of Fixed Charge Receivership appointments.
<p>Examples of knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>• Different types of insolvency routes for both personal and corporate</li> <li>• Understanding the rights and remedies available to creditors</li> <li>• Difference between floating and fixed charge debentures.</li> </ul>	<p>Examples of activities and knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>• Understanding clients' needs</li> <li>• Undertaking oral and written communication between you, clients and other stakeholders</li> <li>• Liaising with other professional advisors as part of a "team"</li> <li>• Differentiating alternative handling of encumbered, unencumbered or third party assets</li> <li>• Understanding the requirements and considerations for securing assets for different types of insolvency</li> <li>• Providing input into valuation advice/strategy of the assets with regards the needs and timetable of the client</li> <li>• Determining of subject assets and preparing of schedule of relevant assets with consideration of different titles of ownership.</li> </ul>	<p>Examples of activities and knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>• Being involved with the instruction/appointment from inception to completion</li> <li>• Implementing the agreed advice/strategy and possess the ability to adapt as events unfold</li> <li>• Provide valuation reports of the business and other relevant assets, detailing the extent of encumbered, unencumbered and third party assets</li> <li>• Provide advisory reports using appropriate bases of value to include disposal considerations and recommendations</li> <li>• Provide advice to clients following receipt of offers to purchase</li> <li>• Handling retention of title claims including obtaining and assessing relevant evidence, to provide recommendations to clients</li> <li>• Managing and monitoring finances relating to an instruction including proceeds of sale, disbursements and accounting to clients.</li> </ul>

## Purchase and sale

### Description of competency in context of this sector

This competency relates to the purchase and sale of businesses, their component parts and other tangible and intangible assets such as intellectual property, shares, derivatives and options. It includes all encumbered and unencumbered assets.

Candidates should have regard to all markets, alternative uses and values. It covers all forms of disposal including private treaty, tender and auction.

*[Note] For the purpose of this pathway, the term "property" relates to all types of assets as described earlier in this guide.*

### Examples of likely knowledge, skills and experience at each level

Level 1	Level 2	Level 3
Demonstrate knowledge and understanding of how various types of property are sold (or a similar interest is acquired for a client) and the different types of interests that may be placed on the market. Demonstrate an understanding of the economics of the market for such interests, and the appropriate legal frameworks.	Apply your knowledge and skills to the purchase or sale of all types of property and demonstrate practical experience of the associated decision making process, marketing, reporting and completion of the transaction. Demonstrate knowledge and understanding of other forms of property transaction, and be aware of the reasons supporting the decision to proceed along the chosen purchase or sale route.	Provide evidence of reasoned advice and report to clients on all types of purchase or sale transactions. Demonstrate the ability to see complex cases through from start to finish with appropriate assistance. Be able to provide the client with a holistic view of the entire transactional market, and advise him / her clearly and appropriately, not only on the sale or disposal market but also on other areas.
<p>Examples of activities and knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>• Awareness of the differing types of interests to be sold or acquired and the factors that can affect value</li> <li>• Knowledge of factors governing the methods of disposal/ acquisition and the advantages/disadvantages of each</li> <li>• An understanding of the legal processes needed to complete a sale/acquisition</li> <li>• An understanding of issues relating to third party/ financed assets.</li> </ul>	<p>Examples of activities and knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>• Selling or acquiring business and intangible assets</li> <li>• Explaining the reasoning behind the sales/acquisition process in relation to value, reporting, negotiation etc</li> <li>• An understanding of legal frameworks governing sale/ acquisition and the implications and penalties.</li> </ul>	<p>Examples of activities and knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>• Completing the sale of businesses and their assets from inception</li> <li>• Dealing with complex or difficult cases, and explaining the factors which made them so</li> <li>• Providing strategic advice on the relevant assets and commenting clearly on why the chosen route of purchase/sale was made</li> <li>• Being aware of external factors which may affect the market in relation to the sale/purchase</li> <li>• Reporting to clients with recommendations relating to the acquisition/sale</li> <li>• Dealing with the sale or purchase of assets for different types of clients, such as small investors, large corporations, accountants, venture capitalists and finance companies amongst others.</li> </ul>

## Valuation of businesses and intangible assets

### Description of competency in context of this sector

This competency is about the preparation and provision of properly researched valuation advice, made in accordance with the appropriate valuation standards, to enable clients to make informed decisions regarding businesses and intangible assets.

