



INTERNATIONAL VALUATION
STANDARDS COUNCIL

2026

PROFESSIONAL

MEMBERSHIP

OBLIGATIONS (PMO)

For Valuation Professional Organisations (VPOs)

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Framework

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Introduction

- The International Valuation Standards Council (IVSC) is an independent, not-for-profit, private sector organisation that serves the public interest by strengthening the worldwide valuation profession through the development and enhancement of standards. The IVSC has over 230 organisations in membership globally. The IVSC had three main Boards:

 - a Board of Trustees responsible for the governance, strategic direction and funding of the IVSC and for appointments to, and oversight of, the technical boards,
 - a Standards Review Board responsible for overseeing the work of the technical boards (Business Valuation Board, Financial Instruments Board and Tangible Assets Board) with autonomy over its agenda and the creation and revision of International Valuation Standards (IVSs) and supporting technical guidance, and
 - a Global Membership Standards and Recognition Committees with ancillary regional Committees (Asia, European and Middle East Membership and Standards Recognition Committee), responsible for working with stakeholders across all markets to promote recognition for, and to encourage adoption of, IVS. The Committee also plays a key role in supporting organisations that are working towards the adoption of IVS.
- The IVSC seeks to work with Valuation Professional Organisations (VPOs) and other stakeholders, including valuation providers, standard setters, regulators and academia, with the aim of bringing about harmonisation of core education requirements, professional conduct and ethics, and effective self-regulation.
- The IVSC has previously issued Professional Membership Obligations (PMOs) following consultation and input from VPO leaders from across the world. The PMOs have since been updated with additional input from IVSC Technical Directors, Standards Review Board, Financial Instruments Board and Advisory Forum working group in relation to ethics and financial instruments competencies. The PMOs are professional obligations for VPOs to incorporate into their education and development programmes for achieving and maintaining competence over the career of the professional valuer¹.

¹ A professional valuer is defined in Paragraph 21 of this *Framework*.

4. The PMOs are comprised of the following obligations:
 - PMO 101: Initial Professional Development – Entry Requirements to Professional Valuer Accreditation Programmes
 - PMO 102: Initial Professional Development – Professional Skills and Ethics
 - PMO 103: Initial Professional Development – Technical Knowledge
 - PMO 104: Initial Professional Development – Practical Experience
 - PMO 105: Initial Professional Development – Assessment of Professional Competence
 - PMO 201: Continuing Professional Development
5. This chapter, titled *Framework for Professional Membership Obligations (Framework)*, establishes the concepts that the IVSC used in its publication of the PMOs.
6. Previously, the Standards Review Board has issued a Code of Ethical Principles & Competency Framework for Valuers, which defines the required competencies for professional valuers in knowledge, skills, values, ethics and behaviour. The Professional Board (in existence prior to the IVSC restructure) has also issued the *Code of Ethical Principles & Competency Framework for Valuers* which sets out the expectation of compliance with principles of integrity, objectivity, competence, confidentiality and professional behaviour. In 2025 the Standards Review Board issued the Code of Ethical Practice and Competency Framework for Valuers to incorporate revised terminology and concepts within IVS (effective 31 January 2025). The PMOs provide the material to augment both the *Code of Ethical Principles & Competency Framework for Valuers*.
7. The PMOs are the foundation of a respected global valuation profession. In particular:
 - The PMOs strengthen the ability of the valuation profession to provide more competent valuation services in an increasingly complex, globally-interconnected and rapidly changing commercial world.
 - High quality PMOs and accompanying guidance lead to the development of high quality valuation qualifications.
 - Those interested in valuation education are provided with common international standards.
 - The PMOs contribute to strengthened public trust by increasing the competence of the global valuation profession.
 - There will be a reduction in international differences in the requirements to qualify and work as a professional valuer, thereby facilitating global mobility.
 - Being part of a strong, coherent, globally-recognised valuation profession is to the benefit of every professional valuer, regardless of whether their work is local or international in nature.

The Global Valuation Landscape

8. Valuation is subject to increased regulatory scrutiny worldwide to ensure that valuations performed in the public interest are objective and transparent. Regulators and capital markets are demanding not only consistent technical valuation standards but also higher standards of competency for professional valuers. More than one high-profile stakeholder has voiced concerns over fundamental aspects of the valuation profession.
9. The prominent role of the valuation profession around the globe is incompatible with the fragmented professional landscape. Globally, requirements for providing valuation services are disparate. In many economies, the perceived status of a valuation specialist is to belong to an industry group rather than to a profession. Against this backdrop of a lack of unified professional standards, the IVSC has previously developed the PMOs following consultation and input from VPO leaders from across the world. The PMOs have since been updated with additional input from IVSC Technical Directors, Standards Review Board and Financial Instruments Board in relation to ethics and financial instruments competencies.
10. Historically, valuation experts have developed in different ways in different countries according to culture, statute and convention. This has led to:
 - the development of a secondary specialisation by experts in different types of assets or liabilities,
 - fragmentation of expertise by asset or liability type,
 - legislation that was introduced for a particular purpose and has unintended consequences in other areas,
 - valuation being regarded as technique rather than profession,
 - varying qualifications, and
 - lack of recognition by regulators and other professions. The diversity of culture, educational, legal and social systems globally means that professional valuers may have developed their professional competence through various pathways, including work experience, study or qualification.

Where We Stand Today

11. The diversity of the valuation profession presents significant challenges in developing conformity in the valuation profession worldwide.
12. Even where there are various organisations with a view to governing the profession by setting and regulating standards of competence and integrity of valuation professionals, in certain jurisdictions or specialisms (e.g. financial instruments) there is no current requirement for a valuation specialist to belong to a professional organisation in order to provide valuation services.

13. An approximate taxonomy of diversities could be, for example, as follows:
- by country:
 - developed countries with various VPOs, with disparate and varying qualifications,
 - developed countries without VPOs,
 - developing countries with VPOs,
 - developing countries without VPOs.
 - by expertise:
 - real estate including land and development property,
 - plant, machinery and equipment, infrastructure and personal property,
 - business, business interests and intangible assets,
 - financial instruments.
 - by valuation specialist in the same expertise by asset type:
 - valuers belonging to one or more professional organisations,
 - valuers belonging to a working group or a special interest group promoted by various accounting bodies,
 - valuers belonging to a professional organisation that does not have specific professional standards for valuers,
 - valuers, with disparate background and experience, not belonging to any professional organisation.

The Path to Convergence

14. The current multiplicity of professional standards and the contemporary lack of standards in certain jurisdictions and area of expertise can potentially lead to market confusion as well as inconsistent valuation outcomes. This raises the need for unified professional standards on a global scale.
15. The path to follow for converging to a homogeneous global professional infrastructure could be very different from place to place and from expertise to expertise. It is essential for the international standard setter, in establishing a professional framework, to recognise the status quo and acknowledge that some organisations will require fair and reasonable transition plans to converge.
16. The convergence should not be reached on a silo or sectoral basis. It is more useful to establish a set of obligations that apply to all VPOs. Over time, these obligations may need to be supplemented with additional obligations and commentary on the competencies and capabilities of significant specialisations.

