

## MEMBERSHIP QUALIFICATION EXAMINATION COMPETENCE FRAMEWORK

In addition to the experience and other requirements for admission to membership in the Canadian Institute of Chartered Business Valuators (the CICBV), individuals must demonstrate (by achieving a passing grade on the Membership Qualification Examination (MQE)) that they:

- have a sound knowledge of the content included in the four mandatory courses in the CICBV's Program of Studies (hereafter referred to as "Valuation" or "Litigation Support" knowledge); and
- have the ability to apply such knowledge and deal with related issues in practice.

This Competence Framework describes the technical knowledge, skills, and proficiencies which the MQE may examine. There are seven general areas covered, as follows:

1. Value Terms and Principles – page 2
2. Valuation Methods – page 3
3. The Valuation or Litigation Support Assignment – page 6
4. Professional Conduct – page 7
5. Specific Issues Encountered in Valuation or Litigation Support Assignments – page 8
6. The Law Relevant to Valuation and Litigation Support – page 11
7. Taxation Issues Relevant to Valuation and Litigation Support – page 12

In addition, the Professional Competence Skills required to be demonstrated are set out in Section 8 of this document (page 14).

The examinable areas on the MQE includes materials included in the four mandatory courses in the CICBV's Program of Studies; the CICBV's Bylaws, Code of Ethics, Practice Standards, and Practice Bulletins; and Canadian income tax law as of January 1<sup>st</sup> of the year the MQE is written.

Without limiting the breadth of knowledge required, specific illustrative examples of examinable topics are listed on the following pages under each general area.

Three knowledge expectation levels have been established to provide guidance as to the relative depth of understanding and application required to be demonstrated in the various areas and topics:

- **Level A:** applies to topics **fundamental to the practice of valuation and litigation support** for which **in-depth knowledge** and comprehension is required;
- **Level B:** applies to topics central to and **arising frequently in everyday practice** for which a **working knowledge** and comprehension is required; and
- **Level C:** applies to topics that **do not occur frequently** in day-to-day valuation practice and to **emerging or special topics** for which a **general familiarity** is required.

1. VALUE TERMS AND PRINCIPLES		
Knowledge Expectation Level	Competence Area	Learning Outcomes
<b><u>Value Terms</u></b>		
A	Adjusted book value	<ul style="list-style-type: none"> <li>Define and distinguish term from other value terms</li> </ul>
A	Book value	<ul style="list-style-type: none"> <li>Define and distinguish term from other value terms</li> </ul>
A	Depreciated replacement value	<ul style="list-style-type: none"> <li>Define and distinguish term from other value terms</li> </ul>
A	Fair market value	<ul style="list-style-type: none"> <li>Define and distinguish term from other value terms</li> </ul>
A	Fair value	<ul style="list-style-type: none"> <li>Define and distinguish term from other value terms</li> </ul>
A	Intrinsic (stand alone) value	<ul style="list-style-type: none"> <li>Define and distinguish term from other value terms</li> </ul>
A	Liquidation value	<ul style="list-style-type: none"> <li>Define and distinguish term from other value terms</li> </ul>
A	Market value	<ul style="list-style-type: none"> <li>Define and distinguish term from other value terms</li> </ul>
A	Net realizable value	<ul style="list-style-type: none"> <li>Define and distinguish term from other value terms</li> </ul>
A	Price (vs. value): <ul style="list-style-type: none"> <li>Notional market valuation</li> <li>Open market transaction</li> </ul>	<ul style="list-style-type: none"> <li>Discuss differences between price vs. value, and notional vs. open market</li> </ul>
A	Replacement value	<ul style="list-style-type: none"> <li>Define and distinguish term from other value terms</li> </ul>
A	Reproduction value	<ul style="list-style-type: none"> <li>Define and distinguish term from other value terms</li> </ul>
A	Value to owner	<ul style="list-style-type: none"> <li>Define and distinguish term from other value terms</li> </ul>
B	V-Day value (1971 and 1994)	<ul style="list-style-type: none"> <li>Define and distinguish term from other value terms</li> </ul>
<b><u>Key Valuation Principles</u></b>		
A	Point in time	<ul style="list-style-type: none"> <li>Discuss concept and demonstrate understanding in calculations and discussion</li> </ul>
A	Hindsight	<ul style="list-style-type: none"> <li>Discuss concept and demonstrate understanding in calculations and discussion</li> </ul>
A	Future expectations	<ul style="list-style-type: none"> <li>Discuss concept and demonstrate understanding in calculations and discussion</li> </ul>
A	Ability to earn	<ul style="list-style-type: none"> <li>Discuss concept and demonstrate understanding in calculations and discussion</li> </ul>
A	Tangible asset backing	<ul style="list-style-type: none"> <li>Discuss concept and demonstrate understanding in calculations and discussion</li> </ul>
A	Special purchasers	<ul style="list-style-type: none"> <li>Discuss concept and demonstrate understanding in calculations and discussion</li> </ul>
<b><u>Types of Goodwill</u></b>		
A	Identifiable vs. non-identifiable	<ul style="list-style-type: none"> <li>Discuss and distinguish from other types of goodwill</li> </ul>
A	Locational goodwill	<ul style="list-style-type: none"> <li>Discuss and distinguish from other types of goodwill</li> </ul>
A	Personal goodwill	<ul style="list-style-type: none"> <li>Discuss and distinguish from other types of goodwill</li> </ul>
A	Commercial (general business) goodwill	<ul style="list-style-type: none"> <li>Discuss and distinguish from other types of goodwill</li> </ul>
A	Individual goodwill	<ul style="list-style-type: none"> <li>Discuss and distinguish from other types of goodwill</li> </ul>