### Examples of likely knowledge, skills and experience at each level

Level 1	Level 2	Level 3
<p>Demonstrate knowledge and understanding of the purposes for which valuations of businesses and/or intangible assets are undertaken; the relevant valuation methods and techniques; the appropriate standards and guidance; and any relevant statutory or mandatory requirements for this type of valuation work.</p>	<p>Apply your knowledge and understanding of business valuations showing detailed involvement with the preparation and presentation of client reports. Demonstrate your ability to use the valuation methods and techniques appropriate to your area of practice. Show how any relevant standards and guidance have been applied to your experience.</p> <p><i>Note – To achieve Level 2, candidates will not necessarily be carrying out valuations as part of their full time day-to-day activities.</i></p>	<p>Demonstrate practical competence in undertaking business valuations and their component parts for a range of purposes. Demonstrate the application of the relevant valuation methods and techniques and a thorough knowledge of the appropriate valuation standards and guidance and how they are applied in practice.</p> <p><i>Note – The businesses considered may relate to a particular sector but the candidate's experience should cover providing clients with valuation advice on a range of types of businesses and their component parts for a range of purposes, such as for financial statements, internal management, purchase or sale reports, tax and litigation, but not necessarily all of these. The types of businesses and their component parts should ideally be varied both in terms of usage, interest and size.</i></p>
<p>Examples of knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>• An appreciation of the main drivers that affect value</li> <li>• The principles and application of the RICS Appraisal and Valuation Standards or other relevant valuation standards</li> <li>• The principles of Professional Indemnity Insurance</li> <li>• The underlying principles of business and finance, law and other relevant regulations or controls that affect value</li> <li>• The different reasons for which business and intangible asset valuations may be required</li> </ul>	<p>Examples of activities and knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>• Understanding client requirements and the preparation of Terms of Engagement</li> <li>• Information gathering relevant to the valuation work being undertaken</li> <li>• Analysis and interpretation of comparable evidence</li> <li>• Application of a range of valuation methods and techniques</li> </ul>	<p>Examples of activities and knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>• Preparing valuation reports and advice to meet client needs and complying with RICS Appraisal and Valuation Standards where relevant</li> <li>• Knowledge of relevant legislation and standards in other areas of business, such as accounting standards and how these set the valuation framework for share transactions, company/ business or asset sales, fiscal valuations including transfer pricing, litigation etc.</li> </ul>

continued on next page

## Valuation of businesses and intangible assets continued

### Examples of likely knowledge, skills and experience at each level

Level 1 [cont.]	Level 2 [cont.]	Level 3 [cont.]
<ul style="list-style-type: none"> <li>• The principles of the various methodologies of business valuation</li> <li>• An understanding of the importance of independence and objectivity</li> <li>• Understand the different levels of service required, for example desk top advice versus a full valuation.</li> </ul>	<ul style="list-style-type: none"> <li>• Demonstrate competence in carrying out valuation advice from inception to completion of a range of assets from: trading businesses, other businesses, unquoted shares, intellectual property, intangible assets, options, financial instruments or liabilities.</li> </ul>	<ul style="list-style-type: none"> <li>• Knowledge of the main drivers which affect value including an understanding of the wider influences such as government policy, the economic climate, technological change and other investment medium</li> <li>• Demonstrate knowledge as to how valuation advice inter-relates with the client's other professional advisors work [if appropriate].</li> </ul>

## Valuation reporting and research

### Description of competency in context of this sector

This competency is about the preparation of formal valuation reports which are fit for purpose and provide reasoned explicit commentary and analysis of the valuation, placing it in context.

### Examples of likely knowledge, skills and experience at each level

Level 1	Level 2	Level 3
Demonstrate knowledge and understanding of the nature and context of valuation reports, research analysis, interpretation and validation of information.	Apply your knowledge of valuation reporting and research to analyse and interpret key inputs for appraisal purposes, benchmarking techniques, valuation context and settings.	Provide evidence of reasoned advice in relation to valuation reports, valuation standards, methodologies, validation and interpretation of inputs and data.
<p>Examples of knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>• A clear understanding of the different internal and external information that is required in valuing a range of assets</li> <li>• An understanding of the techniques used to research, analyse and interpret key inputs for appraisal purposes.</li> </ul>	<p>Examples of activities and knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>• A clear understanding of the requirement to verify and validate the information that underpins key inputs and knowledge of how to implement these checks</li> <li>• The ability to interpret and articulate how research and analysis carried out underpins the valuation outcome as directed by the purpose of the valuation.</li> </ul>	<p>Examples of activities and knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>• Provide clients with valuation reports that reflect the appropriate use of internal and external information inputs of a range of assets</li> <li>• Provide up-to-date advice and reporting that reflects the appropriate use of research and analysis techniques as well as the reasonable interpretation and clear articulation of it, with regards a range of assets</li> <li>• Provide up-to-date advice that reflects the appropriate use of verification and validation techniques in relation to key information inputs within the body.</li> </ul>

## Taxation

### Description of competency in context of this sector

This competency requires the candidate to demonstrate knowledge and understanding of the relevant provisions for taxation in relation to their area of business and geographical location, as well as the general provisions for taxation of assets in the context of valuation.