The Threshold Level of Competence

17. The International Organisation of Securities Commissions and many regulators are advocating progress in establishing professional infrastructure for valuation. In some jurisdictions the valuation profession is very mature, with robust accreditation programmes, mandatory continuing education requirements, and disciplinary procedures. The PMOs go beyond codifying best existing practices. However, those existing standards and practices have been leveraged in the development of the PMOs that will have application to all jurisdictions.

18. The IVSC has discussed whether the PMOs should be set at an aspirational level or a minimum level. Setting a standard at an ideal level which only some VPOs could achieve is inappropriate. However, setting an obligation at a minimum level conveys the impression of a low level. Obligations at too low a level also risk being irrelevant in developed jurisdictions. The Professional Board concluded that the PMOs should be set at the threshold level of competence sufficient to protect the public interest, with the expectation that some IVSC member bodies that provide professional valuer accreditation for the education and development of their members (VPOs that are members of the IVSC) will exceed some or all of these obligations. IVSC recognises that the PMOs may initially be aspirational for others. It is an obligation of a VPO which is a member of the IVSC, with the support of the IVSC, to transition over time to a framework that meets and strives to continue to exceed the threshold level of competence.

Purpose of the Framework

19. The Framework is intended to assist VPOs that are members of the IVSC by describing the educational and development concepts for VPOs to utilise in ensuring that they have programmes in place to enable professional valuers to achieve and maintain competence over the course of their careers. VPOs that are members of the IVSC have direct or indirect responsibility for the education and development of their members. The Framework should also enhance the expectations incumbent upon a professional valuer by a wide range of stakeholders including:
- VPOs,
 - those who commission or rely on valuations,
 - educational organisations,
 - those who design, deliver, assess or support education programmes for professional valuers,
 - employers of professional valuers,
 - government authorities,
 - regulators with responsibility for the oversight of the work of professional valuers,
 - professional valuers and prospective valuers who undertake their own learning and development,
 - other parties interested in the work of the Professional Board and its approach to developing publications on valuation education.
20. The intended benefits of the Framework include:
- the development of PMOs based on a common set of concepts relevant to professional valuer accreditation,
 - an efficient and effective standard-setting process, as the Professional Board has debated issues in an open and transparent environment from the same conceptual base,
 - enabling interested parties to understand the fundamental concepts of the PMOs.

Authority and Scope of the Framework

21. A professional valuer is a person who has completed a professional valuer accreditation programme; has expertise in the field of valuation, achieved through formal education and practical experience and maintained through continuous learning and development; is held to high professional standards equivalent to the IVSC's PMOs and Code of Ethical Principles & Competency Framework for Valuers; and whose compliance with such standards is subject to enforcement by a VPO that is a member of the IVSC². A professional valuer candidate is an individual who has commenced a professional valuer accreditation programme. In some jurisdictions, VPOs have yet to be developed. Where there is no relevant organisation that an individual may apply to join, individuals or firms are encouraged to adopt and comply with this Framework.
22. The IVSC defines VPOs as organisations that have either direct or indirect responsibility for the training and development of their members and those aspiring to membership and providing them with an accreditation as a professional valuer. These organisations are also responsible for ensuring that their members maintain competence and comply with rules of ethical conduct. VPOs that are members of the IVSC are required to meet the following criteria:
 - they must be established as a not-for-profit organisation,
 - they must set education, competency and ethical standards for their members,
 - they must uphold the public interest over the interests of their members,
 - they must have a system for disciplining members who breach their ethical and other conduct rules,
 - they must have governance and operating structures suitable to their role and responsibilities and be able to demonstrate integrity in the conduct of their activities.
23. A professional organisation that meets the above criteria and that also accredits and admits members engaged in professional activity other than valuation may be classed as a VPO if it provides a pathway for membership and accreditation that includes the competencies in the PMOs and a structure that provides continuing professional development for its members that work as professional valuers.
24. Professional valuers work in every sector of the economy and in many different areas of valuation. The PMOs establish the learning and development principles for the education of professional valuers.
25. In the absence of a specific PMO, VPOs that are members of the IVSC and other interested parties should also apply these concepts when designing, delivering and assessing accreditation and continuing professional development programmes for professional valuers.

² The titles used to describe a professional valuer in the various jurisdictions is diverse. For purposes of this *Framework*, these titles are to be used synonymously with professional valuers.

26. The following publication of the IVSC form the base for the development of the PMOs:
27. *Code of Ethical Principles & Competency Framework for Valuers*
28. This Framework deals with the concepts of competence, initial professional development, continuing professional development and the assessment of the effectiveness of learning and development.
29. The IVSC recognises that some organisations and jurisdictions will require time to converge to the PMOs. The IVSC is committed to working with those organisations and jurisdictions in developing reasonable transition plans to converge.
30. VPOs that are members of the IVSC should structure their professional valuer accreditation programmes in a way that protects the public interest.

Educational and Development Concepts

Capability and Competence

31. The overall objective of valuation education is to develop competent professional valuers.
32. Capability is the ability to perform certain actions. Capabilities are the attributes that enable the professional valuer to perform his or her role. Within the PMOs, capabilities consist of professional skills and ethics. The acquisition of these capabilities contributes to competence. Capabilities do not vary in terms of ability to perform certain actions.
33. Competence is defined as the possession of the required skill, knowledge and capacity to do something well measured against a defined standard with reference to particular intended use and context. The definition of competence emphasises the ability of individuals to perform to standards expected of professional valuers. Competence requires the capabilities of professional skills and ethics, and the appropriate level of technical knowledge.
34. The level of competence required by the professional valuer is related to the complexity of the asset or liability class and the complexity of the environment in which the valuation is undertaken. The appropriate level of competence for the professional valuer is dependent on the following criteria:
 - the type of asset or liability that is the subject of the valuation, e.g., real estate, plant machinery and equipment, personal property, business, business interests, intangible assets and financial instruments,
 - the intended use of the valuation, e.g., secured lending, financial reporting, dispute resolution and statutory requirement,
 - the sector in which the asset or liability subject to the valuation is classified, e.g., mining, manufacturing, financial institutions and housing.

35. There may be times when a professional valuer will require information that extends beyond their area of competence by asset or liability class, valuation intended use and industry sector expertise. In such cases, the professional valuer will be required to rely on information provided by third parties, such as specialists or service organisations³. A competent valuer will recognise the requirement to rely on the expertise of a third party, when necessary. However, unquestioning acceptance of such third-party information can produce an unreliable valuation. A competent valuer will also question the information using their professional judgement and scepticism to ensure a credible valuation.

