## Index

 $2017 \hbox{-} 01.$  See Clarifying the Definition of a Business.

Accounting and Valuation Guide, Testing Goodwill for	2017-04. See Simplifying the Test for Goodwill
Impairment. See American Institute of Certified	Impairment.
Public Accountants	prior impairment analysis, 145–146
Accounting by Debtors and Creditors for Troubled Debt	Technical Corrections and Improvements to
Restructurings (SFAS 15), 8	Financial Instruments, 16
Accounting estimate, development process	Accredited investors, investment transfer, 302–303
(complexity), 346	Acquired contingent assets/liabilities, 98
Accounting for Assets Acquired and Liabilities Assumed in a	Acquiree
Business Combination that Arise from Contingencies	business, going-concern element (fair value), 114
(FSP FAS 141(R)-1), 90	noncontrolling interest, 92
Accounting for Certain Investments in Debt and Equity	Acquirer
Securities (SFAS 115), 8–9	identification, 90–91
Accounting for Certain Marketable Securities (SFAS 2), 8	overpayment/vderpayment, 87, 114
Accounting for Derivative Instruments and Hedging	overvaluation, 114
Activities (FAS 133), 9	Acquisition 65. See also Mergers and acquisitions
Accounting for Goodwill–A Consensus of the Private	acquisition related costs, 97
Company Council (ASU 2014-02), 121, 139	date, 92
Accounting for Identifiable Intangible Assets in a Business	market participant acquisition premium,
Combination (ASU 2014-008), 232	196–198
Accounting for Nonmonetary Transactions (APB 29), 8	method, 90–95
Accounting Principles Board (APB), 88	summary (Dynamic Analytic Systems, Inc.), 397e
18. See Equity Method of Accounting for Investments in	AdAssure, 207
Common Stock.	Adjustable taxable income (ATI), 81
29. See Accounting for Nonmonetary Transactions.	Advent Assurance, Inc.
Accounting Research Studies 5/10, 88	fair value, preliminary measure, 192
Accounting standards	guideline company example, 186
convergence, achievement, 18	guideline company method summary, 193e
development, FASB process (usage), 14	guideline publicly traded company multiples,
improvements, 20	187e–188e
Accounting Standards Codification. (ASC), 5–6. See also	guideline transaction method, 210
Financial Accounting Standards Board	multiple adjustment, 195e
Accounting Standards Update (ASU)	multiple, selection, 192
2009-05, 16	
2009-12. See Investments in Certain Entities That	ratio analysis, 189
Calculated Net Asset Value per Share (or Its	relief from royalty method, 207–208
Equivalent).	revenue multiple (selection), regression analysis
2009-18, 99	(usage), 192, 194–195, 194e
2010-06, 16	royalty rates, trade names valuation, 208e
2010-09. See Disclosure of Supplementary Pro Forma	After-tax rate of return, 364
Information for Business Combinations.	Aggregated components, 293e
2011-04. See Amendments to Achieve Common Fair	AICPA. See American Institute of Certified Public
Value Measurement and Disclosure Requirements in	Accountants
U.S. GAAP and IFRS.	AICPA Accounting and Valuation Guide: Testing Goodwill
2011-08. See Testing Goodwill for Impairment.	for Impairment, 125
2012-02. See Testing Indefinite-Lived Intangible Assets	Alternative investments
for Impairment.	features, 303
2014-008. See Accounting for Identifiable Intangible	initial due diligence features, 304
Assets in a Business Combination.	monitoring features, 305
2014-12. See Accounting for Goodwill–A Consensus of	Alternative investments, fair value measurement, 297
the Private Company Council.	accounting technical guidance (AICPA), 298

Abandonment, 266

Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS (ASU 2011-04), 4, 6, 47	Assertions/criteria, correspondence (degree), 339, 340 Assessing and Responding to Risk in the Current Economic Environment (PCAOB Staff Audit Practice Alert No.
Amendments to Auditing Standards for the Auditor's Use of the Work of a Specialist (PCAOB Release 2018-06), 350	9), 356–358 Assessing Control When Measuring Fair Value (TIS Section 6910.35), 298, 305
American Institute of Certified Public Accountants	Asset approach, definition, 161
(AICPA), 25, 78, 261, 336 Accounting and Valuation Guide, Testing Goodwill for Impairment, 133	Assets acquired contingent assets/liabilities, 98 acquisition, 358
Committee on Accounting Procedures (CAP), 88	activity level/volume, decrease, 303
Consulting Services Practice Aid 99-2. See Valuing	breadth, application, 336
Intellectual Property and Calculating Infringement	capitalization/deterioration, 230
Damages.	consideration, 133, 363
Impairment Task Force, 125, 127	contributory charge, 230
National Conference on Current SEC, 165	development costs, 230
nonauthoritative guidance, 358 technical practice aid, 300–301	exit markets, identification, 52 expected use/expected useful life, 235
Technical Practice Aid, 302	groups, usage (ranking), 54–56
American Society of Appraisers (ASA), 25, 77,	Level 2 inputs, 64
161, 261	physical substance, absence, 104
Business Valuation Standards, 161–162	portfolio, composition (changes), 301
American Standards Codification (ASC)	principal market/most advantageous markets,
320. See Investments–Debt and Equity Securities.	identification, 52
350. See Property, Plant and Equipment.	recognition/measurement. See Identifiable assets
450. See Contingencies. 805 (business combinations), 90–95	acquired, seller marketing, 66
820. See Financial Accounting Standards Board.	tax basis, 137
initial measurement, 49	usage, identification, 535
scope/scope exceptions, 49	volume/activity level (decrease), fair value
825. See Financial Instruments.	(measurement), 65–66
Amortization, 112, 139	Assets Acquired to Be Used in Research and Development
PFI component, 414	Activities (AICPA), 224
AMPF. See Application of the Mandatory Performance	Assets, fair value. See DowDuPont, Inc.
Framework Annual/interim income statement, disclosures	acquisition method, usage, 55
(requirement), 76–77	measurement, 50–51 disclosures, 71e–72e
APB 28-1, 15	Assumptions, reasonableness
Appeals and Review Memorandum (ARM), 224	(identification/evaluation), 347–348
Apple, Inc., competitive advantage, 107	ASU. See Accounting Standards Update
Application of the Mandatory Performance Framework, 374	ATI. See Adjustable taxable income
Application of the Mandatory Performance Framework	Attrition rate, 289
(AMPF), 25, 32, 408, 414, 420	Audit
checklist, 33	challenges (IAASB), 335
valuation professional, documentation, 414–415 Application of the Notion of Value Maximization for	economic conditions, impact (consideration), 356 evidence, relevance, 349
Measuring Fair Value of Debt and Controlling Equity	process, 338–342, 339e
Positions (TIS Section 6910.34), 298, 305	SEC definition, 338–339
Appraisal Foundation, 77, 261, 359. See also	users, results (communication), 339, 342
Contributory Assets	Audit Considerations in the Current Economic Environment
Appraisal of Real Estate, The, 1, 16863	(PCAOB Staff Audit Practice Alert No. 3), 343,
Appraisal Practices Board VFR Valuation Advisory 2: The	356–358
Valuation of Customer-Related Assets, 359	Audit Evidence (AS 1105), 351
Arlington Benefit Plan Advisors, Inc. (ABPA), 147	Auditing (Montgomery), 339
ARM. See Appeals and Review Memorandum Artistic-related intangible assets, 108	Auditing Accounting Estimates (Release No. 2017-002), 344
ASA. See American Society of Appraisers	Auditing Accounting Estimates (SAS No. 57), 342
ASC. See American Standards Codification; Financial	Auditing Accounting Estimates, Including Fair Value
Accounting Standards Board	Measurements (Auditing Standard 2501), 344–349
Asking price, 210	assumptions, reasonableness
Assembled workforce	(identification/evaluation), 347–348
fair values, 175	material misstatement, risks
valuation, 385e	identification/assessment, 346

response, 347	Black-Scholes option pricing model, 269–271, 271e,
objective, 345–346	315–318, 318e, 328
testing data, usage, 347	assumptions, 317
third parties, pricing information (usage), 348–349	inputs, example, 317
Auditing Accounting Estimates, Including Fair Value	Black-Scholes (European) option pricing model, 411e
Measurements (Auditing Standard 2501), 344–345	Bonus depreciation, 81
Auditing, components, 339	Book value, 200
Auditing Fair Value Measurements and Disclosures (AU	Boston Benefit Plan Consultants, Inc. (BBPC), 147
238), 342–343	Brokered markets, transactions, 303
Auditing standards, 336–338	Broker quotes (pricing service quotes), inputs
Auditor Considerations Regarding Fair Value Measurements	(appropriateness), 14
(Alert No. 4), 343	Buddy's Snack Foods Inc., 199
Auditors	guideline transaction method, 201e–204e
actions, 357	Buildings, level 2 inputs, 64
alert, 357	Build-Out Method, 216, 251
guidance, 354–356	Build-up method, 252, 254
questions, 363	Business, changes, 357
Auditor's Use of the Work of Specialists (Release No. 2017-003), 344	Business Combination (ASC 805-50), 96
Auto rental franchise, replacement cost (basis), 178e	Business combinations, 85
Auto rental franchise, replacement cost (basis), 17 8e	accounting standards, history, 88–90
	achievement, stages, 97 ASC 905, 90–95
Baby-boomer generation, retirement, 149	cost approach, 366–367
Balance sheet	earn-outs, 311–312
line item, 76	engagement–information request, 376
misstatement, 380	fair value meas rement, auditing, 363
presentation, 76	highlights. 95–99
Bank failures (2008), fair value accounting (impact), 14	income approach, 364–365
Bank prime rate, 64	inventory acquisition, level 2 inputs, 64
Bankruptcy, 144	licensing agreements acquisition, level 2 inputs, 64
proceeding, contemplation, 127	market approach, 367
Bank trust funds, usage, 302	technology, usage, 366–367
Bargain purchase (Dynamic Analytic Systems, Inc.),	workforce, 367
399e	Business Combinations (APB 16), 88
Bargain purchase, goodwill/gain	update, 9
(recognition/measurement), 94, 95	Business Combinations (FASB ASC 805), 93, 183, 408
Barrier option, 266	accounting standards, 121
Base year metrics (PFI component), 414	Business Combinations (SFAS 141), 109, 120
Benchmarking Identifiable Intangibles and Their Useful	Business, definition, 95–96
Lives in Business Combinations (BVR escurces), 294	Business enterprise value (BEV), 220, 376, 380
Benchmarking studies, 294	discounted cash flow analysis, 378e–379e
Berne Convention, 287	Buyer, market participant, 49
Best estimate, CON 7 description, 239	
Best Practices for Valuations in Financial Reporting:	Calibration, 61
Intangible Asset Working Group–Contributory Assets,	Call options, exercise, 264
359	Calls, 263
Beswick, Paul A., 22, 25	Capital
Beta $(\beta)$ , 253	appreciation, investments, 297
relevered beta, 366	charge, return, 230
BEV. See Business enterprise value	structure, 252 Capital Asset Pricing Model (CAPM), 217, 252–254
Bid-Ask Market, 212	
Binomial Models, 272–277 branch, probability, 273	Capital Consulting Corporation (CCC), 147
usage, 273–276	Capital cost, 81 TCJA impact, 83
Binomial Pricing Models, 269	Capital expenditures
Binomial trees, 272e	PFI component, 414
analysis, 276	treatment, 81
building, 274	CapitalIO, Standard & Poor's database, 185
real option values, 277e	Capital markets/regulatory reporting (general purpose
terminal values, 276e	financial reporting requirements), credit crisis
underlying values, 275e	(implications), 17
Bizcomps, 199	Caps, usage, 314
Black, Fischer, 269	Carried interest, NAV adjustment, 300

