

# **SOCIETY OF SHARE AND BUSINESS VALUERS**

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## **MEMBERSHIP CRITERIA**

### **Purpose**

This paper sets down areas which should be considered at the interview of a candidate for membership of the Society. It examines the knowledge, skills, experience and professional characteristics which are considered desirable in a member.

### **Knowledge**

The candidate should be able to demonstrate a current working knowledge of the following:-

- principles of valuation and general economic awareness;
- the open market and Stock Markets;
- company and partnership law in the United Kingdom;
- appropriate valuation statute and case law and practice; and
- sources of economic, commercial, legal and fiscal information.

The candidate should also be able to satisfy the Interview Panel that he or she has an up to date knowledge of relevant valuation and related issues gained either from research (publications) or by attendance at relevant courses or meetings.

### **Skills**

The candidate should be able to demonstrate that he or she can:-

- carry out financial analyses of companies and businesses from their financial statements, budgets and management accounts;
- interpret accounts and financial statements;
- interpret documents, eg Articles of Association and commercial agreements;
- analyse companies and businesses, focusing on their internal strengths and weaknesses, as well as external opportunities and threats;
- carry out appropriate researches and apply findings;
- carry out comparability exercises;
- exercise sound judgement in differentiating between the various approaches to valuation and their outcomes;
- prepare competent valuation reports, both in short and long (speaking) form; and
- negotiate the agreement of valuations.

## **Experience**

The candidate should be able to offer at least three, and preferably five years' practical experience as a share and business valuer. This should cover a range of both commercial (including "fair") and fiscal valuations of small, medium and large companies and businesses, and various sized interests therein. The experience offered should include companies and businesses from a wide range of sectors involving valuations on a number of different bases. Experience of goodwill valuations should be demonstrated.

Experience as an expert witness is desirable, but not essential, so long as the candidate can demonstrate both the mental agility and presence (aside from the requisite knowledge and skills) to be able to undertake such a role.

It is likely that share and business valuation will comprise at least 50% of the candidate's work. It is not necessary that the candidate be of partner status, but should be one who takes effective responsibility for the conduct of his or her valuations and their outcomes.

## **Professional Characteristics**

It is not enough that a valuer should be able to exhibit knowledge, skills and expertise commensurate with membership of a body of experts. It is accepted that it is not a prerequisite of admission that a prospective member should presently be a member of any other professional body. Nevertheless, it is considered that a candidate should be able to demonstrate the generally accepted characteristics of professional conduct and ethics. These should include honesty and integrity.

## **General Concluding Tests**

On being satisfied in all elements of the foregoing, the final question which the Interview Panel should address is whether the candidate instils in them sufficient confidence that he or she could be recommended unreservedly to a prospective client. In considering this, the Interview panel may reserve the right to invite the candidate to present a short paper (of no more than 1,000 words) on a valuation topic of the Panel's choosing and/or, in appropriate cases, to seek suitable references.