Learning and Development

36. An individual becomes competent through learning and development. The primary types of learning and development endorsed by the IVSC are as follows:
- **Education:** Education is a systematic process aimed at acquiring and developing knowledge, skills and other capabilities within individuals, a process that is typically but not exclusively conducted in academic environments.
 - **Practical experience:** Practical experience refers to workplace activities that apply the relevant education in a supervised work environment.
 - **Training:** Training refers to learning and development activities that complement education and practical experience, usually conducted in the workplace or a simulated work environment.
37. Learning and development also includes activities such as coaching, networking, observation and self-directed gaining of knowledge.
38. Learning and development is an ongoing process of acquiring, maintaining and renewing competence at an appropriate level throughout a professional valuer's career. The extent to which each of the different forms of learning and development are used may vary. The technical knowledge of the professional valuer will change over time due to the evolution of the markets and disciplines in which the professional valuer operates.
39. In a constantly changing work environment, a commitment to lifelong learning is an integral aspect of being a professional valuer. Therefore, the PMOs address both Initial Professional Development (IPD) and Continuing Professional Development (CPD).

Initial Professional Development

40. IPD is learning and development through which individuals first develop competence leading to performing a role in the valuation profession.
41. IPD includes the following categories:
- General education is broad-based education to develop the skills necessary as a foundation for managing the demands of professional valuation education and practical experience.

³ Specialist and service organisation are defined in IVS (effective 31 January 2025)

- Professional valuation education, including practical experience, is education and training that builds on general education and imparts technical knowledge, professional skills and ethics.
 - Assessment is the measurement of professional competence developed throughout learning and development.
42. Learning outcomes are the broad goals that describe what the professional valuer candidates are supposed to know or be able to do to demonstrate the capability and competency at the point of accreditation.
43. There are legal and regulatory differences in the accreditation of the professional valuer, internationally. Each VPO that is a member of the IVSC will define the appropriate relationship between the end of IPD and the point of qualification or licensing for its members.
44. IPD continues until individuals can demonstrate the competence required for their accreditation as a professional valuer. IPD⁴ goes beyond knowledge of valuation theory, principles, concepts, standards and process at a given point in time. It includes the ability to integrate technical knowledge, professional skills and ethics⁵. Professional competence enables individuals to identify issues, know what knowledge is relevant and know how to apply that knowledge and professional judgement to resolve issues ethically.
45. Certain PMOs include learning outcomes that establish the breadth and depth of knowledge, understanding and application required for a specified capability and competence area. The level of proficiency is based on consideration of the ambiguity, complexity and uncertainty of the environment. A VPO that is a member of the IVSC may include additional capability and competence areas, increase the level of proficiency for competence areas and develop additional learning outcomes that are not specified in the PMOs.

Continuing Professional Development

46. Globalisation, advances in technology, business complexity, societal changes and the expansion of stakeholder groups, including regulators and oversight bodies, are significant characteristics of the environment in which professional valuers work. Change requires professional valuers to maintain and develop new and/or more specialised knowledge and skills throughout their careers as they take on new roles or change disciplines. Throughout their careers, the competence gained during IPD is continually renewed, modified and/or expanded through CPD.
47. CPD⁶ is learning and development that develops the competencies acquired during IPD to enable professional valuers to continue to perform their roles competently. CPD provides continual development of the competence achieved during IPD.

⁴ Further details on IPD are contained within the Code of Ethical Principles & Competency Framework for Valuers section A1.1 Professional Development

⁵ See the Code of Ethical Principles & Competency Framework for Valuers section A1.2 Professional Values, Ethics and Behaviour.

⁶ Further details on CPD are contained within the Code of Ethical Principles & Competency Framework for Valuers section A1.1 Professional Development.

Assessment of the Effectiveness of Learning and Development

48. Different measurement approaches can be employed to assess the effectiveness of learning and development. They include:
- An input measure which focuses on the investment made in learning and development, e.g., the number of hours an individual is expected to attend a course or the subject areas covered. Input-based measures have traditionally served as proxies for measuring the development of competence, primarily because they are easy to determine and verify. They do not, however, measure the competence developed.
 - A process measure which focuses on the design and delivery of learning and development, e.g., a course curriculum that is regularly reviewed and updated. As with the input-based measures, process-based measures are proxies for the competence developed.
 - An output measure which focuses on whether the professional valuer has developed the specified competence. Competence can be assessed by a variety of means, including workplace performance, workplace simulations, written examinations and self-assessment. Competence-based assessment begins with the creation of competence frameworks as benchmarks.
49. In choosing a measurement approach, the following characteristics should be considered:
- validity – whether it measures what needs to be measured,
 - reliability – whether it consistently produces the same result, given the same set of circumstances,
 - cost-effectiveness – whether the benefits outweigh the costs of measurement.
50. Output measures, being directly focused on competence, are rated as highly valid. They can be challenging to implement without substantial investment in measurement systems, leading to concerns over their cost effectiveness. Because of the inherent compromise between validity, reliability and cost effectiveness, a mix of input, process and output measures is often adopted. However, output measures are the measures most closely linked with the objective of professional valuer accreditation – the development of competence.
51. The selection of the appropriate measurement approach in the circumstances will be made by the VPO that is a member of the IVSC.

Structure

52. The PMOs are written in accordance with the set of drafting conventions that appear in the Appendix to this *Framework*.

Appendix: Drafting Conventions

Language and Structure

- A1. The sole approved text of an Exposure Draft, PMO or other form of guidance is that published by the IVSC in the English language.
- A1. Each PMO contains a paragraph on definitions and explanation of key terms. The definitions and explanations are intended to support translation, interpretation and application and are not intended to override definitions and explanations of other documents that may be established for other purposes, whether in law, regulation or otherwise.
- A2. The structure of the PMOs is organised to include the following as separate sections: Introduction, Objective, Requirements and Commentary.

Introduction

- A3. The introductory material includes information regarding the purpose and scope that provides context relevant to a proper understanding of each PMO.

Objective

- A4. Each PMO contains a clear statement of the objective of the PMO. The objectives assist VPOs that are members of the IVSC to understand what needs to be accomplished and to decide whether more needs to be done to achieve the objective.

Requirements

- A5. The objectives are supported by clearly stated requirements that are necessary to achieve the objectives. Requirements are always expressed using the term "shall."

Commentary

- A6. The commentary provides additional explanation relevant to the requirements. The commentary is intended to explain more fully what a requirement means and may include examples of how to meet the requirements. The commentary does not in and of itself impose any additional requirements; its purpose is to assist in their application.