2. VALUATION METHODS		
Knowledge Expectation Level	Competence Area	Learning Outcomes
<b><i>Valuation Approach – General</i></b>		
A	Valuation approach (i.e., going concern vs. liquidation)	<ul style="list-style-type: none"> <li>Assess the relative appropriateness in a given situation, and recommend the most appropriate approach given a set of facts</li> </ul>
A	Valuation methodology (i.e., market-based, income-based, asset-based)	<ul style="list-style-type: none"> <li>Given a set of facts:               <ul style="list-style-type: none"> <li>Select the most appropriate methodology (with reasoning)</li> <li>Discuss the mechanics and calculations involved in the methodology</li> <li>Perform a qualitative analysis of relevant information (economic, political, industry, company-specific, etc.)</li> <li>Perform a quantitative analysis of relevant information (including trend, ratio, comparative, and common size analysis)</li> <li>Perform necessary (professional and technically correct) calculations to arrive at a conclusion</li> <li>Assess reasonableness of conclusions</li> <li>Determine (with explanation and support) whether multiple businesses/divisions within one corporate entity require different valuation methodologies</li> </ul> </li> </ul>
<b><i>Income (Earnings and Cash-Flow)-Based Valuation Methodology</i></b>		
A	Capitalization of earnings/cash flow methodology	<ul style="list-style-type: none"> <li>Assess the relative appropriateness of use in a given situation</li> <li>Demonstrate in-depth understanding of the methodology:               <ul style="list-style-type: none"> <li>Provide the rationale for choosing the methodology</li> <li>Discuss the mechanics and calculations</li> <li>Perform professional and technically correct calculations</li> </ul> </li> </ul>
A	Normalization adjustments	<ul style="list-style-type: none"> <li>Given a set of facts, identify necessary adjustments and incorporate such adjustments into value calculations</li> <li>Perform professional and technically correct calculations</li> </ul>
A	Sustainable/ maintainable/ discretionary earnings/cash flows	<ul style="list-style-type: none"> <li>Perform professional and technically correct calculations</li> </ul>
A	Capitalization rate	<ul style="list-style-type: none"> <li>Discuss related concepts, including (but not limited to):               <ul style="list-style-type: none"> <li>Debt-free (unlevered) vs. debt-included (levered) methods of determining the cost of capital (and approach to value)</li> <li>Return on (cost of) equity                   <ul style="list-style-type: none"> <li>Build-up method</li> <li>Capital Asset Pricing Model</li> </ul> </li> <li>Weighted average cost of capital                   <ul style="list-style-type: none"> <li>Determination of appropriate capital structure</li> <li>Availability of debt</li> <li>Cost of debt</li> </ul> </li> <li>Risk and growth considerations</li> </ul> </li> <li>Perform professional and technically correct calculations</li> </ul>
B	Threshold rates of return	<ul style="list-style-type: none"> <li>Explain concept</li> <li>Perform reasonable calculations</li> </ul>