Carrying value, 135	Contractual lives, 288
comparison (PlanTrust, Inc.), 154	Contractual rights, impact, 93
Cash flows	Contributory asset charge (CAC), 223
isolation, MPEEM (impact), 229	Contributory assets
Cash flows, comparison, 198	classification, 229–231
Cash flows to equity DCF form, 217	required return, 244–245, 396e
Cash flows to invested capital DCF form, 220 CEIV. See Certified in Entity and Intangible Valuations	returns, 229–233
Central tendency, measure, 190–191	Contributory Assets (Appraisal Foundation), 237
Certified in Entity and Intangible Valuations (CEIV)	Contributory charge, basis, 245, 432 Control premium, 134
credential, 33	Control Premiums for Financial Reporting (VFR Work
creation, 25	Group 3 project), 359
Clarifying the Definition of a Business	Convergence project (FASB/IASB), 17–23
(ASU 2017-01), 96	Coordination (workstream), 25
Claw backs, NAV adjustment, 300	Copyrights
Client relationships, acceptance/continuation (quality	definition, 105
management component), 354	legal lives, 287
Cloud Data Storage Platform, valuation, 383e, 393e	Core goodwill, 114
Collateral value, uncertainty, 357	Corporate by-laws, 197
Committee on Accounting Procedures (CAP), 88	Corporate tax rate, 81, 137
Commodity, principal market, 62–63	Cost
Communication (quality management component), 354	components, 168–169
Company	factors, 126, 144, 433
action, execution, 348	obsolescence/value, contrast, 170–171
auto rental franchise, replacement cost (basis), 178e	price/fair value, contrast, 164–166
company-specific (unsystematic) risk $(RP_u)$ , 253	Cost approach (fair value), 59, 161
customer order processing software, replacement	application, 174–178
cost (basis), 176e	economic foundation, 164 expected economic benefits, role, 166
going concern (continuation), auditor consideration,	1ASB ASC 820, 162–164
356	FASB definition, 162
inventory control software, replacement cost (basis)	International Glossary of Business Valuation Terms
177e	definition, 161
past history, 348	limitations, 179
testing data provision, 352	usage. See Taxes.
value, sources, 113e	Cost of Replacement (COR), equation, 167
Comparative analysis, 172–173 Compensation–Stock Compensation (FASE ASC 718), 6	Counterparty risk, value (uncertainty), 357
Competition, demands, 236	Court cases, 211–212
Condorsement (SEC), 22–23	Cox, John, 272
Consolidation (FASB ASC 810), 91 322	Credit crisis
Consor Intellectual Asset Management, 207	IASB/FASB priorities, 16
Consulting Services Practice Aid 99-2 (AICPA),	implications. See Capital markets/regulatory
162–163	reporting.
Contingencies (ASC 450), 98	projects (FASB), 15–16
Contingencies, FASB Master Glossary definition, 311,	Credit crisis questions, SEC/FASB clarifications, 13–14
327	Crystal Ball (Monte Carlo simulation program), 319
Contingent consideration, 311	Curable obsolescence, 170 Currency volatility, value (uncertainty), 357
accounting, 312–323	Current income, investments, 297
asset perspective, 322–323	Custom Couture, Inc.
Black-Scholes option pricing model, 315–318, 318e	expected license revenues, calculation, 241e
business combinations, earn-outs, 311–312	trademark valuation/expected cash flow method,
classification, 313	242e-243e
fair value measurement, 313–321	Customer
FASB Master Glossary definition, 311–312	customer-related intangible assets, 108, 289
probability-weighted expected return method,	customer-related intangibles, 165
314–315	order processing software, replacement cost (basis),
transferred, fair value, 97	176e
usage, 312	relationship, 108, 366
Contractions, 266	valuation, 392e
Contract-related intangible assets, 109	turnover analysis, 294e

DAS. See Dynamic Analytic Systems, Inc.	Dividends
Data	measurement, 76
external sources, relevance/reliability	yield, 316
evaluation, 32	Documentation costs, 177
sources, identification, 357	Domestic reporting system, IFRS
storage industry (Dynamic Analytic Systems, Inc.),	development/application, 21
387e, 404e	Dow Chemical Company, E.I. du Pont de Nemours and
Debt discount rate $(k_d)$ , 254	Company (merger), 91
Debt, fair value, 59e	DowDuPont, Inc.
measurement, 58	acquirer identification, 91–92
Debt free cash flow (DFCF), 189	acquisition date, 92
Debt-free cash flows, discounting, 251	assets/liabilities, fair value, 93–94
Debt-free net working capital requirements (PFI	bargain purchase, goodwill/gain
component), 414	(recognition/measurement), 95
Debt-free working capital	consideration transferred, fair value, 95
after-tax rate of return, 364	control, change, 92
requirement, 399e	Form 10-K, identifiable intangible assets
Decay curve, 293-294	(acquisition), 94
Decision tree analysis, 216, 280, 281e	shares, equity value, 95
Defensive value, concept (SFAS introduction), 12	Due diligence factors, 304
Deferred compensation, 371	Dynamic Analytic Systems, Inc. (DAS)
Deferred Income Tax Considerations in Applying the	acquisition summary, 39 7e
Goodwill Impairment Test in FASB Statement No. 142	acquisition summary-bargain purchase, 400e
(EITF Issue No. 02-13), 137	assembled workforce, valuation, 385e
Deferred revenue, 237–238, 371	bargain purchase, 398–399
Deferred taxes	business background/facts, 374
fair value, 364	business con bination engagement-information
goodwill impairment testing considerations, 137	request 376
Demand, effects, 236	business enterprise value (BEV), 376, 380
Depreciation (PFI component), 414	discounted cash flow analysis, 378e–379e
Depreciation expenses, proxy function, 230	chad data storage platform, valuation, 393e
Determining the Fair Value of a Financial Asset When the	Cloud Data Storage Platform, valuation, 383e
Market for That Asset Is Not Active (FASB Staff	consideration transferred, fair value, 375–376, 376e
Position 157-3), 14	contributory assets, required return, 396e
Disclosure of Supplementary Pro Forma Information for	cost approach, 381–385
Business Combinations (ASU 2010-09), 90	customer relationships, valuation, 392e
Disclosures. See Valuation techniques	data storage industry, 387e, 404e
provision, 67–70	debt-free working capital requirement, 399e
required disclosures, 67, 68e–69e, 70	discounted cash flow analysis-DAS reporting unit,
requirements, 76	401e-402e
Disclosures About Derivative Financial restruments and	earnout payoff structure–threshold and cap, 410e
Fair Value of Financial Instruments (SFAS 119), 9	fair value measurement, 384
Disclosures About Fair Value in Francial Instruments	impairment loss-invested capital method, 405e
(SFAS 107), 8	impairment loss-total asset method, 405e
Discounted cash flow (DCF)	impairment, testing, 399–406
analysis, 216, 378e–379e	income approach, 386
basis, 60	in-process development, valuation, 384e, 394e
DAS reporting unit, 401e–402e	intangible assets, identification/valuation, 380–381
International Glossary of Business Valuation Terms	invested capital to total assets, fair value
definition, 216	(reconciliation), 404e
method, 262, 307	market approach–relief from royalty, 386
usage, 217	noncompetition agreement, analysis, 389e-390e
value, purchase price (relationship), 365	option pricing model–Black-Scholes (European)
Discounted expected future cash flows, 303	option pricing model, 411e, 412e
Dislocated market, fair value determination, 14	option pricing model–earn-out cap, 412e
Disposal costs, 417	option pricing model-earn-out floor, 411e
Distressed seller, bankruptcy/receivership, 66	projected income statements and common-size
Distributions	incomes statements, 377e
NAV adjustment factor, 301	trade name, valuation, 388e
normal bell curve type, 278	weighted average cost of capital (WACC), 380, 382e
Diversified Financial Administrators	weighted average return on assets, WACC
(DFA), 147	(comparison), 398e