PMO 101: Initial Professional Development

Entry Requirements to Professional Valuer Accreditation Programmes

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Scope of this Professional Membership Obligation

1. The Professional Membership Obligations (PMOs) are professional standards for Valuation Professional Organisations (VPOs) to incorporate into the education and development of their members. PMO 101 prescribes the principles to be used when setting and communicating entry requirements to professional valuer accreditation programmes. Requirements relating to entry to the valuation profession are covered by:
 - PMO 102: Initial Professional Development – Professional Skills and Ethics,
 - PMO 103: Initial Professional Development – Technical Knowledge,
 - PMO 104: Initial Professional Development – Practical Experience, and
 - PMO 105: Initial Professional Development – Assessment of Professional Competence.
2. This PMO is addressed to International Valuation Standards Council (IVSC) member bodies that provide professional valuer accreditation for the education and development of their members (VPOs that are members of the IVSC). In addition, this PMO may be helpful to those who commission or rely on valuations, educational organisations, those who design, deliver, assess or support education programmes for professional valuers, employers of professional valuers, government authorities, regulators with responsibility for the oversight of the work of professional valuers, prospective valuers who undertake their own learning and development.
3. Definitions and explanations of key terms are set out in paragraph 12.

4. The commentary, as set out in paragraphs A1 to A13, provides additional explanation relevant to the requirements of this PMO. The commentary is intended to explain more fully what a requirement means and may include examples of how to meet the requirements. The commentary does not in and of itself impose any additional requirements; its purpose is to assist in their application.
5. VPOs that are members of the IVSC have responsibility for setting and communicating entry requirements for professional valuer accreditation programmes.
6. This PMO explains the principle of allowing flexible access to professional valuer accreditation programmes while ensuring that professional valuer candidates (Candidates) have a reasonable chance of successful completion of such programmes. This PMO explains a reasonable chance of successful completion, the suitability of entry requirements and the different forms of entry requirements.
7. This PMO recognises that entry requirements may vary by jurisdiction, due to different pathways through professional valuer accreditation programmes, and differences between various jurisdictions in governance and regulatory arrangements.

Effective Date

8. This updated PMO is effective from 31 July 2026 although earlier adoption is encouraged.

Objective

9. The objective of this PMO is to establish the principles for setting and communicating entry requirements to professional valuer accreditation programmes.

Requirements

10. VPOs that are members of the IVSC shall set entry requirements that will allow entrance to those with a reasonable chance of successfully completing the professional valuer accreditation programme; a university degree or equivalent is normally a prerequisite for accreditation as a professional valuer.
11. VPOs that are members of the IVSC shall make relevant information publicly available to assist applicable education providers and individuals considering a career as a professional valuer assess the chances of successfully completing a professional valuer accreditation programme.

Definitions and Explanations of Key Terms

12. This PMO uses the following definitions and explanations of key terms:
 - A professional valuer is a person who has expertise in the field of valuation, achieved through formal education and practical experience and maintained through continuous learning and development, is held to high professional standards equivalent to the IVSC's PMOs and *Code of Ethical Principles & Competency Framework for Valuers* and whose compliance with such standards is subject to enforcement by a VPO that is a member of the IVSC.
 - A professional valuer candidate is an individual who has commenced a professional valuer accreditation programme as part of Initial Professional Development.

Commentary

Scope (paras A1-A4)

- A1. Professional valuer accreditation programmes are designed to support Candidates to develop the appropriate professional competence by the end of Initial Professional Development (IPD). Such programmes may include formal education delivered through qualifications and courses offered by educational institutions, VPOs that are members of the IVSC, and employers, as well as workplace training. The design of professional valuer accreditation programmes may therefore involve substantive input from stakeholders other than VPOs that are members of the IVSC.
- A2. VPOs that are members of the IVSC may have varying levels of control over entry requirements to professional valuer accreditation programmes. In some jurisdictions, entry requirements to the accreditation programme may be set by universities or accreditation requirements may be set by governments. There are a number of steps a VPO that is a member of the IVSC may take to meet its membership obligations with respect to the IPD of its members. For example, in a situation where a university rather than the VPO sets the entry requirements, the VPO might work with the university to explain the purpose of the PMOs and communicate that compliance with the PMOs would enable individuals to be considered as Candidates in the VPO.
- A3. There may be differences between the entry requirements to the education programme and to the accreditation process. For example, where a university degree is a prerequisite for accreditation, Candidates may be able to enter the accreditation process prior to completion of the university degree, but accreditation does not occur until the university degree is conferred.
- A4. There are various pathways into the valuation profession, e.g., traditional degree level entry, gaining experience by working in the profession and entry from the secondary education level. The selection of the appropriate entry requirement to its professional valuer accreditation programme will be made by the VPO that is a member of the IVSC.

Objective (paras A5-A7)

- A5. Entry to the valuation profession requires Candidates to achieve an appropriate level of professional competence at the end of IPD. Reasonable and proportionate entry requirements provide that access to professional valuer accreditation programmes is limited to those likely to succeed.
- A6. Entry requirements to professional valuer accreditation programmes should be neither too high, causing unnecessary barriers to entry to the profession, nor too low, causing individuals to believe falsely they have a likelihood of completing the education successfully. Such entry requirements assist individuals considering a career as a professional valuer to make informed career decisions.

- A7. VPOs that are members of the IVSC can contribute to efficient and effective career decisions by informing individuals considering a career as a professional valuer of the professional skills and ethics, and technical knowledge expected of those successfully completing professional valuer accreditation programmes. Individuals are only able to make informed decisions about their career choices when provided with the necessary information.

The information to be provided may cover:

- varying entry points to professional valuer accreditation programmes,
- encouraging individuals considering a career as a professional valuer to commence a professional valuer accreditation programme only when they have considered their chances of successful completion,
- pass rates relating to the qualification,
- transparent information regarding the expectations and costs associated with professional valuer accreditation programmes, and
- self-diagnostic tools such as competency maps setting out the skills and knowledge to be acquired on successful completion of the professional valuer accreditation programme.

Requirements (paras A8-A13)

- A8. Determining a reasonable chance of successful completion is a matter of judgement, depending on a number of factors. Normally, the entry requirement for accreditation should be at a level required for a university degree and may be attained by a cognate first degree, a postgraduate or Master's degree or by structured or unstructured study while the Candidate is attaining practical experience. The intention is to help individuals considering a career as a professional valuer to be as fully informed as possible and encourage those providing professional valuer accreditation programmes to share as much helpful and relevant information as possible. This may involve taking into account factors such as:
- the economic, business and regulatory environment,
 - the prerequisite knowledge required,
 - the expected learning to be acquired,
 - the role of the valuer, and
 - any other relevant factors.
- A9. The entry requirements may be justified with reference to the professional skills and ethics, and technical knowledge needed to successfully complete a professional valuer accreditation programme. Entry requirements should be neither excessive nor trivial. An excessive barrier to entry may include prescribing specific subject qualifications from certain institutions. The purpose of avoiding such excessive barriers is to allow flexibility of access to professional valuer accreditation programmes, not to dilute standards either of professional valuer accreditation programmes themselves or of the valuation profession.
- A10. VPOs that are members of the IVSC may adopt different entry requirements, because professional valuer accreditation programmes vary by jurisdiction and by type of asset class.