### Examples of likely knowledge, skills and experience at each level

Level 1	Level 2	Level 3
Demonstrate knowledge and understanding of the relevant provisions, general criteria and statutory framework for taxation of different classes of assets.	Apply your knowledge and understanding of the principal main valuation directing provisions in relation to capital taxation, capital allowances, corporate intangibles regime and transfer pricing.  <i>Note that this competency relates to the taxation regime within which the candidate works and therefore could differ depending on the candidate's geographical location</i>	Provide evidence in relation to asset taxation matters and the conduct of negotiations with national taxation authorities.
<p>Examples of knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>An understanding of the main valuation directing provisions in relation to national taxes such as capital gains tax, corporation tax on capital gain, capital allowances, corporate intangibles regime, transfer pricing and others</li> <li>Application of statute and case law</li> <li>Valuation methods applicable to different types of assets.</li> </ul>	<p>Examples of activities and knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>An understanding of how relevant tax provisions direct the purpose of the valuation exercise</li> <li>An understanding of how changes in value affect resulting liability to tax.</li> </ul>	<p>Examples of activities and knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>Show ability to negotiate valuations with the relevant taxation authority on a realistic basis Provide reliable advice to clients on how taxation provisions direct the purpose of the valuation and set parameters for conduct.</li> </ul>



## Confidence through professional standards

RICS promotes and enforces the highest professional qualifications and standards in the development and management of land, real estate, construction and infrastructure. Our name promises the consistent delivery of standards – bringing confidence to the markets we serve.

We accredit 118,000 professionals and any individual or firm registered with RICS is subject to our quality assurance. Their expertise covers property, asset valuation and real estate management; the costing and leadership of construction projects; the development of infrastructure; and the management of natural resources, such as mining, farms and woodland. From environmental assessments and building controls to negotiating land rights in an emerging economy; if our members are involved the same professional standards and ethics apply.

We believe that standards underpin effective markets. With up to seventy per cent of the world's wealth bound up in land and real estate, our sector is vital to economic development, helping to support stable, sustainable investment and growth around the globe.

With offices covering the major political and financial centres of the world, our market presence means we are ideally placed to influence policy and embed professional standards. We work at a cross-governmental level, delivering international standards that will support a safe and vibrant marketplace in land, real estate, construction and infrastructure, for the benefit of all.

We are proud of our reputation and we guard it fiercely, so clients who work with an RICS professional can have confidence in the quality and ethics of the services they receive.

### United Kingdom RICS HQ

Parliament Square, London SW1P 3AD  
United Kingdom

**t** +44 (0)24 7686 8555

**f** +44 (0)20 7334 3811

[contactrics@rics.org](mailto:contactrics@rics.org)

**Media enquiries** [pressoffice@rics.org](mailto:pressoffice@rics.org)

### Ireland

38 Merrion Square, Dublin 2,  
Ireland

**t** +353 1 644 5500

**f** +353 1 661 1797

[ricsireland@rics.org](mailto:ricsireland@rics.org)

### Europe

[excluding UK and Ireland]  
Rue Ducale 67,  
1000 Brussels, Belgium

**t** +32 2 733 10 19

**f** +32 2 742 97 48

[ricseurope@rics.org](mailto:ricseurope@rics.org)

### Middle East

Office G14, Block 3,  
Knowledge Village,  
Dubai, United Arab Emirates

**t** +971 4 446 2808

**f** +971 4 427 2498

[ricsmenea@rics.org](mailto:ricsmenea@rics.org)

### Africa

PO Box 3400, Witkoppen 2068,  
South Africa

**t** +27 11 467 2857

**f** +27 86 514 0655

[ricsafrica@rics.org](mailto:ricsafrica@rics.org)

### Americas

One Grand Central Place,  
60 East 42nd Street, Suite 2810,  
New York 10165 – 2811, USA

**t** +1 212 847 7400

**f** +1 212 847 7401

[ricsamericas@rics.org](mailto:ricsamericas@rics.org)

### South America

Rua Maranhão, 584 – cj 104,  
São Paulo – SP, Brasil

**t** +55 11 2925 0068

[ricsbrasil@rics.org](mailto:ricsbrasil@rics.org)

### Oceania

Suite 1, Level 9,  
1 Castlereagh Street,  
Sydney NSW 2000, Australia

**t** +61 2 9216 2333

**f** +61 2 9232 5591

[info@rics.org](mailto:info@rics.org)

### North Asia

3707 Hopewell Centre,  
183 Queen's Road East  
Wanchai, Hong Kong

**t** +852 2537 7117

**f** +852 2537 2756

[ricsasia@rics.org](mailto:ricsasia@rics.org)

### ASEAN

10 Anson Road,  
#06-22 International Plaza,  
Singapore 079903

**t** +65 6635 4242

**f** +65 6635 4244

[ricssingapore@rics.org](mailto:ricssingapore@rics.org)

### Japan

Level 14 Hibiya Central Building,  
1-2-9 Nishi Shimbashi Minato-Ku,  
Tokyo 105-0003, Japan

**t** +81 3 5532 8813

**f** +81 3 5532 8814

[ricsjapan@rics.org](mailto:ricsjapan@rics.org)

### South Asia

48 & 49 Centrum Plaza,  
Sector Road, Sector 53,  
Gurgaon – 122002, India

**t** +91 124 459 5400

**f** +91 124 459 5402

[ricsindia@rics.org](mailto:ricsindia@rics.org)