Earnings	Entities
fair value changes, impact, 76	call option exercise, 264
negative effect, 433	entity-specific events, 126, 144
Earnings before interest and taxes (EBIT), 189, 317	fair value measurement, market approach (usage),
Earnings before interest taxes depreciation and	184–213
amortization (EBITDA), 189, 409	historical experience, 235
growth rates/multiples, 194	reporting unit (fair value measurement), market
Earn-outs, 312. See also Business combinations;	approach (usage), 184–213
Contingent combinations	Entity-specific events, 433
benchmark targets, 314	Entrances/exits, timing, 266
calculation, 315	Entrepreneurial profit, impact, 165
caps, 412e	Entrepreneurs, profits (importance), 168–169
fair value measurement	Equity instruments, quoted market price (usage), 57
Monte Carlo simulation, usage, 318–322	Equity Method of Accounting for Investments in Common
probability-weighted expected return method,	Stock (APB 18), 8 Equity multiples, 190
usage, 316e floors, 411e	invested capital, contrast, 189–198
payoff structure, 410e	Equity rate of return $(k_{\rho})$ , 252–254
probability distribution, 322e	Equity value, enterprise value (contrast), 135
provisions, 315	Essendant, Inc., goodwill impairment charge (disclosure
EBITDA	example), 136
margin, indication, 205	Ethical requirements (quality management
multiple, selection, 205	component), 354
EBITDA/EBIT	European call option. Black-Scholes formula, 269–270
contrast, 82	European Commission, developments, 20
margins (PFI component), 414	European Financial Reporting Advisory Group
Economic actions/events, assertions, 339, 340	(EFRAG). 24
Economic balance sheet, 114-116, 244e	European options
development, 115e	American options, comparison, 269
Economic crisis, fair value accounting (relationship),	fair value, 269
12–17	Lyents, assessment, 433
Economic environment, deterioration, 126	Evidence, evaluation/obtaining, 339, 340–341
Economic globalization, IMF definition, 3	Excess spreadsheet, 321e
Economic growth, reductions, 357	Executive compensation deductions, caps, 82
Economic Life (EL), 172	Exercise price, 264, 269, 316
Economic lives, 288–289	Expansions, 266
Economic obsolescence (external obsolescence),	Expected cash flow method, versions, 240
173–174, 369	Expected economic benefits, role, 166
external causes (ASA list), 173	Expected synergies, fair value, 114
Economic risk, intangible assets	Expected value technique, 414
(relationship), 112	
Ecothrive, Inc., trade name valuation, 249e	FactSet Mergerstat/BVR Control Premium
EDGAR. See Electronic Data Gathering Analysis and	Study, 198
Retrieval	Fair market value, interpretive case law, 7
Effective age (EA), 172 Effective tax rate (PFI component), 414	Fair value
EITF. See Emerging Issues Task Force	changes, impact, 76
Electronic Data Gathering Analysis and Retrieval	concepts, development, 7–8
(EDGAR) system, 185, 189	cost approach, 161
Elements of Financial Statements (FASB Concept	cost/price, contrast, 164–166
Statement No. 6), 92	definition, revision, 11 determination. See Dislocated market; Reporting
Emergency Economic Stabilization Act (2008), 17	
Emergency Stabilization Act (2008), Section 133	unit. disclosures, 355–356
study, 14–15	audit standards, evolution, 342–344
Emerging Issues Task Force (EITF), 322–323	election, 75
Issue No. 02-13. See Deferred Income Tax	impact, 76
Considerations in Applying the Goodwill Impairment	management reasons, 76
Test in FASB Statement No. 142.	estimates, auditing, 356
Engagement partner/supervisor,	excess, 113
responsibility, 353	FASB Master Glossary definition, 7–8, 233
Engineering drawings, fair values, 175	framework, 49–56
Enterprise level tax shield, calculation, 369	hierarchy, 61–65
Enterprise value, equity value (contrast), 135	classification, 355–356

level, determination, 62	Federal Reserve Bank of Philadelphia, working paper,
SFAS introduction, 12	106
history/evolution, 5–12	Fiduciary Trust Group, Inc., 145
off-balance-sheet accounting, relationship, 17	Financial Accounting Standards (FAS) 119. See
option, 70, 74–77	Disclosures About Derivative Financial Instruments and
election, management reasons, 76	Fair Value of Financial Instruments
preliminary measure, 192	ASC 946. See Financial Services–Investment
price, relationship, 53	Companies.
quality initiative. See Valuation specialists.	Financial Accounting Standards Board (FASB)
representation, disorderly transactions (impact), 13	ASC 280. See Segment Reporting.
standards	ASC 360. See Intangibles—Goodwill and Other.
impact. See Financial institutions; Investor financial information.	ASC 360. See Guarantees; Property, Plant and
modifications, advisability/feasibility, 14	Equipment. ASC 450. See Loss Contingencies.
Fair value accounting	ASC 718. See Compensation–Stock Compensation.
application. See Illiquid market.	ASC 805. See Business Combinations.
economic crisis, relationship, 12–17	ASC 810. See Consolidation.
economy, change (impact), 1	ASC 820. See Fair Value Measurement.
globalization, impact, 3–4	ASC 825. See Fair Value Option.
history/evolution, 1	attention, 17
impacts. See Bank failures.	Concepts Statement No. 6. See Elements of Financial
relevance/transparency, 4–5	Statements.
trend, reasons, 2–5	Concepts Statement No. 7. See Using Cash Flow
Fair value measurement, 11–12. See also Debt;	Information and Present Value in Accounting
Financial instruments; Nonfinancial assets/liabilities	Measurements.
advanced valuation methods, 261	convergence project, 17–23
auditing, 335, 355, 356, 363, 369	credit crisis projects, 15–16
audit standards, evolution, 342–344	goodwill components, 113–114
case study, 373	guidance, 283–285
solutions, 407	priorities. See Credit crisis.
concepts, 47	Financial buyers, strategic buyers (contrast), 55e
contingent consideration, 313–321	Financial Crisis Advisory Group (FCAG),
criticism, 13	16–17
definition, 48–49 future, 23–24 inactive market transactions, impact, 14 income approach, 370–371 learning objectives, 373–374 market approach, 372 net asset value, usage, 303 objective, 48 price, issue, 11	Financial institutions (balance sheet), fair value
future, 23–24	accounting standards (impact), 14
inactive market transactions, impact, 14	Financial instruments
income approach, 370–371	fair value, measurement, 8–9
learning objectives, 373–374	fair value option, application, 74–75
market approach, 372	pricing services, 349
net asset value, usage, 303	Financial Instruments (ASC 825), 70
objective, 48	Financial Instruments (FASB ASC 825), 47
price, issue, 11 standards, 47, 77–79	Financial liability, 75 Financial options
taxes, relationship, 81	models
TCJA impact, 82	input parameters, comparison, 274
valuation methodologies, 307	usage, 267
volume/activity level, 65–66	parameters, 333
Fair Value Measurement (FASB ASC 820), 2, 48–66,	real options, comparison, 267e
111, 297, 373	valuation, 269
framework, application, 306	volatility, 265
issuance, 5–6	Financial performance, 126, 144
usage, 162–164, 355–356	decline, 433
Fair Value Measurement of Contingent Consideration in a	Financial reporting
Business Combination (VRB Issue No. 2010-05), 323	intangible assets, remaining useful life
Fair Value Measurements (IFRS 13), 2, 4	(measurement), 283
Fair Value Measurements and Disclosures (SFAS 157), 4	standards, crisis transparency, 16
Fair Value Option (SFAS 159), 70, 74-77	Financial Services–Investment Companies
Fair Value Option for Financial Assets and Financial	(ASC 946), 297, 306
Liabilities (SFAS 159), 9	Financial statements
Fair Value Option, The (FASB ASC 825), 343	disclosures, auditing, 356
Fair Value Quality Initiative, 77	qualifications, 300
FAS 124-2, 15	users (assistance), disclosures (provision), 67
FASB. See Financial Accounting Standards Board	Firm specific risk, 254

Fixed assets capacity, consideration, 364	Goodwill and Other Intangible Assets (SFAS 142), 89, 285 Goodwill impairment
level, appropriateness, 238–239	charge (disclosure example), 136
Floors, usage, 314 Florida Coastal Restaurants (FCR), decision tree analysis, 280, 281e	indication, events/circumstances (usage), 126 qualitative factors, 144 testing
Forced sale, 66	deferred tax considerations, 137
Forecasted operating expense, equation, 288	timing, 125–126
Forecasts, incorporation, 346	test, tax assumptions (example), 137–138
Form 10-K, identifiable intangible assets (acquisition), 94	Goodwill–Subsequent Measurement (FASB ASC 350-20-35), 122
Formula approach, 224	Gordon growth model, 417
Fringe benefits, 413 FSP 107-1, 15	Governance
FSP 115-2, 15	quality management component, 354 workstream, 25
FSP 157-4, 15	Greenfield method, 251
Functional obsolescence (technological obsolescence),	Gross domestic product (GDP), contrast, 147
172–173	Gross margins (PFI component), 414
measurement, 173	Growth rates (PFI component), 414
Fund interest (fair value measurement), entity	Guarantee, put value calculation, 333
reporting (TIS Sections 2220.18-28), 298	Guarantees (FASB ASC 360), 327
Future cash flows, reporting entity assumptions	Guideline companies
(usage), 14	average volatility, 265
	comparability analysis, 186, 189
Gain, recognition/measurement, 94, 95	remaining useful lives, 291e
Galilei, Galileo, 105	selection, 185–186
Gates, suspension, 304	Guideline company method summary, 193e
General Intangibles Other than Goodwill–Subsequent	Guideline company trends (PlanTrust), 147, 148e
Measurement (FASB ASC 350-30-35), 122 Generally accepted accounting principles (GAAP), 3–6,	Guideline public company method, 185–189,
98, 340, 347	Cuideline transaction method, 307, 372
source, 5–6	merger and acquisition method, 198–205
standards, 1	Guideline transaction method (SK), 199
Generally accepted accounting standards (GAAS),	Guideline transactions, 200
336–337	comparability analysis, 200
Generally Accepted Auditing Standards (AU 156) 337–338	Guideline useful lives, 289–290
General macroeconomic conditions, 433	Harmonic mean, calculation, 191
Global financial crisis, 16	Hedge funds, usage, 302
Globalization, impact, 3–4 Global regulatory environment, changes, 16	Historical balance sheet summary (PlanTrust, Inc.),
Going-concern element, fair value, 114	151e–152e
Goodwill, 112–113, 395–327	Historical cost trending, 175–176
accounting, 99–100	Historical customer revenue, 292e
amortization, 139	Historical data, usage, 357
assignation, 132–134	Historical income statement summary (PlanTrust, Inc.), 150e
contributory charges, 231–232	Historical revenue attrition, usage (aggregated
core goodwill, 114	components), 293e
Dictionary of Finance and Investment Terms definition,	Historical turnover (statistical analysis), 289
112	Historic revenue growth rates, Monte Carlo frequency
FASB components, 113–114	distribution, 320e
impairment, 132, 138–139 test, fair value measurement (auditing), 369	H-model, 417
testing, 120	Holdbacks, 304
International Glossary of Business Valuation Terms	Human capital readiness, 21
development, 113	
nature, 103, 112–114	IASB. See International Accounting Standards Board
one-step impairment loss, 138–139	IASC. See International Accounting Standards
public companies impairment testing, 125–138	Committee
recognition/measurement, 94, 95	Identifiable
testing, 133, 358	consideration, 107
value, 137	Master Glossary definition, 93

