

# & Davidson Company

CHARTERED PROFESSIONAL ACCOUNTANTS

## — CFO SERIES XIV —

*Creating & Measuring  
Value for Public Companies*

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609 GRANVILLE STREET VANCOUVER

A DAVIDSON & COMPANY SEMINAR



# ASSET VALUATION TO SHARE PRICE – VALUATION IN VOLATILE MARKETS

AN INTRODUCTION TO APPRAISAL  
AND ASSET VALUATION



# Purposes for an Appraisal

- Financing
- Purchase or Sale – Is the price right?
- Business Valuation Support
- Litigation Support – Partnership dissolution, divorce, damages
- Insurance – Coverage application, claim settlement
- Purchase Price Allocation
- Financial Reporting



# Real Property Valuation

- Most Common Type of Valuation
- Valuation Methodologies
  - Cost Approach
  - Direct Comparison Approach
  - Income Approach (Discounted Cash Flow, etc.)
- Market Trends
  - Prevailing low interest rate market
  - Continued strong demand for all classes of real estate





# Asset Based Valuation

- Machinery and Equipment Valuation
  - Plant and Equipment  
(Woods industry, mining, manufacturing , food, etc.)
  - Furniture and Fixtures
  - Tools and Miscellaneous Equipment
  - Office Machines and Computers



# Definitions of Value

- Market Value 'In Use'
- Fair Market Value (variety of definitions)
- Orderly Liquidation
- Forced Liquidation
- Market Value 'As Is – Where Is'



# Valuation Challenges

- Lenders and Risk Management Departments
  - In Use (Borrower) vs. Liquidation Value (Lender)
- Supply vs. Demand
  - e.g. boom lifts after oil price dropped
- Limited Data Available
  - Unique or remote properties
  - Custom built or rare equipment
  - Few transactions



# Additional Considerations

- Financial Reporting of Assets vs. Appraisal
- Definition of Depreciation
  - Accounting vs. Appraisal
- Insurance Valuation
  - Vast majority of property / asset owner underinsured
  - Up to the insured to prove their loss
- Appraisal Timing & Reporting Requirements





# QUESTIONS?

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