A	Interrelationship between earnings/cash flows and capitalization/discount rates	<ul style="list-style-type: none"> <li>• Discuss concept and demonstrate understanding through application in value calculations</li> </ul>
A	Treatment of one-time historical or future revenues/costs	<ul style="list-style-type: none"> <li>• Discuss concept and incorporate in value calculations</li> </ul>
A	Sustaining capital reinvestment (and related tax shield)	<ul style="list-style-type: none"> <li>• Discuss issue and its impact on value calculations</li> <li>• Incorporate into value calculations</li> </ul>
A	Net working capital requirements	<ul style="list-style-type: none"> <li>• Discuss concept and incorporate in value calculations</li> </ul>
A	Tax calculations	<ul style="list-style-type: none"> <li>• Incorporate into value calculations where/when appropriate</li> </ul>
A	Redundant assets	<ul style="list-style-type: none"> <li>• Discuss concepts</li> <li>• Perform professional and technically correct calculations and incorporate in value calculations</li> </ul>
A	Debt/financial leverage	<ul style="list-style-type: none"> <li>• Discuss the significance, impact and quantification of leverage on value calculations</li> <li>• Demonstrate understanding through application in value calculations</li> </ul>
A	Verification/triangulation of valuation conclusions	<ul style="list-style-type: none"> <li>• Perform appropriate calculations and assess the preliminary value conclusion</li> </ul>
A	Discounted cash flow methodology ( <i>all applicable issues noted above under Capitalization of earnings/cash flow methodology, plus those listed below</i> )	<ul style="list-style-type: none"> <li>• Assess the relative appropriateness of use in a given situation</li> <li>• Demonstrate in-depth understanding of the methodology: <ul style="list-style-type: none"> <li>○ Provide the rationale for choosing the methodology</li> <li>○ Discuss the mechanics and calculations</li> <li>○ Perform professional and technically correct calculations</li> </ul> </li> </ul>
A	Determination of forecasted/projected cash flows	<ul style="list-style-type: none"> <li>• Perform reasonable and technically correct calculations</li> <li>• Discuss matters to consider when relying on externally-prepared forecasts/projections</li> </ul>
A	Discount rate determination	<ul style="list-style-type: none"> <li>• Discuss, calculate, and incorporate into value calculation</li> <li>• Compare and contrast with capitalization rate</li> </ul>
A	Terminal/residual value	<ul style="list-style-type: none"> <li>• Discuss, calculate, and incorporate into value calculations</li> </ul>
<b><i>Market-Based Valuation Methodology (all applicable issues noted above under <u>Income (Earnings and Cash-Flow)-Based Valuation Methodology, plus those listed below</u>)</i></b>		
A	Precedent (comparable) transactions approach	<ul style="list-style-type: none"> <li>• Assess the relative appropriateness of use in a given situation</li> <li>• Demonstrate in-depth understanding of the methodology: <ul style="list-style-type: none"> <li>○ Provide the rationale for choosing the methodology</li> <li>○ Discuss the mechanics and calculations</li> <li>○ Discuss factors considered in selecting appropriate transactions</li> <li>○ Perform professional and technically correct calculations</li> </ul> </li> </ul>
A	Comparable public company multiples approach	<ul style="list-style-type: none"> <li>• Assess the relative appropriateness of use in a given situation</li> <li>• Demonstrate in-depth understanding of the methodology: <ul style="list-style-type: none"> <li>○ Provide the rationale for choosing the methodology</li> <li>○ Discuss the mechanics and calculations</li> <li>○ Discuss factors considered in selecting appropriate companies</li> <li>○ Perform professional and technically correct calculations</li> </ul> </li> </ul>