Identifiable assets acquired, recognition/measurement,	quality management component, 354
92–93	sources, 211
Identifiable intangible assets, 110e	Initial due diligence stage, 300
example, 109	In-Practice Research and Development (IPR&D), 358
Identifiable net assets, total acquisition-date fair value, 95	In-process development, valuation, 384e, 394e In-process research and development (IPR&D), 98–99,
Identification of Contributory Assets and Calculation of	112, 224
Economic Rents, 223	Input parameters, financial option models
Identification of Contributory Assets and Calculation of	(comparison), 274
Economic Rents: Toolkit, 359	Institute of Business Appraisers' Market Database
Illiquid market, fair value accounting (application),	(Merger Shark), 199
13–14	Intangible assets
Impairment, 119	accounting, 99–100
goodwill testing, 358	acquisition, 94
indefinite-lived intangible assets, testing, 139	amortization, 290
loss	artistic-related intangible assets, 108
invested capital method (Dynamic Analytic	contract-related intangible assets, 109
Systems, Inc.), 405e	customer-related intangible assets, 108
quantitative impairment test/measurement, 127,	economic basis, 106
132–138	economic life, 288
total asset method, 405e	economic risk, relationship, 112
prior impairment analysis, 145–146	examples, 107–110
test, 369	fair value estimation, crition pricing methods
Impairment Task Force (AICPA). See American Institute	(usage), 267–269
of Certified Public Accountants	fair values measurement
Impairment testing, 399–406	advanced valuation methods, 261
asset group level, 123–124	cost approach, usage, 175
evolution, 120–122	market approach, application, 206–208
FASB guidance, 122–123	functional/technological limitations, 289
guidance, 122e	guide ine transaction method, 208, 210–212
order, 122–123	history, 104–105
timing, 123	identifiable intangible assets, example, 109, 110e
Implementation costs, 177	identification, 106–110, 380–381
Inactive markets	consideration, 107
market participant assumptions (determination)	International Glossary of Business Valuation Terms
SEC guidance (usage), 52–53	definition, 103
transactions, impact, 14 Income approach, 60, 135, 386. <i>See also</i> Rates of return	marketing-related intangible assets, 107–108 nature, 103
FASB Master Glossary definition, 215	technology-related intangible assets, 109
IGBVT definition, 216	useful lives (consideration), determinants (usage),
Income increment/cost decrement method, 245–246	286
Income statement	valuation, 364, 380–381
analysis (PlanTrust), 149, 153	option pricing methodologies, usage, 266–269
line item, gains/losses (inclusion), 76	Intangible assets, useful life, 111
Incremental economic benefits, identification	determinants, 285–286
(problem), 196–197	estimation, 111
Incremental Income/Cost Decrement Method, 216	measurement, considerations, 285-289
INDAABIN, 78	renewals, combination, 285
Indefinite-lived assets, 284	Intangibles-Goodwill and Other (FASB ASC 350), 10, 50
Indefinite-lived intangible assets, testing, 139	98, 111, 119, 122, 143–144, 373
Independent registered public accounting firm, report,	accounting standards, 121
341e	goodwill impairment testing, 183, 354
Independent third-party valuation experts, usage, 300	guidance, 284
Industrial design, 287	Intangibles: Management, Measurement, and Reporting
Industry	(Lev), 106
analysis, 206	Intellectual property, 105
changes, 357	auctions, 212
considerations, 144, 433	commercialization, risks, 250
data, usage, 357	court cases, 211–212
Information	Intellectual Property, Valuation, Exploitation, and
availability, 335	Infringement Damages (Smith/Parr), 162, 173-175
balance, 197	Interactions, 266

Interactive data, usage (improvement), 20	portfolio, fair value measurement (valuation
Interest	methodologies), 307
expense, deductibility (limitation), 81-82	roll forward analysis, 301
measurement, 76	value, market/economic changes (impact), 301
Intermodal ports reporting unit, 128e–131e	Investments–Debt and Equity Securities
Internal rate of return (IRR), 220, 223, 364	(FASB ASC 320), 15
International Accounting Standards (IAS), 4	Investments in Certain Entities That Calculated Net Asset
International Accounting Standards Board (IASB), 78	Value per Share (or Its Equivalent) (ASU 2009-12),
attention, 17	16, 298
convergence project, 17–23	Investors
priorities, reconsideration. See Credit crisis.	benefit, standard setting (independence), 21
International Accounting Standards Committee (IASC)	education, 23
Foundation, accountability/funding, 20	financial information (quality), fair value standards
International Auditing and Assurance Standards Board	(impact), 14
(IAASB), 78, 335–336, 338	needs, serving, 18
international auditing standards, 354	Investors Technical Advisory Committee
International Financial Reporting Standards (IFRS), 1,	(ITAC), 4–5
347	Investor Task Force (ITF), 4–5
adoption/incorporation, U.S. issuer cost, 23	Invitation to Comment (ITC), issuance, 139
development/application. See U.S. domestic reporting	IPEV. See International Private Equity and Venture
system.	IPRD. See In-process research and development
early use, allowance, 20	IPR&D. See In-Practice Research and Development;
reporting, interactive data usage (improvement), 20	In-process research and development
usage, implementation, 21	IVSC. See International Valuation Standards Council
International Financial Reporting Standards (IFRS),	
1 9	Jordan and Lee, LLC, guarantee fair value
convergence, 19–23	(Black-Scholes option pricing model), 334e
International Financial Reporting Standards for Small to Medium-sized Entities (IFRS for SMEs), 23–24	Jordan and Lee, LLC, Townsend Farm subdivision
, , , , , , , , , , , , , , , , , , , ,	essets, fair value, 333e
International Forum of Independent of Independent	Dan report, 330e
Audit Regulators (IFIAR), creation, 338	sales history, sample, 331e–332e
International Glossary of Business Valuation Terms	Jordan Lee Fund guarantee, 328–334
(IGBVT)	Judgments, incorporation, 335
cost approach definition, 161	Judgments, incorporation, 555
intangible assets definition, 103	
market approach definition, 184	Key value driver formula, 417
International Harvester, recognition (absence), 284	ktMINE, 207–208
International Monetary Fund (IMF), economic	
globalization definition, 3	Labor costs, 168
International Private Equity and Venture (IPEV) Capital	Labor market, creation, 147
valuation guidelines, 306–308	Lattice Models, 269, 272–277
International Standards on Auditing (ISAs), 336	Leadership (quality management component), 354
International Valuation Standards Council (IVSC),	Lease payment (hypothetical), 230
78–79	Legal development, impact, 127
Interval Leisure Grop, 211	Legal lives, 286–288
Inventory control software, replacement cost (basis),	Legal protections, 287–288
177e	Legal rights, impact, 93
Invested capital	Lev, Baruch, 106
equity multiples, contrast, 189–198	Level Payment, 238
multiples, 190	Liabilities
Invested capital to total assets, fair value	acquired contingent assets/liabilities, 98
(reconciliation), 404e	assumptions, 92–93
Investment company	breadth, application, 336
FASB Master Glossary definition, 297	consideration, 133
portfolio company investments, valuation, 358	fair value, 93–94
Investments. See Alternative investments	factors, 58
control, factors, 305	measurement, 50–51
fair value	instrument specific credit risk, changes, 77
determination, AICPA guidance, 301-303	quoted market price, usage, 57
measurement, 76	seller marketing, 66
NAV adjustment factor, 301	Licenses, 367
plans, exit strategies, 297	Life cycle stage, 197
-	- 5