- A11. Candidates may have developed their professional skills and ethics, and technical knowledge through various pathways, including work experience, study or qualifications. The flexibility of pathways to professional valuer accreditation programmes in no way dilutes the rigour of that education, nor of the standards required of Candidates to complete IPD. The purpose of this flexibility is to allow broad access to professional valuer accreditation programmes. An example of this flexibility can be found where a VPO that is a member of the IVSC specifies a university degree entry requirement but allows direct entrance to its professional valuer accreditation programme for those without a university degree if they have a period of relevant practical experience.
- A12. VPOs that are members of the IVSC may prescribe specific criteria used to determine that individuals meet the entry requirements to a professional valuer accreditation programme. These may include qualifications, courses, entry tests or experience. Entry requirements may include the assessment of one, or a combination of, qualifications, experience or other requirements deemed appropriate by the VPO. This information could be made widely available by publishing it in the brochures for professional valuer accreditation programmes or by including it on the website of the VPO.
- A13. VPOs that are members of the IVSC can help individuals considering a career as a professional valuer consider their chances of successfully completing a professional valuer accreditation programme by encouraging them to consider the content covered, its level and methods of assessment of the programme.

PMO 102: Initial Professional Development

Professional Skills and Ethics

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Scope of this Professional Membership Obligation

1. The Professional Membership Obligations (PMOs) are professional obligations for Valuation Professional Organisations (VPOs) to incorporate into the education and development of their members. This PMO prescribes the capabilities and the learning outcomes for professional skills and ethics that professional valuer candidates (Candidates) are required to demonstrate by the end of Initial Professional Development (IPD).
2. This PMO is addressed to International Valuation Standards Council (IVSC) member bodies that provide professional valuer accreditation for the education and development of their members (VPOs that are members of the IVSC). In addition, this PMO may be helpful to those who commission or rely on valuations, educational organisations, those who design, deliver, assess or support education programmes for professional valuers, employers of professional valuers, government authorities, regulators with responsibility for the oversight of the work of professional valuers, and prospective valuers who undertake their own learning and development.
3. Definitions and explanations of key terms are set out in paragraph 19.
4. The commentary, as set out in paragraphs A1 to A25, provides additional explanation relevant to the requirements of this PMO. The commentary is intended to explain more fully what a requirement means and may include examples of how to meet the requirements. The commentary does not in and of itself impose any additional requirements; its purpose is to assist in their application.
5. Being a professional valuer carries the highest level of responsibility for maintaining and enhancing the regard in which VPOs and professional valuers are held by fellow professional valuers, other professionals and the public.

6. This PMO integrates professional skills and ethics into professional valuation education.
7. The capabilities described in this PMO reflect the personal attributes of being a professional valuer. These capabilities are pervasive to a professional valuer's work, values, attitudes, manner and ethical behaviour and can be transferred across different environments, different issues, different roles and the various disciplines in which professional valuers operate.
8. Learning and development continue throughout the career of a professional valuer. Professional skills and ethics acquired during IPD are also relevant to continuing professional development (CPD). Acquisition of these capabilities in IPD contribute to competence and form the foundation for life-long learning.
9. Within this PMO, the professional skills to be acquired by the end of IPD are categorised into six capability areas: intellectual, communication, diligence, professional manner, professional judgement and professional scepticism.
10. Ethics are rules of conduct that govern the behavioural characteristics of the professional valuer. In this PMO, the ethical principles contained in the IVSC's Code of Ethical Principles & Competency Framework for Valuers combined with the commitment to the public interest, form the foundation of the required behavioural characteristics established by the end of IPD.
11. Together, professional skills and ethics integrate with the appropriate level of technical knowledge in PMO 103: *Initial Professional Development - Technical Knowledge* to demonstrate professional competence of Candidates by the end of IPD.

Effective Date

12. This PMO is effective from 31 July 2026, although earlier adoption is encouraged.

Objective

13. The objective of this PMO is to establish the professional skills and ethics that Candidates need to develop and demonstrate by the end of IPD in order to perform a role as a professional valuer.

Requirements

14. VPOs that are members of the IVSC shall provide through professional valuation accreditation programmes, either administered by the VPO or outsourced to an educational institution, a framework of professional skills and ethics to be acquired by Candidates by the end of IPD in order to perform a role as a professional valuer.

15. The framework shall include the following threshold level of capabilities and learning outcomes:

Professional Skills	
Capability Area	Learning Outcomes
Intellectual	Evaluates information from a variety of sources and perspective through analysis, integration and research.
	Applies strong analytical skills and integrative thinking to reach well-reasoned conclusions.
	Demonstrates knowledge and understanding of setting the proper scope for a valuation assignment.
	Identifies when it is appropriate to consult with/rely upon third party specialists to augment the knowledge and expertise required to reach a valuation conclusion.
	Applies judgement based on all relevant facts and circumstances.
Communication	Demonstrates awareness of cultural and language differences in all communication.
	Demonstrates knowledge and understanding of effective oral, written, graphic and presentation skills that are appropriate to specific situations.
	Communicates clearly, concisely and effectively through listening, understanding, speaking and writing with clarity, in formal and informal situations.
Diligence	Undertakes assignments in accordance with established requirements to meet prescribed deadlines.
	Reviews work to determine whether it complies with established requirements.
	Applies appropriate tools and technology to increase efficiency and effectiveness in the conduct of the valuation assignment.
Professional manner	Demonstrates a commitment to diligence, due care, timeliness, courteousness, respect, responsibility and reliability.
	Sets high personal standards of delivery, monitors personal performance, solicits feedback from others, responds to feedback and reflects and acts upon it to improve behaviour.
	Reviews own work and demonstrates pride in ensuring that tasks are completed with a focus on accuracy and quality.
Professional judgement	Evaluates reasonable alternatives to reach well-reasoned and informed conclusions based on all relevant facts and circumstances.
	Demonstrates a cohesive process for using professional judgement to solve problems and make decisions.

Professional scepticism	Applies a questioning mindset to critically assess financial information and other relevant data.
	Evaluates information provided by subject matter specialists to ensure a reliable valuation.

Ethics	
Capability Area	Learning Outcomes
Ethical principles	Explains the role of ethics within the valuation profession.
	Demonstrates an understanding of the ethical principles of integrity, objectivity, competence, confidentiality and professional behaviour to ethical dilemmas.
	Explains the risks in complying with the ethical principles and the safeguards that may eliminate or mitigate those risks ⁷ .
	Identifies situations involving existing or potential ethical issues, analyses alternative courses of action, determines the ethical consequences of each course of action and chooses or recommends an ethical course of action.
	Applies the ethical principles to professional behaviour in compliance with established requirements.
Commitment to the public interest	Explains the concept of social responsibility in the context of the valuation profession.
	Demonstrates knowledge and understanding of the principles and responsibilities imposed by law, regulations, policies and established requirements.
	Adheres to laws, regulations, policies and established requirements.
	Maintains and enhances the reputation of the valuation profession.
	Adopts an attitude of life-long learning and stays abreast of current trends and emerging issues.