<b><u>Asset-Based Valuation Methodology</u></b>		
A	General	<ul style="list-style-type: none"> <li>• Assess the relative appropriateness of use in a given situation</li> <li>• Discuss use as a primary valuation methodology and/or as a risk assessment tool</li> <li>• Demonstrate in-depth understanding of the methodology: <ul style="list-style-type: none"> <li>○ Provide the rationale for choosing the methodology</li> <li>○ Discuss the mechanics and calculations</li> <li>○ Perform professional and technically correct calculations</li> </ul> </li> </ul>
<b><u>Adjusted Book Value Methodology</u></b>		
A	Asset and liability valuation	<ul style="list-style-type: none"> <li>• When reasonable, perform a professional and technically correct calculation and incorporate in value calculations</li> </ul>
A	Tax calculations	<ul style="list-style-type: none"> <li>• Discuss concepts, including (but not limited to): <ul style="list-style-type: none"> <li>○ Tax shield</li> <li>○ Taxes on disposition and distribution</li> <li>○ Refundable taxes</li> </ul> </li> <li>• Perform professional and technically correct calculations and incorporate in value calculations</li> </ul>
<b><u>Liquidation Value Methodology</u></b>		
A	Orderly vs. forced	<ul style="list-style-type: none"> <li>• Assess the relative appropriateness of use in a given situation</li> </ul>
A	Liquidation costs and expenses	<ul style="list-style-type: none"> <li>• Perform professional and technically correct calculations</li> <li>• Incorporate in value calculations</li> </ul>
A	Tax calculations	<ul style="list-style-type: none"> <li>• Discuss concepts, including (but not limited to): <ul style="list-style-type: none"> <li>○ Taxes on disposition and distribution</li> <li>○ Refundable taxes</li> </ul> </li> <li>• Perform professional and technically correct calculations and incorporate in value calculations</li> </ul>
A	Time value of money	<ul style="list-style-type: none"> <li>• Discuss concept and how it is reflected in calculations</li> </ul>
<b><u>Other Valuation Methodologies</u></b>		
C	Dual capitalization	<ul style="list-style-type: none"> <li>• Describe methodology</li> <li>• Perform reasonable calculations</li> </ul>
A	Rules of thumb	<ul style="list-style-type: none"> <li>• Describe methodology</li> <li>• Perform professional and technically correct calculations</li> </ul>
C	Adjusted present value	<ul style="list-style-type: none"> <li>• Describe methodology</li> <li>• Perform reasonable calculations</li> </ul>

**3. THE VALUATION OR LITIGATION SUPPORT ASSIGNMENT**

Knowledge Expectation Level	Competence Area	Learning Outcomes
A	Planning the engagement	<ul style="list-style-type: none"> <li>• Discuss appropriate steps taken and considerations made while planning an engagement</li> </ul>
A	Engagement letter	<ul style="list-style-type: none"> <li>• Discuss the purpose</li> <li>• Given a set of facts, discuss information appropriate to include</li> </ul>
A	Reports – draft vs. final	<ul style="list-style-type: none"> <li>• Discuss the required sections of reports</li> <li>• Compare draft and final reports (characteristics, disclosures, purposes, users, etc.)</li> </ul>
A	Information requirements (scope of work)	<ul style="list-style-type: none"> <li>• Given a set of facts, discuss appropriate information required to reach a conclusion</li> </ul>
A	Representation letter	<ul style="list-style-type: none"> <li>• Discuss the purpose</li> <li>• Given a set of facts, discuss information appropriate to include</li> </ul>
A	Working paper files and retention	<ul style="list-style-type: none"> <li>• Discuss the purpose</li> </ul>
B	Due diligence and questionnaires	<ul style="list-style-type: none"> <li>• Explain the purpose</li> </ul>
B	Verification of information provided by others	<ul style="list-style-type: none"> <li>• Explain the purpose in the context of a risk mitigation strategy</li> </ul>
B	Reliance on other experts	<ul style="list-style-type: none"> <li>• Recognize a situation in which, and explain why, a CBV may need to rely on other experts</li> </ul>
B	Research and sources of information (including management)	<ul style="list-style-type: none"> <li>• Explain common sources of information a CBV might draw on in conducting an engagement, including a consideration of the quality of such information</li> </ul>
A	Risk mitigation strategies in an engagement	<ul style="list-style-type: none"> <li>• Discuss various actions a CBV may take to mitigate his/her engagement risk (including, but not limited to):               <ul style="list-style-type: none"> <li>○ Conflict checks</li> <li>○ Insurance (C level topic)</li> <li>○ Report restrictions and disclaimers in reports</li> <li>○ Engagement and representation letters</li> </ul> </li> </ul>

