



## Subject Outline

# **FIN290 Business Valuation Application**



## Section 1 — General information

### 1.1 Administrative details

---

Duration	Credit points	Level
One study period (12 weeks)	6	AQF8

### 1.2 Core or elective subject

---

This is an elective subject for the Graduate Certificate in Applied Finance, Graduate Diploma of Applied Finance and Master of Applied Finance.

### 1.3 Delivery mode

---

This subject is delivered online.

### 1.4 Prerequisites

---

There are no prerequisites for this subject. However please review the 'Assumed knowledge' section below to understand the prior knowledge Kaplan advises you should hold before enrolling in this subject.

### 1.5 Assumed knowledge

---

Whilst there are no prerequisites for this subject, Kaplan assumes that students have completed FIN205 Business Valuation or understand the content covered in this subject, prior to undertaking FIN290 Business Valuation Application.

### 1.6 Course transition subject equivalence

---

Students may not be required to complete this subject if they have transitioned from a SIA/Finsia/Kaplan course and have completed the following subjects:

- there are no equivalences for this subject.

### 1.7 Work integrated learning

---

There are no placements, internships or work experience requirements associated with undertaking this subject.

### 1.8 Other resource requirements

---

Students do not require access to specialist facilities and/or equipment to undertake this subject.



## Section 2 — Academic details

### 2.1 Subject overview

---

This subject focuses on the application of business valuation techniques in the broader context of conducting a valuation assignment, rather than the valuation of particular assets or securities. It examines the valuation process, including due diligence and writing a valuation report. The technical and practical issues involved in valuation are also discussed, with a focus on regulatory and tax considerations and special assignments such as acting as an expert witness. Examples from the small and medium enterprise (SME) sector through to publicly listed firms are considered.

### 2.2 Subject learning outcomes

---

On successful completion of this subject, students should be able to:

1. Critically analyse the role of a valuer and the skills and experience required in different valuation contexts.
2. Assess regulatory and Accounting Professional and Ethical Standards requirements to expert reports and business valuations.
3. Apply appropriate valuation methodologies in carrying out a business valuation or appraisal assignment.
4. Execute the steps in the information gathering and valuation process in constructing an effective valuation documentation.
5. Interpret and communicate the outcomes of a business valuation to stakeholders.
6. Assess the technical and practical issues that arise in valuations.

## 2.3 Topic learning outcomes

---

### Topic 1: The purpose and scope of valuation

On successful completion of this topic, students should be able to:

- understand the demand for valuation work
- acknowledge the challenges for facing the process of business valuation for public and private firms (including franchises)
- describe the objectives of valuation
- outline the assumptions commonly found in a typical valuation report
- understand the relevant professional standards and obligations.

### Topic 2: Managing the valuation practice

On successful completion of this topic, students should be able to:

- explain why valuation work is different from other business services work
- know the qualification requirements
- understand the key elements of the Financial Service legislation in respect of valuation services
- describe the key provisions of APES 320 Quality Control for Firms
- understand some of the key operational issues facing a valuation practice.

### Topic 3: Meeting the requirements of APES 225

On successful completion of this topic, students should be able to:

- explain the scope of APES 225 Valuation Services
- distinguish between the three different types of valuation engagement as specified in APES 225 Valuation Services
- identify does (and what does not) constitute a valuation service
- outline the nine (9) reporting requirements of APES 225
- use the 'glossary of business valuation terms' as required by the standard (and resources to support that activity)
- appreciate the reporting standards (both minimum and optional) of APES 225.

### Topic 4: Independent expert reports

On successful completion of this topic, students should be able to:

- explain the purpose of independent expert reports in the context of valuation
- outline the regulatory requirements relating to independent expert reports
- identify the key components of independent expert reports
- identify the opinions required in the different types of expert reports and the importance of value in each context
- discuss the key differences between expert reports prepared in the context of takeovers under section 611 and 640 of the Corporations Act
- propose the circumstances in which expert reports and valuations may be required.

