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## Backgrounder

The Canadian Institute of Chartered Business Valuators (CICBV) oversees the qualification, certification, education, ethical and professional standards of Chartered Business Valuators or CBVs.

The CICBV was founded in 1971 when the introduction of taxation on capital gains in Canada created the general need for business valuation. Since then, the profession has grown exponentially as the demand for valuations expanded to other fields beyond taxation.

Today, demand is anticipated to continue to be strong given a few key market trends. For instance, mergers & acquisition activity is on the rise as buyers, sellers and investors look to positive yields after years of flat or negative returns. In addition, about 70% of Canadian business owners will be in a position to retire before 2020 and, therefore, looking to determine the fair market value of their business as part of succession planning.

The CICBV operates as a professional, volunteer-governed, not-for-profit association with 1,800 members, and is headquartered in Toronto, Ontario.

### **CBVS DEFINED**

Chartered Business Valuators (CBVs) are nationally recognized and provide business valuation expertise in the areas of compliance, disputes and corporate finance. Valuators come from a wide range of backgrounds including commerce, accounting, law and economics, and may also hold such accounting and financial designations as Certified Financial Analyst (CFA), Chartered Professional Accountant (CPA) and/or its legacy designations (Certified Management Accountant (CMA), Certified General Accountant (CGA) or Chartered Accountant (CA)).

CBVs work with buyers, sellers and facilitators to quantify the worth of a business or its securities, including intangible assets like brand and intellectual property.

### **CBV SERVICES**

An individual or a corporation would require a business valuation for a number of reasons, including business sales, mergers and acquisitions, succession, tax and estate planning, matrimonial disputes, shareholder disputes, commercial damages quantification, and numerous other circumstances. CBVs are often engaged to act as independent experts and are frequently called upon to express their professional views in the courts for business-related cases. They also work in conjunction with other professionals, such as lawyers, accountants and tax specialists. CBVs offer a number of services, described on the next page.

- **Corporate finance and transaction-based activities:** examples include valuations, due diligence and transaction support in respect of financings, mergers and acquisitions, leveraged buy-outs, management buy-outs, buy/sell agreements, initial public offerings and the preparation of analyst reports and studies.
- **Valuation for financial reporting purposes:** examples include the valuation of intangible assets, such as brand names, trademarks, customer or supplier contracts, for purchase price allocation disclosure in financial statements when a business acquisition has been made or determining the fair value of business segments for goodwill impairment testing.
- **Strategic planning:** examples include succession planning, preparing a business for sale and identification of value drivers.
- **Notional valuations where a negotiated arm's length transaction will not take place:** examples include transactions between shareholders or related parties, transactions for taxation and corporate reorganization, and for transfer pricing and matrimonial purposes.
- **Litigation support:** examples include measuring financial loss in breach of contracts, insurance losses, patent infringements and personal injuries.
- **Independent valuations where required by securities commissions and other regulatory bodies:** an example includes any formal valuation required by Independent Committees of the boards of public companies to ensure a fair transaction.

## **PROFESSIONAL QUALIFICATIONS**

The CICBV has Standards of Practice that help ensure the quality and consistency of the work performed by CBVs across Canada, as well as a Code of Ethics by which all CBVs must abide.

An individual is accredited by the CICBV following specified course work, 1,500 hours of practical experience and by completing a membership exam.

For more information about the CICBV, please visit [www.cicbv.ca](http://www.cicbv.ca) or contact:

### **Megan Rousseau**

*Communications Manager,*

*CICBV*

T 416 977 1117 ext. 228

[megan.rousseau@cicbv.ca](mailto:megan.rousseau@cicbv.ca)

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