Loans	reporting entity characteristics, comparison, 53
asset holding, 76	identification, 53
guarantee, example, 327	inputs, 302–304
Lock-up periods, 304	SFAS definition, 11
London Interbank Offered Rate (LIBOR), 64	Market risk adjustment (MRA)
Long-lived assets, impairment	equation, 240
accounting, 123–125	Market value of invested capital (MVIC), 189, 372
disclosure example, 124–125	Mark-to-market accounting, 12–13
testing, timing, 123	SEC study, 14–15
Long-term growth rate, consistency, 370	Material costs, 168
Loss Contingencies (FASB ASC 450), 328	Material misstatement, risks
LTV, recognition (absence), 284	identification/assessment, 346
, 5 , ,	response, 347
Macroeconomic conditions, 126, 144	Matrix pricing, usage, 63–64
Mailing lists, fair values, 175	Matters Related to Auditing Fair Value Measurements of
	Financial Instruments and the Use of Specialists
Maintenance expenditures, level (impact), 236	(PCAOB Staff Audit Practice Alert No. 2), 343, 355
Management	Mears, Chris, 355
decisions, flexibility, 262–263	Measurement. See Fair value measurement
internal assumptions, usage, 13	period, 96–97
objectives, 197	Measurement and Application of Market Participant
PFI, usage, 376	Acquisition Premiums, 134, 196, 359
quality, 197	Memorandum of Understanding (MoU) (Boards), 18
Management discussion and analysis (MD&A), 5	Merger, 85
Management provided revenue attrition, usage, 293e	Mergers and acquisitions (M&As), 86–87
Mandatory Performance Framework (MPF), 25, 31–32,	method, 198–205
380	motives, 86-87
application, 33	pitfalls, 87
checklist, 33, 34e–45e	transactions, contingent consideration (usage), 312
definitions, 32	"Mergers of equals," 90–91
market approach, application, 212–213	Method for Valuing High-Risk Long Term, Investments
scope, 33	Harvard University Business School Press), 256
structure, 32–33	Monitoring/remediation process (quality management
Mandatory Performance Framework for the Certified in	component), 354
Entity and Intangible Valuations Credential, 374 Market analysis, 270 conditions, 303 estimates, impact, 357 switching, flexibility, 266 considerations, 144, 433 data provision, 367	Monte Carlo frequency distribution, 320e
Market	Monte Carlo normal distribution input screen, 320e
analysis, 270	Monte Carlo simulation, 216, 277–279. See also
conditions, 303	Earn-outs
estimates, impact, 357	example, 278
switching, flexibility, 266	input probability distributions, 320
considerations, 144, 433	probability-based computer simulation technique,
data, provision, 507	318-319
disruption, avoidance, 17	running, 321
equity risk premium $(RP_m)$ , 253	Monte Carlo Yes-No distribution, 321e
exposure, inadequacy, 66	Most advantageous market, 51, 63
information, 48, 348	concept, SFAS expansion, 12
market-based royalty rates, 230–231	Level 1 input, 62–63
Market approach, 60, 183, 386	MoU. See Memorandum of Understanding
application, 184, 212–213	MPAP. See Market Participant Acquisition Premium
information, sources, 211	MPEEM. See Multiperiod Excess Earnings Method
International Glossary of Business Valuation Terms	MPF. See Mandatory Performance Framework
(IGBVT) definition, 184	Multiperiod Excess Earnings Method (MPEEM), 216,
prices/information, usage, 183	223–239, 288
Marketing-related intangible assets, 107–108	analysis, 293
Market Participant Acquisition Premium (MPAP), 78,	application, 224, 229
196–198	issues, 236–239
Market participants, 52	origins, 224
acquirers, relative size, 197	revenues/profits, splitting, 237
acquisition premium, 196–198	Multiples. See Equity multiples; Invested capital
assumptions, PFI analysis, 234–235	consideration, 192
attributes, 197	regression analysis, usage. See Revenue multiple.
characteristics, 53	selection, 190, 200, 205

Multiscenario methods, 216	effects, 236
MVIC. See Market value of invested capital	functional obsolescence (technological
MVIC/DFCF, 190	obsolescence), 172–173
MVIC/EBITDA multiples, 147, 190	Ocean Tomo
MVIC/EBIT multiples, 147	Annual Study of Intangible Asset Market Value, 3
MVIC to EBITDA multiples, 192	company assistance, 212
MVIC to EBIT multiples, 192	Off-balance-sheet accounting, fair value (relationship),
MVIC to sales multiples, 192	17
	OIV, 78
NAICS code, 363	One-step impairment loss, 138–139
groups, usage, 294	Opportunity costs, 169
Nature of the General Standards (AU 201), 337, 338	Option pricing model (OPM), 409
Net assets, fair value, 113–114	Black-Scholes (European) option pricing model, 411e
Net asset value (NAV), 299	earn-out floor, 411e
adjustment, 300, 301	inputs, 409
history, 300	Options. See Real options
calculation	barrier option, 266
FASB ASC 946 consistency, determination, 300	basics, 263–265
investment value, changes (NAV adjustment factor), 301	expiration, timing, 264
fair value, relationship (VRG description), 299	level 2 inputs, 64
Net asset value per share	option pricing methodologies, usage, 266–269
calculation, entities (investments), 299–300	term, 316
definition, 299	values, probability-weighted average, 276
Net deferred tax liabilities. 137	volatility, 264
Net operating losses (NOLs), 82	Overhead costs, 176
Network effect, 106	10 y
New Ideas, Inc. forecasted royalty income, 279e	Packaging designs, fair values, 175
New product/service, market reaction, 127	Pate no
NOLs. See Net operating losses	legal lives, 286
Noncompete employment agreement, 386	U.S. Patent and Trademark Office (USPTO) definition,
Noncompetition agreement, 366	105
analysis, 389e–390e	PCAOB. See Public Company Accounting Oversight
Noncontingent PFI expectations, 262	Board
analysis, 389e–390e Noncontingent PFI expectations, 262 Noncontrolling interest. See Acquiree Nonfinancial assets fair value. measurement. 9–10	Pepperdine University, Private Capital Markets Report,
Nonfinancial assets	258
	Performance framework, MPF definition, 32
usage, ranking, 53–54	Performance requirements (workstream), 25, 31–33
Nonfinancial contingent liability, fair value	Physical deterioration, 171–172
measurement, 327	Physical inspection, 172
Nonfinancial liabilities, fair volue	Pilots/prototypes/models, creation (costs), 177
(measurement), 9–10	PlanTrust, Inc., 144–159
Nonperformance risk, 58	actual results/forecasted results, comparison, 153
Nonredeemable interests, 302	carrying value, comparison, 154
Nonredeemable investments, redeemable investments	company/reporting unit, 145
(contrast), 302 Nonwasting assets, self-replenishment, 230	economic comparison, 153e
North American Industrial Classification System	economic/industry conclusions, 149
	events, analysis, 146
(NAICS) codes, 185 Notice periods, 304	factors, summary, 159e
Notice periods, 304	five-year forecasts, comparison, 153–154
	forecast comparison, 155e–156e
Observable inputs, 61	general economic outlook, 147–149
FASB Master Glossary definition, 346	guideline company trends, 147, 148e historical balance sheet summary, 151e–152
Observable market information, absence, 56	
Observable market price, unavailability, 48–49	historical income statement summary, 150e historical/projected real GDP growth, 149e
Obsolescence, 169 consideration, 367	income statement analysis, 149, 153
cost/value, relationships, 170–171	industry overview, 146
description, 163–164	qualitative assessment, 154, 159
economic obsolescence (external obsolescence),	qualitative impairment analysis, example, 143
173–174	reporting unit, financial analysis, 149–154
1/3 1/1	reporting unit, intunetal allalysis, 177-177

value drivers, 146	Public companies, goodwill impairment testing,
weighted average cost of capital (WACC),	125–138
comparison, 154, 157e-158e	Public Company Accounting Oversight Board (PCAOB)
Pooling method, 88	creation, 336
Portfolio company investments, valuation, 358	enforcement actions, 348
Postacquisition uncertainties, 312	inspections, 345
Pratt's Stats, 199	Release No. 2017-003, 350
Premium, Mergerstat calculations, 196	Publicly available information, analysis, 206
Present value method, 414	Publicly traded stocks, share price, 264
Price	Purchase price, DCF value (relationship), 365
cost/fair value, contrast, 164–166	Puts, 263
fair value, relationship, 53	
Price/earnings ratio (P/E), 184, 190	QED Report on Venture Capital Financial Analysis (QED
multiple, obtaining, 206	Research, Inc.), 256
Pricing information, observable inputs basis, 349	Qualifications (workstream), 25
Pricing service	Qualitative assessment (PlanTrust, Inc.), 154, 159
quotes. See Broker quotes.	Qualitative assessment, considerations, 126–127
usage, 348–349, 355	Qualitative goodwill impairment test (intermodal ports
Primary asset, determination, 236	reporting unit), 128e–131e
Principal market, 51, 63e concept, SFAS expansion, 12	Qualitative impairment analysis (PlanTrust, Inc.), 143
Level 1 input, 62–63	Quality control (workstream), 25
Principal redemptions, NAV adjustment factor, 301	Quality Management for Firsts that Perform Audits or Review of Financial Statements, or Other Assurance or
Principal-to-principal market, transactions, 303	Related Services Engagements (Exposure Draft ISQM1),
Principal of substitution, Appraisal of Real Estate	354
description, 163	Quality management, system (components), 354
Prior impairment analysis, 145–146	Quantitative in pairment test, 127, 132–138
Private Capital Markets Report (Pepperdine University),	comparison, 135–136
258	Quoted prices (usage), third parties (provision), 66
Private companies, 70	guoted (12 es (usage)) unita par ues (provision), 00
alternative accounting, ASU 2014-18, 99	Rates of return
Private Company Council (PCC), 93	income approach, 244–245
Private equity funds, portfolio company investments	venture capital rates of return, 256–258
(valuation), 358	Ratio analysis, 189
Privately-held-company equity securities,	Real estate
compensation issuance (valuation), 358	appraisers, qualifications, 77
Probability-weighted expected return method	usage, ranking, 56
314–315	Real options, 263–265
assumptions, 315	financial options, comparison, 267e
usage, 316e	measurement
Production. See Unit of production method	binomial model, usage, 273–276
Professional standards, MPF definition, 32	Black-Scholes options pricing model, usage,
Profitability, revenue multiples (regression	270–271
relationship), 195	techniques, 216
Profit split method, 246, 250–251	values, 277e
usage, 250	Receivables, asset holding, 76
Profit Split Method, 216	Recognized intangible asset, accounting (basis), 111,
Projected income statements and common-size incomes	284
statements, 377e	Recognized valuation methods/techniques, voluntary
Property, Plant and Equipment (ASC 360),	guidance, 77
10, 99, 119, 123 Prospective financial information (PFI), 206–207, 223,	Recoveries of Other-Than-Temporary Impairments
•	(Reversals), 16
233–239, 414 analysis, 234–235	Red Book, 77
components, 414	Redeemable investments, nonredeemable investments
development, 234	(contrast), 302 Redemption fees, 304
evaluation, responsibility (factors), 414	Redemptions, suspension, 304
intangible asset, economic life, 235–236	Regression 804
management revision, request, 414	analysis, usage, 192, 194–195, 194e
time period, 283	relationship, 195
usage, 376	Regulatory factors, 197
abago, 370	regulatory factors, 177