### Topic 5: Review of valuation methodologies

On successful completion of this topic, students should be able to:

- compare and discuss the different types of valuation concepts
- discuss the reliability issues and judgments involved in any valuation
- analyse the different meanings of 'value'
- understand how to select the most appropriate valuation methodology
- explain why caution should be used when applying 'rules of thumb' in valuation.

### Topic 6: Gathering information

On successful completion of this topic, students should be able to:

- understand the common approaches in valuation where information is inadequate
- identify the necessary information requirements
- develop a standard business valuation information checklist
- understand the common areas where additional information may be required
- define goodwill and intangible assets
- explain the risks of contingent liabilities in the process of valuation.

### Topic 7: The valuation process

On successful completion of this topic, students should be able to:

- explain the rationale for adopting a standard valuation procedure
- outline the structure of a draft valuation engagement letter
- develop a valuation work program checklist
- identify the different forms of goodwill in a business (with a particular appreciation of this topic for the SME sector)
- discuss the challenges facing the valuation of brands.

### Topic 8: The valuation report

On successful completion of this topic, students should be able to:

- outline the content and format of a valuation report
- discuss APES 225 Valuation Services as it relates to the content and format of the report
- explain the standard elements found in a valuation report
- critically evaluate a completed valuation report
- explain why risk management should always be considered in the design and construction of a valuation report.

## Topic 9: Taxation issues

On successful completion of this topic, students should be able to:

- discuss the taxation meaning of ‘market value’
- outline CGT and the market value substitution rule
- understand the concept of value shifting and tax consolidation
- outline the minimum information required for a market valuation report.

## Topic 10: Special assignments

On successful completion of this topic, students should be able to:

- provide an ownership perspective to the process of valuation
- distinguish between controlling and minority interests
- contrast valuations for controlling and minority interests
- understand the discount for a lack of marketability
- explain the role of valuers when called upon to act as an expert witness
- describe the guidelines for an expert witness in Proceedings in the Federal Court of Australia
- describe, in general terms, the rationale for undertaking a business appraisal as distinct from a business valuation
- know when not to use a business appraisal
- outline the eleven (11) steps in a business appraisal procedure
- understand the linkages between budget projections and performance metrics including the breakeven point, returns from the business, and the payback period.

## 2.4 Assessment schedule

Assessment	Description	Week	Topics	Weighting	Subject learning outcomes assessed
Task	Short-answer questions	Week 4	1–2	20%	LO1
Assignment 1	short answer questions and case study analysis	Week 7	3–6	40%	LO2–LO4
Assignment 2	Case study analysis and preparation of valuation report	Week 12	6–10	40%	LO3–LO6

Please refer to our website <[www.kaplanprofessional.edu.au](http://www.kaplanprofessional.edu.au)> to review student policies relating to your assessment, including the *Kaplan Assessment Policy* and *Academic Integrity and Conduct Policy*.

## 2.5 Prescribed text

There is no prescribed text for this subject. Students are provided with key readings and access to Kaplan’s online databases. Students are encouraged to research and read widely on the topic.



## 2.6 Study plan

---

Week(s)	Topic name	Study load in hours
1	Topic 1: The purpose and scope of valuation	8
2	Topic 2: Managing the valuation practice	8
3	Topic 3: Meeting the requirements of APES 225	15
4	Topic 4: Independent expert reports <b>Task (Weighting 20%)</b>	10
5	Topic 5: Review of valuation methodologies	15
6	Topic 6: Gathering information	15
7	Topic 7: The valuation process <b>Assessment 1 (Weighting 40%)</b>	8
8	Topic 8: The valuation report	7
9	Topic 9: Taxation issues	7
10	Topic 10: Special assignments	12
11-12	<b>Assessment 2 (Weighting 40%)</b>	15
<b>Total minimum study load</b>		<b>120 hours</b>

---

Additional study hours (if required), dependent on knowledge and personal commitments	60 hours
<b>Total study load, including additional study hours</b>	<b>180 hours</b>