Review of Professional Skills and Ethics Requirements

16. VPOs that are members of the IVSC shall review and update their professional valuation accreditation programmes that are designed to achieve the learning outcomes in this PMO as considered necessary.

Reflective Activity

17. VPOs that are members of the IVSC shall design learning and development activities on professional skills and ethics for Candidates to include reflective activity.

⁷ See IVSC Code of Ethical Principles and Competency Framework for Valuers A2 Risks

Assessment of Professional Skills and Ethics

18. VPOs that are members of the IVSC shall establish appropriate activities to assess the professional skills and ethics of Candidates at the end of IPD.

Definitions and Explanations of Key Terms

19. This PMO uses the following definitions and explanations of key terms:
 - A professional valuer is a person who has completed a professional valuer accreditation programme; has expertise in the field of valuation, achieved through formal education and practical experience and maintained through continuous learning and development; is held to high professional standards equivalent to the IVSC's PMOs and *Code of Ethical Principles & Competency Framework for Valuers* and whose compliance with such standards is subject to enforcement by a VPO that is a member of the IVSC.
 - A professional valuer candidate is an individual who has commenced a professional valuer accreditation programme as part of IPD.
 - A practical experience supervisor is a professional valuer who is responsible for directing, advising and assisting Candidates in acquiring sufficient practical experience.
 - Reflective activity is an action, e.g., documenting, discussing and analysing, that reflects on the experience of the Candidate to identify areas for improvement and growth in both personal and professional contexts.
 - Intellectual skill is the ability of a professional valuer to solve problems, make decisions and exercise professional judgement.
 - Communication skill is the ability of a professional valuer to convey information effectively and efficiently.
 - Diligence skills relate to the ability of a professional valuer to apply the attention and care expected of a professional valuer.
 - Professional manner is the conduct displaying the degree of care and skill consistent with the standards of the valuation profession and established requirements.
 - Professional judgement is the application of relevant training, knowledge and experience, within the context provided by ethical principles and established requirements, in making informed decisions about the courses of action that are appropriate in the circumstances of the valuation engagement.
 - Professional scepticism is an attitude that includes a questioning mind and a critical assessment of evidence.
 - Ethical principles are the principles of integrity, objectivity, competence, confidentiality and professional behaviour described in the IVSC's *Code of Ethical Principles & Competency Framework for Valuers*, together with any established requirements that are more restrictive.

Commentary

Scope of this Professional Membership Obligation (paras A1-A7)

- A1. Capability is the ability to perform certain actions. The capabilities described in this PMO are the attributes that enable the professional valuer to perform his or her role. Capabilities consist of professional skills and ethics. The acquisition of capabilities contributes to competence. The learning outcomes for professional skills and ethics do not vary in terms of the ability to perform certain actions.
- A2. Competence is the capacity to do something well measured against a defined standard with reference to working environments. It requires the professional valuer to maintain professional knowledge and skill at the level required to ensure that clients, intended users or employers receive competent professional service; and act in accordance with applicable technical and professional standards when providing professional services. Professional competence goes beyond knowledge of valuation theory, principles, concepts, standards and process. Professional competence is the integration of professional skills and ethics with technical knowledge.
- A3. The application of professional skills and ethics is not limited to the context of a valuation engagement. Professional skills and ethics apply to the broader context of a role as a professional valuer.
- A4. Professional skills and ethics encompass the professional behaviour and characteristics that identify professional valuers as members of a profession.
- A5. It is fundamental to the valuation process that those who rely on valuations have confidence that those valuations are provided by valuers who have appropriate experience, skill and judgement, and who act in a professional manner.
- A6. A professional valuer needs to recognise limits to professional competence. A competent professional valuer will only provide advice in areas of qualification and capability. A professional valuer will seek assistance from other professionals, e.g., subject matter specialists, when required information extends beyond their area of competence.
- A7. There may be times when a professional valuer will be required to rely on information provided by third parties, such as subject matter specialists. Unquestioning acceptance of such third party information can produce a non-credible valuation. A competent professional valuer will also question the information provided by the third party, to ensure a credible valuation.

Objective (para A8)

- A8. Establishing the professional skills and ethics that Candidates need to develop and demonstrate serves several purposes. It protects the public interest, enhances the quality of the work of professional valuers and promotes the credibility of the valuation profession.

Requirements (para A9-A25)

Learning Outcomes for Professional Skills and Ethics (paras A9-A15)

- A9. The capability framework lists the learning outcomes for professional skills and ethics to be acquired by Candidates by the end of IPD, regardless of their intended future valuation specialisation or role and regardless of type of asset or liability class subject to valuation, the intended use of the valuation and the sector in which the asset or liability is classified. These learning outcomes reflect the common body of capabilities that have application to all professional valuers.
- A10. By establishing a framework for learning and development activities that cover professional skills and ethics, VPOs that are members of the IVSC promote a commitment for Candidates to act in the public interest. Acting in the public interest includes:
- an awareness and concern for impact on the public,
 - a sensitivity to social responsibilities,
 - lifelong learning,
 - a predisposition to quality, reliability, responsibility, timeliness and courtesy, and
 - a respect for laws and regulations.
- A11. Professional valuers accept a responsibility to act in the public interest. Consequently, the actions of a professional valuer are not intended exclusively to satisfy the needs of an individual client or employer.
- A12. Within a professional valuation accreditation programme, ethics may initially be treated as a separate subject. However, as Candidates progress, the integration of ethics with other subjects encourages the recognition and consideration of wider ethical implications.
- A13. In the design of professional valuation accreditation programmes, the capability areas may not be identical to the names of prescribed courses or subjects. The learning outcomes associated with one capability area may be achieved across more than one course or subject and may extend across several different courses or subjects, none of which may be devoted solely to that particular capability area.
- A14. In professional valuation accreditation programmes, VPOs that are members of the IVSC may include additional capability areas or develop additional learning outcomes that are not specified in this PMO.
- A15. VPOs that are members of the IVSC are encouraged to identify the most appropriate approach to learning and development taking into consideration the national and cultural environment. An appropriate approach is likely to include a mixture of learning and development activities which combine structured learning programmes and practical experience.

Review of Professional Skills and Ethics Requirements (paras A16-A17)

- A16. Professional valuation accreditation programmes are designed to support Candidates to develop the appropriate professional competence by the end of IPD. Such programmes may include formal education delivered through qualifications and courses offered by educational institutions, VPOs that are members of the IVSC and employers, as well as workplace training.
- A17. The requirement to review and update professional valuation accreditation programmes reflects the rapidly-changing and complex environment within which professional valuers operate. The review cycle will depend upon the frequency of changes in legislation, regulations and established requirements relevant to professional valuers.