4. PROFESSIONAL CONDUCT		
Knowledge Expectation Level	Competence Area	Learning Outcomes
A	CICBV Practice Standards	<ul style="list-style-type: none"> <li>• Demonstrate knowledge of content and apply such knowledge as appropriate</li> </ul>
A	CICBV Exposure Drafts	<ul style="list-style-type: none"> <li>• Demonstrate knowledge of content and apply such knowledge as appropriate</li> </ul>
A	CICBV Practice Bulletins	<ul style="list-style-type: none"> <li>• Demonstrate knowledge of content and apply such knowledge as appropriate</li> </ul>
A	CICBV Code of Ethics	<ul style="list-style-type: none"> <li>• Demonstrate knowledge of content and apply such knowledge as appropriate</li> </ul>
B	CICBV Discipline Procedures	<ul style="list-style-type: none"> <li>• Detect and describe matters which may result in disciplinary actions involving a CBV</li> <li>• Describe actions which could be taken against a CBV who has breached the Practice Standards or Code of Ethics</li> </ul>
A	Role of the CBV and related legal responsibilities	<ul style="list-style-type: none"> <li>• Distinguish a CBV's various potential roles, including: <ul style="list-style-type: none"> <li>○ Independent expert</li> <li>○ Non-independent advocate, consultant, or employee</li> <li>○ Neutral arbitrator or mediator</li> </ul> </li> <li>• Select appropriate role, given a mandate</li> <li>• Explain how the provision of a CBV's services may differ under such roles</li> </ul>
B	Professional liability concepts	<ul style="list-style-type: none"> <li>• Identify and explain situations which may result in a professional liability issue for a professional</li> <li>• Explain related concepts (and identify in situations, given a set of facts), including (but not limited to): <ul style="list-style-type: none"> <li>○ Liability in contract</li> <li>○ Liability in tort</li> <li>○ Fiduciary duty</li> </ul> </li> </ul>

5. SPECIFIC ISSUES ENCOUNTERED IN VALUATION OR LITIGATION SUPPORT ASSIGNMENTS		
Knowledge Expectation Level	Competence Area	Learning Outcomes
A	Minority interests	<ul style="list-style-type: none"> <li>• Discuss related concepts, including (but not limited to):               <ul style="list-style-type: none"> <li>○ Factors affecting value</li> <li>○ Public vs. private minority interests</li> </ul> </li> <li>• Identify situations where concepts may be applicable</li> <li>• Perform professional and technically correct calculations and discuss effect on value calculations</li> </ul>
B	Minority interests	<ul style="list-style-type: none"> <li>• Explain related concepts, including (but not limited to):               <ul style="list-style-type: none"> <li>○ Rights and limitations of minority shareholders</li> <li>○ Legal remedies under the Canadian Business Corporations Act (CBCA):                   <ul style="list-style-type: none"> <li>▪ Dissent (appraisal) remedy</li> <li>▪ Derivative action</li> <li>▪ Oppression remedy</li> </ul> </li> <li>○ Nuisance value</li> </ul> </li> <li>• Identify situations where concepts may be applicable</li> </ul>
A	Majority (controlling) interests	<ul style="list-style-type: none"> <li>• Discuss related concepts, including (but not limited to):               <ul style="list-style-type: none"> <li>○ Legal (de jure) vs. effective (de facto)</li> <li>○ Group and joint control</li> <li>○ “Premium” for control</li> </ul> </li> <li>• Identify situations where concepts may be applicable</li> </ul>
A	Special interest purchaser	<ul style="list-style-type: none"> <li>• Discuss related concepts, including (but not limited to):               <ul style="list-style-type: none"> <li>○ Parties</li> <li>○ Potential economic benefits (synergies)</li> </ul> </li> <li>• Identify situations where concepts may be applicable</li> <li>• Discuss difficulties in identification and quantification</li> <li>• Perform professional and technically correct calculations and discuss effect on value calculations</li> </ul>
A	Allocation of en-bloc value	<ul style="list-style-type: none"> <li>• Discuss related concepts, including (but not limited to):               <ul style="list-style-type: none"> <li>○ Direct and indirect approaches of allocation</li> <li>○ Derivation of goodwill from en-bloc value</li> </ul> </li> <li>• Perform professional and technically correct calculations and discuss effect on value calculations</li> <li>• Assess reasonableness of conclusions</li> </ul>
A	Identifiable intangible assets	<ul style="list-style-type: none"> <li>• Discuss related concepts, including (but not limited to):               <ul style="list-style-type: none"> <li>○ Methods of valuing intangible assets:                   <ul style="list-style-type: none"> <li>▪ Cost</li> <li>▪ Income</li> <li>▪ With and without</li> <li>▪ Multi-period excess earnings</li> <li>▪ Relief from royalty</li> <li>▪ Greenfield approach</li> </ul> </li> <li>○ Types of intangible assets:                   <ul style="list-style-type: none"> <li>▪ Patents, copyrights, trademarks</li> <li>▪ Agreements (franchise, royalty, distribution)</li> <li>▪ Contracts (non-compete, management, supplier/customer)</li> <li>▪ Licences</li> </ul> </li> </ul> </li> </ul>