Reilly, Robert, 167	Ross, Stephen, 272
Relevered beta, 366	Royal Institution of Chartered Surveyors (RICS), 25, 77
Relief from royalty method, 206–208, 367	78
income approach, 386–395	RoyalStat, 207
market approach, 386	Royalty
Relocation costs, 413	forecasted royalty income, 279e
Remaining useful life. See Guideline companies	method. See Relief from royalty method.
determination (FASB guidance), 283-285	rates, court cases, 211–212
measurement, 283	Rubinstein, Mark, 272
Remaining Useful Life (RUL), 172	
Remeasurement, side effect, 313	Salvage value, 417
Replacement cost, 163	Sarbanes-Oxley Act, 336
aggregate, 176–177	SAS No. 101. 342
basis, 176e–178e	Schlosser, Pamela, 165–166
new, equations, 170	Scholes, Myron, 269
reproduction cost, contrast, 167–168	Schweihs, Robert, 167
Replacement intangible asset, performance, 163	Scientific method, 342
Reporting entity	Section 133. See Emergency Stabilization Act
assumptions, usage. See Future cash flows;	
Risk-adjusted discount rates.	Securities and Exchange Commission (SEC)
characteristics, market participant characteristics	accounting standards, 5
(comparison), 53	condorsement, 22–23
goodwill impairment, qualitative factors, 144	convergence, 19–23
impact, 65	education/training, 20
shareholder equity, liabilities/instruments	filings, 211, 413
(application), 56–59	Form 10-Knings, guidelines, 289
unobservable input development, 234	future rule naking, timing (anticipation), 20
Reporting units, 132	guidence, 52–53
acquired assets/liabilities, assignation criteria, 133	roadmap, proposal, 20–21
events, 433	Saff Announcement Topic D-108. See Use of the
fair value, asset/liability (consideration), 133	Residual Method to Value Acquired Assets Other
fair value measurement, 134	Than Goodwill.
valuation approaches, 135	work plan, 21–22
financial analysis (PlanTrust), 149–154	Securities and Exchange Commission (SEC) study, 17
goodwill, assignation, 132–134 level 2 inputs, 64 Reproduction cost estimation, 167	Segment Reporting (FASB ASC 280), 132
level 2 inputs, 64	Seller Accounting for Contingent Consideration (EITF No.
Reproduction cost	09-4), 323
estimation, 167	Seller, market participant, 49
replacement cost, contrast, 167–168	Service organizations, controls (adverse findings), 300
Required disclosures, SFAS expansion, 12	SFAS. See Statement of Financial Accounting Standards
Research and development (R&D) activities, assets	SFAS 157 Fair Value Measurement: Implementation
acquisition, 358	Challenges for the Alternative Investment Industry
Resources (quality management component), 354	(Mears), 355
Return. See Rates of return	Shareholder equity, liabilities/instruments
Return-of charges, 231	(application), 56–59
Return-on charges, 231	Share price, sustained decrease, 126, 144
Return on the investment, management calculation,	SIC Code, 208, 363
267–268	Side pockets, usage, 304
Revenue	Simplifying the Test for Goodwill Impairment (ASU
deferred revenue, 237–238	2017-04), 122
forecasts (PFI component), 414	Size risk premium $(RP_s)$ , 253
Revenue multiple (selection), regression analysis	Software, fair values, 175
(usage), 192, 194–195, 194e	Sovereign default risk, value (uncertainty), 357
RICS. See Royal Institution of Chartered Surveyors	Specialists
Risk-adjusted discount rates, 239	assumptions, development, 352
reporting entity assumptions, usage, 14	Specialists (work), auditing standards (auditor usage),
Risk assessment process (quality management	349–354
component), 354	Sperry, recognition (absence), 284
Risk factors/environment, change (expectation), 127	Standard Industrial Classification (SIC), 185
Risk-free interest rate, 264	Standard & Poor's 500 (S&P500)
Risk-free rate, 265, 316	Index, 148
Risk-free rate of return, 252	market-to-book ratio, 3

Standard & Poor's CapitalIQ database, 185	Technology
Standards, differences (elimination), 18	technology-related intangible assets, 109, 419
Standards Review Board, 78	usage, 366–367
Staples, Inc., long-lived assets impairment (disclosure	Terminal exit multiples, 417
example), 124–125	Terminal value (perpetual value), determination, 370
Starwood Hotels and Resorts Worldwide,	Testing costs, 177
Inc., 211	Testing data
Statement of Financial Accounting Standards (SFAS)	company provision, 352
2. See Accounting for Certain Marketable Securities.	usage, 347
15. See Accounting by Debtors and Creditors for	Testing for Impairment of Long-Lived Assets (SFAS 144),
Troubled Debt Restructurings.	10
107. See Disclosures About Fair Value in Financial	Testing Goodwill for Impairment (ASU 2011-08), 121,
Instruments.	125, 143–144, 357
115. See Accounting for Certain Investments in Debt and Equity Securities.	Testing Indefinite-Lived Intangible Assets for Impairment (ASU 2010-02), 139
119. See Disclosures About Derivative Financial	Third parties, pricing information (usage), 348–349
Instruments and Fair Value of Financial Instruments.	Third-party appraisals, 369
142. See Goodwill and Other Intangible Assets.	Third-party credit enhancement, 57
144. See Testing for Impairment of Long-Lived Assets.	Third-party pricing information, 348
157	Thompson, William, 105
accounting standards, alternatives, 14	Time horizon, PFI coverage, 262
topics, 11–12	Titan Technology, Inc.
159. See Fair Value Option; Fair Value Option for	contributory assets
Financial Assets and Financial Liabilities.	charge calculation, 233
Statistical analysis (historical turnover), 289	required return, 227e–228e
Statistical methods, 190–195	enterprise value, 246
Statute of Monopolies (1623), 104	noncompetition agreement, analysis, 247e–248e
Strategic acquirers, operating synergies, 235	patented technology, valuation, 225e–226e
Strategic buyers, financial buyers (contrast), 55e	weighted average cost of capital (WACC), 255e
Strike price, 264, 316	Total assets, carrying value, 137
Subject entity, capital structure, 197	Townsend Farm Development, LLC, Jordan Lee Fund
Subject intangible asset, value (estimation), 206	guarantee, 328–334
Subjectivity, degree, 346	Trademarks, 367
Subject loans/properties, analysis, 329	definition, 105
Substantive investments, 297	legal lives, 286–287
Substitution. See Principle of substitution	Trade name, 367
Sunrise Corporation (patent valuation), Black-Scholes	valuation, 388e
options pricing method (usage), 271e	Trade secrets, 287
Supervision of the Audit Engagement (AS 1201),	Transactions
350–352	costs, uniqueness, 53
Supervision of the Work of an Audit r-Employed Specialist	fair value measurement assumption, 51
(AS 1201, Appendix C), 35?–353	identification, 65–66
Supporting data, usage, 357	price, outlier status, 66
Survivor curves, 289	structure, 198, 363
Sussholz, Evan, 52	Transcontinental Transportation, Inc., qualitative
Swaps, level 2 inputs, 64	goodwill impairment test (intermodal ports
Systematic process, 339, 341–342	reporting unit), 128e–131e
Montgomery description, 342	Transportation costs, 63
Systematic risk, venture capitalist perception, 257	Triggering event, 123
	Turnover analysis, 290–293
Tax Cuts and Jobs Act (TCJA), 81, 87	aggregate approach, 290, 292–293
changes, summary, 81–83	customer turnover analysis, 294e
Taxes	disaggregated approach, 293
cost approach, usage, 178–179	Two-stage model, 417
fair value measurements, relationship, 81	
Technical Practice Aid (AICPA), 302, 305	Uncertainty, degree, 346
Technical Practice Aids Sections 2000.1827 (TPA),	Uncurable obsolescence, 170
298	Underlying stock, value, 316
Technical standards, MPF definition, 32	Uniform Standards of Professional Appraisal Practice
Technological obsolescence, 127. See also Functional	(USPAP), 77–78
obsolescence	Unit cost method, 176–177