Reflective Activity (paras A18-A21)

- A18. A reflective activity is an action, e.g., documenting, discussing and analysing, that reflects on the experience of the Candidate to identify areas for improvement and growth in both personal and professional contexts. Reflective learning is the iterative process by which professional valuers, at all stages of their career, continue to develop their professional competence by reviewing their experiences, real or simulated, with a view to improving their future actions.
- A19. Candidates would normally be expected to reflect on their experiences. The most realistic experiences on which to reflect may occur in the workplace. Where this is not possible or appropriate, simulations of “real life” experiences, or consideration of relevant cases that are in the public domain may also offer suitable alternatives.
- A20. VPOs that are members of the IVSC may prescribe different criteria to support reflective activity. For example, some may adopt a requirement to formally document the reflective activity in records of learning or personal development portfolio, whereas others may encourage the expectation of reflective activity through communication to its Candidates.
- A21. Where guidance is provided to Candidates on the nature, format and content of documentation to be maintained for reflective activity and the types of situations to be documented, consideration should be given to confidentiality, legal and regulatory requirements. For example, certain ethical situations could be sensitive and subject to legal or disciplinary actions and would therefore not be suitable to document and discuss.

Assessment of Professional Skills and Ethics (paras A22-A25)

- A22. PMO 105: *Initial Professional Development – Assessment of Professional Competence* provides the principles that apply to the design of activities used to assess the acquisition of professional skills and ethics, and other elements of professional competence.
- A23. Various activities can be used to assess the acquisition of professional skills and ethics of Candidates. Appropriate assessment activities may include written examinations, case studies, written essays, work-based simulations, workplace assessments, being monitored by a practical experience supervisor and compiling portfolios of evidence of demonstrating the learning outcomes.

A24. In addition to written examinations, there are a number of other means by which assessment within a formal education environment may be carried out, including:

- creating databanks of case studies and requiring Candidates to complete tests based on these case studies,
- using a case analysis system that requires Candidates to maintain journals and notes on particular public domain cases, and
- using case study group assignments and workshops to assess ethical analysis and decision-making.

A25. Workplace assessment differs from, and in many respects is more difficult than, assessment within a formal education environment. The means for assessing the development of professional skills and ethics in the workplace may include:

- creation of work-based simulations in order to provide sufficient, equitable and reliable assessments of professional skills,
- discussion and facilitated resolution of ethical dilemmas as they arise in the workplace, and
- performance reviews and appraisals.

PMO 103: Initial Professional Development

Technical Knowledge

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Scope of this Professional Membership Obligation

1. The Professional Membership Obligations (PMOs) are professional obligations for Valuation Professional Organisations (VPOs) to incorporate into the education and development of their members. This PMO prescribes the competencies and the learning outcomes for technical knowledge that professional valuer candidates (Candidates) are required to demonstrate by the end of Initial Professional Development (IPD).
2. This PMO is addressed to International Valuation Standards Council (IVSC) member bodies that provide professional valuer accreditation for the education and development of their members (VPOs that are members of the IVSC). In addition, this PMO may be helpful to those who commission or rely on valuations, educational organisations, those who design, deliver, assess or support education programmes for professional valuers, employers of professional valuers, government authorities, regulators with responsibility for the oversight of the work of professional valuers, and professional valuers and prospective valuers who undertake their own learning and development.
3. Definitions and explanations of key terms are set out in paragraph 14.
4. The commentary, as set out in paragraphs A1 to A18, provides additional explanation relevant to the requirements of this PMO. The commentary is intended to explain more fully what a requirement means and may include examples of how to meet the requirements. The commentary does not in and of itself impose any additional requirements; its purpose is to assist in their application.
5. Technical knowledge is the familiarity and understanding of valuation theory, standards and process required to prepare a credible valuation. Technical knowledge is acquired through study and practical experience.

6. The appropriate level of technical knowledge is dependent upon the type of asset or liability class, the intended use of the valuation and the sector in which the asset or liability class subject to the valuation is classified. This PMO prescribes the competence areas and the learning outcomes for technical knowledge relating to the following:
- Tangible assets:
 - real estate including land and development property,
 - plant, machinery and equipment, infrastructure and personal property
 - Business and business interests.
 - Intangible assets.

Financial Instruments is less globally defined as an area of expertise due to fewer VPOs covering this area, an example of the technical knowledge for this is in Appendix 2.

7. This PMO prescribes the threshold technical knowledge required of Candidates by the end of IPD. This PMO identifies the breadth and the depth of the technical knowledge requirements that are common to the foregoing asset classes and the additional requirements specific to each asset class. Together, the appropriate level of technical knowledge integrates with the professional skills and ethics in PMO 102: *Initial Professional Development - Professional Skills and Ethics* to demonstrate the professional competence of Candidates by the end of IPD.

Effective Date

8. This PMO is effective from 31 July 2026, although earlier adoption is encouraged.

Objective

9. The objective of this PMO is to establish the threshold technical knowledge that Candidates need to develop and demonstrate by the end of IPD in order to perform a role as a professional valuer.

Requirements

10. VPOs that are members of the IVSC shall provide through professional valuation accreditation programmes, either administered by the VPO or outsourced to an educational institution, a framework of technical knowledge to be acquired by Candidates by the end of IPD in order to perform a role as a professional valuer.
11. The framework shall include the threshold level of competencies and learning outcomes as outlined in the following tables.

COMMON COMPETENCIES	
Competence Area	Learning Outcomes
Economic theory, principles and concepts	Describes the fundamental principles of microeconomics and macroeconomics and how they may impact the subject of valuation.
	Explains the different types of market structures.
	Describes the role of the geo-political and cross-border considerations in a valuation assignment.
Financial markets	Compares the various sources of capital available to an entity.
	Explains the financial system and the operation of financial and securities markets.
	Describes the main linkages within the economy, the role of economic indicators, political developments and market sentiments in driving markets.
Finance theory	Explains how finance theory integrates with valuation theory.
Accounting theory	Explains the basic accounting theory of recording and reporting financial information.
Legal framework	Explains the various forms of ownership of an asset.
	Identifies the laws and regulations that govern the different forms of legal entities and the sources of obtaining information.
	Identifies the legal considerations when evaluating a transaction or when performing a valuation.
	Explains the laws and regulations applicable to the environment in which professional valuers operate.
	Identifies situations in which consultation with legal counsel is required.
Tax framework	Identifies the tax system applicable to the subject matter of the valuation.
	Identifies the tax considerations when evaluating a transaction or when performing a notional valuation.
Intended use of the valuation	Identifies the intended use of the valuation.
	Describes the basic valuation concepts.