		<ul style="list-style-type: none"> <li>▪ Leasehold interests</li> <li>• Perform professional and technically correct calculations and discuss effect on value calculations and en-bloc value</li> </ul>
A	Shareholders' and partnership agreements, voting trusts, and other corporate documents (e.g., articles of incorporation, bylaws)	<ul style="list-style-type: none"> <li>• Discuss relevance of such corporate documents in assignments</li> <li>• Discuss clauses impacting liquidity, and discuss effect on value calculations</li> <li>• Discuss (and demonstrate through calculations) impact on value calculations</li> </ul>
B	Financial Instruments	<ul style="list-style-type: none"> <li>• Explain purpose and features of financial instruments, including (but not limited to): <ul style="list-style-type: none"> <li>○ Debt instruments</li> <li>○ Bonds and debentures</li> <li>○ Options <ul style="list-style-type: none"> <li>▪ Types</li> <li>▪ Valuation</li> <li>▪ Pricing models (Black-Scholes, Binomial, Monte Carlo)</li> </ul> </li> <li>○ Real options</li> <li>○ Probability-based models</li> </ul> </li> <li>• Explain how features affect value</li> <li>• Perform reasonable calculations and explain effect on value calculations</li> </ul>
A	Different classes of shares	<ul style="list-style-type: none"> <li>• Discuss related concepts, including (but not limited to): <ul style="list-style-type: none"> <li>○ Multiple classes of common shares</li> <li>○ Preferred/special shares <ul style="list-style-type: none"> <li>▪ Rights and characteristics</li> <li>▪ Factors influencing value</li> <li>▪ Public vs. private</li> </ul> </li> <li>○ Restricted/escrowed shares</li> <li>○ Warrants and options</li> </ul> </li> <li>• Discuss why different classes of shares may be issued</li> <li>• Perform professional and technically correct calculations and discuss effect on value calculations and en-bloc value given specific rights and characteristics</li> </ul>
A	Types of discounts	<ul style="list-style-type: none"> <li>• Discuss different types of discounts, including (but not limited to): <ul style="list-style-type: none"> <li>○ Minority (non-controlling)</li> <li>○ Illiquidity</li> <li>○ Marketability</li> <li>○ Blockage</li> <li>○ Restricted shares</li> <li>○ Portfolio</li> </ul> </li> <li>• Perform professional and technically correct calculations and discuss effect on value calculations of a shareholder or group's interest</li> </ul>
C	Empirical studies and case law regarding the above discounts	<ul style="list-style-type: none"> <li>• Incorporate and apply significant research findings or court decisions to calculations or conclusions</li> </ul>
B	Fair value measurement	<ul style="list-style-type: none"> <li>• Describe the purpose of fair value measurement, in the context of valuation for financial reporting</li> <li>• Describe the content in the following rules: <ul style="list-style-type: none"> <li>○ IFRS 3 (Purchase Price Allocations)</li> <li>○ IFRS 13 (Fair Value Measurement)</li> <li>○ IAS 36 (Impairment Testing for Goodwill and Intangible Assets)</li> </ul> </li> <li>• Describe the CBV's role in fair value measurement</li> </ul>

A	Life cycle phases of businesses	<ul style="list-style-type: none"> <li>• Discuss characteristics inherent in a business at each of the following life cycle phases: <ul style="list-style-type: none"> <li>○ Early stage (seed, start up)</li> <li>○ Growth</li> <li>○ Mature</li> <li>○ Decline</li> <li>○ Financially distressed</li> </ul> </li> <li>• Given case facts, identify the stage at which a business is at in its life cycle, and select the most appropriate valuation methodology</li> </ul>
B	Contingent consideration	<ul style="list-style-type: none"> <li>• Explain related concepts, including (but not limited to): <ul style="list-style-type: none"> <li>○ Non-cash consideration (i.e., share exchange)</li> <li>○ Holdbacks</li> <li>○ Vendor take-backs</li> <li>○ Promissory notes</li> <li>○ Earn-outs</li> </ul> </li> <li>• Perform reasonable calculations and explain effect on value calculations</li> </ul>
A	Fairness opinions	<ul style="list-style-type: none"> <li>• Explain when such work may be necessary</li> <li>• Perform reasonable calculations (including accretion/dilution analysis) and explain effect on value calculations on a per-shareholder or per-class basis</li> </ul>
B	Valuation of specific type of businesses.	<ul style="list-style-type: none"> <li>• Explain industry-specific factors which should be considered in performing a valuation</li> <li>• Perform reasonable calculations and explain effect on value calculations</li> </ul>
C	Valuation of real estate and equipment	<ul style="list-style-type: none"> <li>• Describe typical valuation methodologies and describe effect on value calculations</li> </ul>
C	Impact of make-whole clauses or a change of control on outstanding debt	<ul style="list-style-type: none"> <li>• Define and describe effect on value calculations</li> </ul>
C	Employee stock ownership plans	<ul style="list-style-type: none"> <li>• Define and describe when a valuation may be necessary</li> </ul>
C	Pensions	<ul style="list-style-type: none"> <li>• Describe the different types of pension plans (defined contribution vs. defined benefit), and describe the differences between them in terms of payments to pensions and the effect on the financial statements</li> <li>• Describe the implication of a plan's position (i.e., over vs. underfunded) relative to its assets and liabilities</li> <li>• Demonstrate an understanding of when to consult a pension expert in ensuring the risks are adequately addressed</li> </ul>