Unit of account, 51	Valuation techniques, 59–65
Unit of production method, 177–178	calibration, 61
Unobservable inputs, 61	cost approach, 59–60
development, 234	disclosures, 74e
U.S. domestic reporting system, IFRS	financial statement users assessment, disclosures
development/application, 21	(provision), 67
Useful life, 367. See also Intangible assets; Remaining	income approach, 60
useful life	inputs, 61, 62
conventions, 294–295	level 1 inputs, 62
description, FASB clarification, 111	adjustments, 63–64
determination, 285	level 2 inputs, 64
estimation/modeling, guidance, 289–295	adjustments, 64
FASB Master Glossary definition, 111	level 3 inputs, 64–65, 67, 73e
guideline useful lives, 289–290	market approach, 60
information, 290	multiple valuation techniques, 60–61
Use of the Residual Method to Value Acquired Assets Other	selection/sophistication, 336
Than Goodwill (SEC Staff Announcement Topic	SFAS description, 12
D-108), 232	Value
Using Cash Flow Information and Present Value in	cost/obsolescence, contrast, 170–171
Accounting Measurements (FASB Concepts Statement	drivers (PlanTrust, Inc.), 146
7), 239–244, 262	Valuing Contingent Consideration (VFR Work Group 4
Using the Work of a Company's Specialist as Audit Evidence	project), 359
(AS 1105), 351–352	Valuing Intangible Assets (Reilly/Schweihs), 167
Using the Work of an Auditor-Engaged Specialist (AS	Valuing Intellectual Property and Calculating Infringement
1210), 353	Damages (Consulting Services Practice Aid 99-2),
Using the Work of a Specialist (AS 1210), 353	162–164
U.S. Patent and Trademark Office (USPTO), patents	VentSure, 207
definition, 105	Venture capital, portfolio company investments
U.S. regulatory environment (examination), accounting	(valuation), 358
standards (impact), 21	Venture capital rates of return, 256–258
	Venture capital rates of return, 256–258 Vistana Signature Experiences, 211
standards (impact), 21 Utility models, 287	Venture capital rates of return, 256–258
standards (impact), 21 Utility models, 287 Valuation	Venture capital rates of return, 256–258 Vistana Signature Experiences, 211 Volatility, 316
standards (impact), 21 Utility models, 287 Valuation information, 306	Venture capital rates of return, 256–258 Vistana Signature Experiences, 211 Volatility, 316 Weighted average cost of capital (WACC), 154,
standards (impact), 21 Utility models, 287  Valuation information, 306 methodology, usage (decision), 165	Venture capital rates of return, 256–258 Vistana Signature Experiences, 211 Volatility, 316 Weighted average cost of capital (WACC), 154, 365–366, 371, 380, 382e
standards (impact), 21 Utility models, 287  Valuation information, 306 methodology, usage (decision), 165 methods, limitations, 261–263	Venture capital rates of return, 256–258 Vistana Signature Experiences, 211 Volatility, 316 Weighted average cost of capital (WACC), 154, 365–366, 371, 380, 382e basis, 195
standards (impact), 21 Utility models, 287  Valuation information, 306 methodology, usage (decision), 165 methods, limitations, 261–263 models, selection/sophistication, 336	Venture capital rates of return, 256–258 Vistana Signature Experiences, 211 Volatility, 316 Weighted average cost of capital (WACC), 154, 365–366, 371, 380, 382e basis, 195 calculation, 251–258, 365
standards (impact), 21 Utility models, 287  Valuation information, 306 methodology, usage (decision), 165 methods, limitations, 261–263 models, selection/sophistication, 336 multiples, 64	Venture capital rates of return, 256–258 Vistana Signature Experiences, 211 Volatility, 316  Weighted average cost of capital (WACC), 154, 365–366, 371, 380, 382e basis, 195 calculation, 251–258, 365 capital structure, 371
standards (impact), 21 Utility models, 287  Valuation information, 306 methodology, usage (decision), 165 methods, limitations, 261–263 models, selection/sophistication, 336 multiples, 64 premise, 55	Venture capital rates of return, 256–258 Vistana Signature Experiences, 211 Volatility, 316  Weighted average cost of capital (WACC), 154, 365–366, 371, 380, 382e basis, 195 calculation, 251–258, 365 capital structure, 371 comparison (PlanTrust, Inc.), 154, 157e–158e
standards (impact), 21 Utility models, 287  Valuation information, 306 methodology, usage (decision), 165 methods, limitations, 261–263 models, selection/sophistication, 336 multiples, 64 premise, 55 professional, acquired company intangible assets	Venture capital rates of return, 256–258 Vistana Signature Experiences, 211 Volatility, 316  Weighted average cost of capital (WACC), 154, 365–366, 371, 380, 382e basis, 195 calculation, 251–258, 365 capital structure, 371 comparison (PlanTrust, Inc.), 154, 157e–158e customer relationship, 366
standards (impact), 21 Utility models, 287  Valuation information, 306 methodology, usage (decision), 165 methods, limitations, 261–263 models, selection/sophistication, 336 multiples, 64 premise, 55 professional, acquired company intangible assets identification, 381	Venture capital rates of return, 256–258 vistana Signature Experiences, 211 Volatility, 316  Weighted average cost of capital (WACC), 154, 365–366, 371, 380, 382e basis, 195 calculation, 251–258, 365 capital structure, 371 comparison (PlanTrust, Inc.), 154, 157e–158e customer relationship, 366 equation, 251
standards (impact), 21 Utility models, 287  Valuation information, 306 methodology, usage (decision), 165 methods, limitations, 261–263 models, selection/sophistication, 336 multiples, 64 premise, 55 professional, acquired company intangible assets identification, 381 profession, standards, 77–79	Venture capital rates of return, 256–258 Vistana Signature Experiences, 211 Volatility, 316  Weighted average cost of capital (WACC), 154, 365–366, 371, 380, 382e basis, 195 calculation, 251–258, 365 capital structure, 371 comparison (PlanTrust, Inc.), 154, 157e–158e customer relationship, 366 equation, 251 IRR, equivalence, 223
standards (impact), 21 Utility models, 287  Valuation information, 306 methodology, usage (decision), 165 methods, limitations, 261–263 models, selection/sophistication, 336 multiples, 64 premise, 55 professional, acquired company intangible assets identification, 381 profession, standards, 77–79  Valuation of Portfolio Company Investments of Venture	Venture capital rates of return, 256–258 Vistana Signature Experiences, 211 Volatility, 316  Weighted average cost of capital (WACC), 154, 365–366, 371, 380, 382e basis, 195 calculation, 251–258, 365 capital structure, 371 comparison (PlanTrust, Inc.), 154, 157e–158e customer relationship, 366 equation, 251 IRR, equivalence, 223 noncompetition agreement, 366
standards (impact), 21 Utility models, 287  Valuation information, 306 methodology, usage (decision), 165 methods, limitations, 261–263 models, selection/sophistication, 336 multiples, 64 premise, 55 professional, acquired company intangible assets identification, 381 profession, standards, 77–79  Valuation of Portfolio Company Investments of Venture Capital and Private Equity Funds and Other Investment	Venture capital rates of return, 256–258 Vistana Signature Experiences, 211 Volatility, 316  Weighted average cost of capital (WACC), 154, 365–366, 371, 380, 382e basis, 195 calculation, 251–258, 365 capital structure, 371 comparison (PlanTrust, Inc.), 154, 157e–158e customer relationship, 366 equation, 251 IRR, equivalence, 223 noncompetition agreement, 366 required rate of return, reconciliation, 397–398
standards (impact), 21 Utility models, 287  Valuation information, 306 methodology, usage (decision), 165 methods, limitations, 261–263 models, selection/sophistication, 336 multiples, 64 premise, 55 professional, acquired company intangible assets identification, 381 profession, standards, 72–79  Valuation of Portfolio Company Investments of Venture Capital and Private Equity Funds and Other Investment Companies (AICPA) (Consulting Services Practice Aid	Venture capital rates of return, 256–258 Vistana Signature Experiences, 211 Volatility, 316  Weighted average cost of capital (WACC), 154, 365–366, 371, 380, 382e basis, 195 calculation, 251–258, 365 capital structure, 371 comparison (PlanTrust, Inc.), 154, 157e–158e customer relationship, 366 equation, 251 IRR, equivalence, 223 noncompetition agreement, 366 required rate of return, reconciliation, 397–398 Weighted average return on assets (WARA), 397
standards (impact), 21 Utility models, 287  Valuation information, 306 methodology, usage (decision), 165 methods, limitations, 261–263 models, selection/sophistication, 336 multiples, 64 premise, 55 professional, acquired company intangible assets identification, 381 profession, standards, 77–79  Valuation of Portfolio Company Investments of Venture Capital and Private Equity Funds and Other Investment Companies (AICPA) (Consulting Services Practice Aid 99-2), 163, 305–306, 358	Venture capital rates of return, 256–258 Vistana Signature Experiences, 211 Volatility, 316  Weighted average cost of capital (WACC), 154, 365–366, 371, 380, 382e basis, 195 calculation, 251–258, 365 capital structure, 371 comparison (PlanTrust, Inc.), 154, 157e–158e customer relationship, 366 equation, 251 IRR, equivalence, 223 noncompetition agreement, 366 required rate of return, reconciliation, 397–398 Weighted average return on assets (WARA), 397 WACC, comparison, 398e
standards (impact), 21 Utility models, 287  Valuation information, 306 methodology, usage (decision), 165 methods, limitations, 261–263 models, selection/sophistication, 336 multiples, 64 premise, 55 professional, acquired company intangible assets identification, 381 profession, standards, 77–79  Valuation of Portfolio Company Investments of Venture Capital and Private Equity Funds and Other Investment Companies (AICPA) (Consulting Services Practice Aid 99-2), 163, 305–306, 358  Valuation of Privately-Held-Company Equity Securities	Venture capital rates of return, 256–258 Vistana Signature Experiences, 211 Volatility, 316  Weighted average cost of capital (WACC), 154, 365–366, 371, 380, 382e basis, 195 calculation, 251–258, 365 capital structure, 371 comparison (PlanTrust, Inc.), 154, 157e–158e customer relationship, 366 equation, 251 IRR, equivalence, 223 noncompetition agreement, 366 required rate of return, reconciliation, 397–398 Weighted average return on assets (WARA), 397 WACC, comparison, 398e With versus without method, 245–246
standards (impact), 21 Utility models, 287  Valuation information, 306 methodology, usage (decision), 165 methods, limitations, 261–263 models, selection/sophistication, 336 multiples, 64 premise, 55 professional, acquired company intangible assets identification, 381 profession, standards, 77–79  Valuation of Portfolio Company Investments of Venture Capital and Private Equity Funds and Other Investment Companies (AICPA) (Consulting Services Practice Aid 99-2), 163, 305–306, 358  Valuation of Privately-Held-Company Equity Securities Issued as Compensation (AICPA), 257–258	Venture capital rates of return, 256–258 Vistana Signature Experiences, 211 Volatility, 316  Weighted average cost of capital (WACC), 154, 365–366, 371, 380, 382e basis, 195 calculation, 251–258, 365 capital structure, 371 comparison (PlanTrust, Inc.), 154, 157e–158e customer relationship, 366 equation, 251 IRR, equivalence, 223 noncompetition agreement, 366 required rate of return, reconciliation, 397–398 Weighted average return on assets (WARA), 397 WACC, comparison, 398e With versus without method, 245–246 Workforce, 367