**6. THE LAW RELEVANT TO VALUATION AND LITIGATION SUPPORT**

Knowledge Expectation Level	Competence Area	Learning Outcomes
C	Significant court cases (which address valuation or litigation support matters) included in CICBV Case Book	<ul style="list-style-type: none"> <li>• Incorporate significant court decisions in analysis, calculations or conclusions</li> </ul>
C	Family law	<ul style="list-style-type: none"> <li>• Describe engagements which a CBV may become involved with related to family law</li> </ul>
B	Professional liability	<ul style="list-style-type: none"> <li>• Identify and explain situations which may result in a professional liability issue for a professional</li> <li>• Explain concepts of liability in contract and liability in tort (fiduciary duty and negligence)</li> </ul>
B	Forms / structure of business organization	<ul style="list-style-type: none"> <li>• Compare differences in the following business structures:               <ul style="list-style-type: none"> <li>○ Sole proprietorship</li> <li>○ Partnership</li> <li>○ Corporation (private and public)</li> <li>○ Trust</li> <li>○ Joint Ventures, Syndicates and Co-ownerships</li> </ul> </li> <li>• Explain how value calculations may differ under each of these structures</li> </ul>
C	Canadian legal system	<ul style="list-style-type: none"> <li>• Describe (at a high level):               <ul style="list-style-type: none"> <li>○ The litigation process</li> <li>○ Alternative dispute resolution</li> </ul> </li> <li>• Describe the CBV's role at various stages in the litigation process</li> </ul>
B	Damages	<ul style="list-style-type: none"> <li>• Describe related concepts, including (but not limited to):               <ul style="list-style-type: none"> <li>○ Situations requiring loss quantification</li> <li>○ Loss quantification – tort</li> <li>○ Loss quantification – contract</li> <li>○ Heads of damages</li> <li>○ Role of hindsight</li> <li>○ Selection of discount rate</li> <li>○ Interest awards (pre- and post-judgment interest)</li> <li>○ Mitigation</li> </ul> </li> <li>• Identify situations which may require a loss quantification calculation by a CBV</li> <li>• Perform reasonable calculation of total losses (including present value and interest thereon)</li> </ul>

7. TAXATION ISSUES RELEVANT TO VALUATION AND LITIGATION SUPPORT		
Knowledge Expectation Level	Competence Area	Learning Outcomes
B	Income tax rate	<ul style="list-style-type: none"> <li>• Demonstrate ability to choose appropriate rate</li> </ul>
B	Capital cost allowance, eligible capital property, depreciable property, and non-depreciable capital property	<ul style="list-style-type: none"> <li>• Explain such concepts</li> <li>• Explain (and demonstrate understanding of through calculations) the impact on a valuation</li> </ul>
B	Purchase/sale of assets vs. shares	<ul style="list-style-type: none"> <li>• Calculate (and explain differences in such calculations) the net proceeds available to shareholders</li> </ul>
B	Trapped-in capital gains	<ul style="list-style-type: none"> <li>• Explain how/why such items arise</li> <li>• Perform reasonable calculations based on given a set of facts</li> </ul>
C	Associated corporations	<ul style="list-style-type: none"> <li>• Describe such items</li> <li>• Describe (and demonstrate understanding of through calculations) the impact on a valuation</li> </ul>
B	Types of income	<ul style="list-style-type: none"> <li>• Describe different types of income, including (but not limited to): <ul style="list-style-type: none"> <li>○ Business</li> <li>○ Property</li> <li>○ Investment (capital gains, dividends)</li> </ul> </li> <li>• Identify differences in such items, including: <ul style="list-style-type: none"> <li>○ How they are earned</li> <li>○ How they are incorporated into taxable income, and how they are taxed</li> </ul> </li> </ul>
B	Losses	<ul style="list-style-type: none"> <li>• Describe different types of losses: <ul style="list-style-type: none"> <li>○ Capital</li> <li>○ Non-capital</li> <li>○ ABIL</li> </ul> </li> <li>• Describe acquisition of control rules (C level topic)</li> <li>• Calculate (and demonstrate understanding of) the impact on a valuation</li> </ul>
B	Future income tax assets and liabilities	<ul style="list-style-type: none"> <li>• Explain such items, and how they arise</li> <li>• Calculate (and demonstrate understanding of) the impact on a valuation</li> </ul>
C	Taxation on corporate reorganizations	<ul style="list-style-type: none"> <li>• Explain purpose and basic rules with respect to: <ul style="list-style-type: none"> <li>○ Rollovers (Section 85)</li> <li>○ Reorganizations (Section 86)</li> <li>○ Amalgamations (Section 87)</li> <li>○ Corporate wind-ups (Section 88(1) and 88(2))</li> </ul> </li> <li>• Demonstrate understanding of why value calculations are required for such transactions</li> </ul>
B	Tax treatment of damages and litigation awards	<ul style="list-style-type: none"> <li>• Explain appropriate treatment</li> <li>• Perform reasonable calculations</li> </ul>
C	Goods and Services Tax	<ul style="list-style-type: none"> <li>• Describe the impact on value calculations</li> </ul>
C	Scientific Research and Experimental Development and Investment Tax credits	<ul style="list-style-type: none"> <li>• Describe such items, and how such credits arise</li> <li>• Describe the impact on value calculations</li> </ul>
C/A	Transfer pricing	<ul style="list-style-type: none"> <li>• Describe when a transfer pricing study may be necessary (Level C)</li> </ul>

		<ul style="list-style-type: none"><li>• Describe transaction-specific considerations when evaluating intercompany transactions (Level A)</li><li>• Describe the impact of intercompany transactions on value calculations (Level A)</li></ul>
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8. PROFESSIONAL COMPETENCE SKILLS	
Competence Area	Learning Outcomes
<b><u>Professional and Ethical Behaviour</u></b>	
Demonstrates ethical reasoning and adherence to professional values.	<ul style="list-style-type: none"> <li>• Demonstrates an understanding of the ethical principles of honesty, integrity, competence, confidentiality, objectivity, and independence</li> <li>• Identifies situations involving existing or potential ethical issues and determines when ethical principles apply</li> <li>• Upholds the professional values of the CICBV at all times</li> <li>• Applies a mindset of professional scepticism to assess relevant data and information</li> <li>• Recognizes limitations in abilities or resources in certain situations, and provides suggestions or recommendations to deal with such limitations</li> <li>• Focuses on the public interest and confidentiality</li> </ul>
<b><u>Decision-Making and Problem-Solving</u></b>	
Demonstrates professional judgment and a cohesive thinking and communication process to solve problems and make decisions.	<ul style="list-style-type: none"> <li>• Demonstrates understanding of the proper scope for an assignment</li> <li>• Identifies situations in which it may be necessary to rely upon or consult with third party specialists to reach a conclusion, and evaluations information provided by third parties to ensure a reliable work product and conclusion</li> <li>• Professionally and appropriately analyses information</li> <li>• Effectively uses case facts and personal analysis to consider each potential reasonable alternative</li> <li>• Provides a professional and comprehensive argument for a particular solution, and recommends a well-reasoned, informed, and logical solution or conclusion consistent with the argument</li> <li>• Demonstrates a cohesive process for using professional judgement to make decisions</li> </ul>
<b><u>Communication</u></b>	
Answers are presented in a cohesive, clear, and professional manner.	<ul style="list-style-type: none"> <li>• Communicates clearly, effectively, and concisely</li> <li>• Communications are professional and persuasive in nature</li> <li>• Schedules and narrative are easy to understand</li> </ul>
Communications are appropriate for intended recipient and/or users.	<ul style="list-style-type: none"> <li>• Identifies the intended purpose, recipient/user, and needs, and adjusts tone and content based on these factors</li> </ul>