standards (impact), 21 Utility models, 287  Valuation information, 306 methodology, usage (decision), 165 methods, limitations, 261–263 models, selection/sophistication, 336 multiples, 64 premise, 55 professional, acquired company intangible assets identification, 381 profession, standards, 77–79  Valuation of Portfolio Company Investments of Venture Capital and Private Equity Funds and Other Investment Companies (AICPA) (Consulting Services Practice Aid 99-2), 163, 305–306, 358  Valuation of Privately-Held-Company Equity Securities Issued as Compensation (AICPA), 257–258  Valuation professional organizations (VPOs), 25	Venture capital rates of return, 256–258 Vistana Signature Experiences, 211 Volatility, 316  Weighted average cost of capital (WACC), 154, 365–366, 371, 380, 382e basis, 195 calculation, 251–258, 365 capital structure, 371 comparison (PlanTrust, Inc.), 154, 157e–158e customer relationship, 366 equation, 251 IRR, equivalence, 223 noncompetition agreement, 366 required rate of return, reconciliation, 397–398 Weighted average return on assets (WARA), 397 WACC, comparison, 398e With versus without method, 245–246 Workforce, 367 Working capital
standards (impact), 21 Utility models, 287  Valuation information, 306 methodology, usage (decision), 165 methods, limitations, 261–263 models, selection/sophistication, 336 multiples, 64 premise, 55 professional, acquired company intangible assets identification, 381 profession, standards, 77–79  Valuation of Portfolio Company Investments of Venture Capital and Private Equity Funds and Other Investment Companies (AICPA) (Consulting Services Practice Aid 99-2), 163, 305–306, 358  Valuation of Privately-Held-Company Equity Securities Issued as Compensation (AICPA), 257–258  Valuation Professional organizations (VPOs), 25 Valuation Resource Group (VRG), 322	Venture capital rates of return, 256–258 Vistana Signature Experiences, 211 Volatility, 316  Weighted average cost of capital (WACC), 154, 365–366, 371, 380, 382e basis, 195 calculation, 251–258, 365 capital structure, 371 comparison (PlanTrust, Inc.), 154, 157e–158e customer relationship, 366 equation, 251 IRR, equivalence, 223 noncompetition agreement, 366 required rate of return, reconciliation, 397–398 Weighted average return on assets (WARA), 397 WACC, comparison, 398e With versus without method, 245–246 Workforce, 367 Working capital level, appropriateness, 237
standards (impact), 21 Utility models, 287  Valuation information, 306 methodology, usage (decision), 165 methods, limitations, 261–263 models, selection/sophistication, 336 multiples, 64 premise, 55 professional, acquired company intangible assets identification, 381 profession, standards, 77–79  Valuation of Portfolio Company Investments of Venture Capital and Private Equity Funds and Other Investment Companies (AICPA) (Consulting Services Practice Aid 99-2), 163, 305–306, 358  Valuation of Privately-Held-Company Equity Securities Issued as Compensation (AICPA), 257–258  Valuation Resource Group (VRG), 322 net asset value/fair value, relationship, 299	Venture capital rates of return, 256–258 Vistana Signature Experiences, 211 Volatility, 316  Weighted average cost of capital (WACC), 154, 365–366, 371, 380, 382e basis, 195 calculation, 251–258, 365 capital structure, 371 comparison (PlanTrust, Inc.), 154, 157e–158e customer relationship, 366 equation, 251 IRR, equivalence, 223 noncompetition agreement, 366 required rate of return, reconciliation, 397–398 Weighted average return on assets (WARA), 397 WACC, comparison, 398e With versus without method, 245–246 Workforce, 367 Working capital level, appropriateness, 237 reduction, 365
standards (impact), 21 Utility models, 287  Valuation information, 306 methodology, usage (decision), 165 methods, limitations, 261–263 models, selection/sophistication, 336 multiples, 64 premise, 55 professional, acquired company intangible assets identification, 381 profession, standards, 77–79  Valuation of Portfolio Company Investments of Venture Capital and Private Equity Funds and Other Investment Companies (AICPA) (Consulting Services Practice Aid 99-2), 163, 305–306, 358  Valuation of Privately-Held-Company Equity Securities Issued as Compensation (AICPA), 257–258 Valuation professional organizations (VPOs), 25 Valuation Resource Group (VRG), 322 net asset value/fair value, relationship, 299 Valuation specialists	Venture capital rates of return, 256–258 Vistana Signature Experiences, 211 Volatility, 316  Weighted average cost of capital (WACC), 154, 365–366, 371, 380, 382e basis, 195 calculation, 251–258, 365 capital structure, 371 comparison (PlanTrust, Inc.), 154, 157e–158e customer relationship, 366 equation, 251 IRR, equivalence, 223 noncompetition agreement, 366 required rate of return, reconciliation, 397–398 Weighted average return on assets (WARA), 397 WACC, comparison, 398e With versus without method, 245–246 Workforce, 367 Working capital level, appropriateness, 237 reduction, 365 Workstreams, types, 25
standards (impact), 21 Utility models, 287  Valuation information, 306 methodology, usage (decision), 165 methods, limitations, 261–263 models, selection/sophistication, 336 multiples, 64 premise, 55 professional, acquired company intangible assets identification, 381 profession, standards, 77–79  Valuation of Portfolio Company Investments of Venture Capital and Private Equity Funds and Other Investment Companies (AICPA) (Consulting Services Practice Aid 99-2), 163, 305–306, 358  Valuation of Privately-Held-Company Equity Securities Issued as Compensation (AICPA), 257–258 Valuation professional organizations (VPOs), 25 Valuation Resource Group (VRG), 322 net asset value/fair value, relationship, 299 Valuation specialists fair value quality initiative, 24–25	Venture capital rates of return, 256–258 Vistana Signature Experiences, 211 Volatility, 316  Weighted average cost of capital (WACC), 154, 365–366, 371, 380, 382e basis, 195 calculation, 251–258, 365 capital structure, 371 comparison (PlanTrust, Inc.), 154, 157e–158e customer relationship, 366 equation, 251 IRR, equivalence, 223 noncompetition agreement, 366 required rate of return, reconciliation, 397–398 Weighted average return on assets (WARA), 397 WACC, comparison, 398e With versus without method, 245–246 Workforce, 367 Working capital level, appropriateness, 237 reduction, 365 Workstreams, types, 25 World Bank, International Finance Corporation, 78
standards (impact), 21 Utility models, 287  Valuation information, 306 methodology, usage (decision), 165 methods, limitations, 261–263 models, selection/sophistication, 336 multiples, 64 premise, 55 professional, acquired company intangible assets identification, 381 profession, standards, 77–79  Valuation of Portfolio Company Investments of Venture Capital and Private Equity Funds and Other Investment Companies (AICPA) (Consulting Services Practice Aid 99-2), 163, 305–306, 358  Valuation of Privately-Held-Company Equity Securities Issued as Compensation (AICPA), 257–258 Valuation professional organizations (VPOs), 25 Valuation Resource Group (VRG), 322 net asset value/fair value, relationship, 299 Valuation specialists fair value quality initiative, 24–25 guideline public company method usage, 186	Venture capital rates of return, 256–258 Vistana Signature Experiences, 211 Volatility, 316  Weighted average cost of capital (WACC), 154, 365–366, 371, 380, 382e basis, 195 calculation, 251–258, 365 capital structure, 371 comparison (PlanTrust, Inc.), 154, 157e–158e customer relationship, 366 equation, 251 IRR, equivalence, 223 noncompetition agreement, 366 required rate of return, reconciliation, 397–398 Weighted average return on assets (WARA), 397 WACC, comparison, 398e With versus without method, 245–246 Workforce, 367 Working capital level, appropriateness, 237 reduction, 365 Workstreams, types, 25 World Bank, International Finance Corporation, 78 World Intellectual Property Organization (WIPO),
standards (impact), 21 Utility models, 287  Valuation information, 306 methodology, usage (decision), 165 methods, limitations, 261–263 models, selection/sophistication, 336 multiples, 64 premise, 55 professional, acquired company intangible assets identification, 381 profession, standards, 77–79  Valuation of Portfolio Company Investments of Venture Capital and Private Equity Funds and Other Investment Companies (AICPA) (Consulting Services Practice Aid 99-2), 163, 305–306, 358  Valuation of Privately-Held-Company Equity Securities Issued as Compensation (AICPA), 257–258  Valuation professional organizations (VPOs), 25  Valuation Resource Group (VRG), 322 net asset value/fair value, relationship, 299  Valuation specialists fair value quality initiative, 24–25 guideline public company method usage, 186 impact, 166	Venture capital rates of return, 256–258 Vistana Signature Experiences, 211 Volatility, 316  Weighted average cost of capital (WACC), 154, 365–366, 371, 380, 382e basis, 195 calculation, 251–258, 365 capital structure, 371 comparison (PlanTrust, Inc.), 154, 157e–158e customer relationship, 366 equation, 251 IRR, equivalence, 223 noncompetition agreement, 366 required rate of return, reconciliation, 397–398 Weighted average return on assets (WARA), 397 WACC, comparison, 398e With versus without method, 245–246 Workforce, 367 Working capital level, appropriateness, 237 reduction, 365 Workstreams, types, 25 World Bank, International Finance Corporation, 78
standards (impact), 21 Utility models, 287  Valuation information, 306 methodology, usage (decision), 165 methods, limitations, 261–263 models, selection/sophistication, 336 multiples, 64 premise, 55 professional, acquired company intangible assets identification, 381 profession, standards, 77–79  Valuation of Portfolio Company Investments of Venture Capital and Private Equity Funds and Other Investment Companies (AICPA) (Consulting Services Practice Aid 99-2), 163, 305–306, 358  Valuation of Privately-Held-Company Equity Securities Issued as Compensation (AICPA), 257–258 Valuation professional organizations (VPOs), 25 Valuation Resource Group (VRG), 322 net asset value/fair value, relationship, 299 Valuation specialists fair value quality initiative, 24–25 guideline public company method usage, 186	Venture capital rates of return, 256–258 Vistana Signature Experiences, 211 Volatility, 316  Weighted average cost of capital (WACC), 154, 365–366, 371, 380, 382e basis, 195 calculation, 251–258, 365 capital structure, 371 comparison (PlanTrust, Inc.), 154, 157e–158e customer relationship, 366 equation, 251 IRR, equivalence, 223 noncompetition agreement, 366 required rate of return, reconciliation, 397–398 Weighted average return on assets (WARA), 397 WACC, comparison, 398e With versus without method, 245–246 Workforce, 367 Working capital level, appropriateness, 237 reduction, 365 Workstreams, types, 25 World Bank, International Finance Corporation, 78 World Intellectual Property Organization (WIPO),