COMMON COMPETENCIES	
Competence Area	Learning Outcomes
Valuation theory, principles and concepts	Demonstrates knowledge of valuation theory.
	Applies valuation principles consistent with the intended use of the valuation.
Valuation definitions	Identifies the various sources of valuation definitions.
	Applies the appropriate valuation definitions consistent with the intended use of the valuation.
Subject asset/liability characteristics	Describes the characteristics of the subject matter, and how value is created
Valuation process	Describes the valuation process in the conduct of a valuation assignment.
	Determines the scope of work in accordance with the International Valuation Standards and other applicable standards.
	Defines and describes the intended user of the valuation.
	Defines the qualitative and quantitative information requirements.
	Assesses, objectively, the qualitative and quantitative information, consistent with the intended use of the valuation.
Premise of value	Describes the premise of value.
	Differentiates between the various premises of value and the implications on the valuation inputs and valuation conclusions.
	Applies the appropriate premise of value consistent with the intended use of the valuation.
Basis of value	Describes the various bases of value.
	Differentiates between the various bases of value and the implications on the valuation premise, valuation inputs and valuation conclusions.
	Applies the appropriate basis of value consistent with the intended use of the valuation.
Highest & best use	Explains the concept of highest & best use.

COMMON COMPETENCIES	
Competence Area	Learning Outcomes
	Evaluates the concept of highest and best use in the context of a group of assets or a business.
	Applies the concept of highest and best use and assumption consistent with such use.
Technical standards/guidelines	Identifies the relevant valuation related standards and guidelines.
	Applies the relevant valuation related standards and guidelines consistent with the subject matter and the intended use of the valuation.
Valuation approaches	Describes the principal valuation approaches: <ul style="list-style-type: none"> • Market • Income • Cost
	Evaluates the applicability of alternative valuation approaches based on the nature of the subject matter, the premise of value and the intended use of the valuation.
	Applies different valuation approaches.
Valuation methods	Explains the valuation methods that apply in the valuation of the subject matter.
	Describes the advantages and disadvantages of each valuation method.
	Differentiates between the various valuation methods that fall under each of the three valuation approaches.
	Applies different valuation methods.
Information technology	Applies information technology skills in data analysis, valuation modelling, report writing and presentation of results.
Financial modelling	Describes the analysis and modelling of the subject of valuation from a financial perspective.
	Applies spreadsheet or bespoke programmes, as needed.
	Recognises general circumstances in which a specialist or a subject matter expert should be involved.

COMMON COMPETENCIES	
Competence Area	Learning Outcomes
Valuations for speciality areas, specific industries or markets	Identifies speciality areas and/or industries for which valuation analyses are performed.
	Describes the key considerations around data and information to perform valuations in emerging and frontier markets.
Reporting of valuation	Applies report writing and/or other communication skills to convey the valuation conclusion.
	Identifies the required form of report used and its definition.
	Applies and documents compliance with all applicable valuer standards, including certification, etc.
Valuation quality (quality of information, sources and assumptions, integrity of analysis, and robustness of conclusions)	Evaluates information and assumptions provided by management in light of past company performance and industry expectations.
	Evaluates the reasonableness of the prospective financial information in light of industry benchmarks, historical performance and industry expectations.
	Assesses the nature of the projected cash flows (expected vs conditional).
	Distinguishes between entity specific assumptions and expectations and market participant assumptions and expectations.
	Adjusts forecasts and assumptions as appropriate.
	Adjusts methods and assumptions used to the type and quality of data available.
	Evaluates the valuation conclusion in light of the value creation process at the entity.
	Evaluates internal consistency of data, assumptions and methods applied to the subject asset (or liability), including in the context of other assets (or liabilities) being valued.
Synthesises key discussions, assumptions, decisions, and significant issues arising in the course of the valuation analysis and the manner in which they were addressed.	

REAL ESTATE	
Competence Area	Learning Outcomes
Type of property	Identifies the property type being valued, including site improvements.
Geography/market	Identifies the geography/market for the property being valued.
Valuation approaches & methods	Compares and contrasts the various valuation methods under the principal valuation approaches, as follows: <ol style="list-style-type: none"> 1. Market approach – comparative method 2. Cost approach – depreciated replacement cost method 3. Income approach – investment method
Income approach - investment method (implicit model - capitalisation)	a. Assesses value by reference to comparable market rent, capitalisation rate and duration.
Income approach - investment method (explicit model - DCF)	b. Assesses value by reference to comparable market rent, target rate, cash flow, timing of receipt of incomes and explicit growth expectation in rental and exit yield.
Income approach - residual method	<p>c. Assesses sale value of completed development (Gross Development Value – GDV) by reference to comparable market rent and capitalisation rate or capital value today.</p> <p>d. Assesses cost of development/refurbishment by reference to comparable cost per unit of construction including all fees, profit and finance costs.</p> <p>e. Assesses market value of land or building in current state by reference to GDV minus costs of construction.</p>
Income approach - profits method	f. Assesses the rental value of subject property by reference to the income and expenditure of running the business. Assesses the capital value by capitalising the derived rent by an appropriate market capitalisation rate.

REAL ESTATE	
Competence Area	Learning Outcome
Legal interest	Evaluates the real property interest and any relevant related interests.
	Evaluates sales history/listing history.
	Identifies legal permissions or restrictions on the use of the property and any buildings.
Investigation and inspection	Identifies information requirements and available sources.
	Evaluates authenticity of collected information, including resolution of apparent conflicts of ambiguities in collected information.
	Describes the physical inspection of the subject property.
	Assesses actual or potential environmental risks.
	Analyses market trends and other factors and applies to subject property.
	Summarises observations and other information obtained through inspection.
	Evaluates the inspection of the subject property including the construction and any shortcoming therewith.
Plans and drawings	Describes the extraction of information from the plans and drawings.
	Evaluates nature, specification and adequacy of services.
	Describes the collection, analysis and decanting of comparable evidence of similar property assets as appropriate for capital or rental evidence.
	Identifies the suitable form of analysis.
Economic (external) obsolescence	Evaluates whether an adjustment of economic (external) obsolescence is appropriate.
Special assumptions	Identifies special assumptions as appropriate.
	Describes the special assumptions related to the subject property.
	Summarises the special assumptions implicit in the value of the subject property.

PLANT, MACHINERY AND EQUIPMENT, AND PERSONAL PROPERTY	
Competence Area	Learning Outcome
Legal interest	Evaluates the legal ownership and any relevant related interests.
	Identifies legal permissions (statutory or personal) or restrictions on the use of the asset.
Engineering	Describes a range of manufacturing processes and techniques.
	Describes a range of building construction materials and techniques.
	Explains the impact of technological advances on value.
	Describes the extraction of information from process flow diagrams and piping and instrumentation diagrams.
	Describes the extraction of information from plans and drawings.
	Assesses the impact on value of condition of assets.
Inspection and data gathering	Identifies the asset(s) being valued and accurately captures information that characterises such asset(s).
	Identifies the locational aspects that may have an impact on value.
	Identifies data sources that provide information that is relevant to the valuation analysis.
Investigation and inspection	Identifies information requirements and available sources.
	Evaluates authenticity of collected information, including resolution of apparent ambiguities in collected information.
	Summarises observations and other information obtained through inspection.
Valuation approaches and methods	<p>Compares and contrasts the various valuation methods under the principal valuation approaches as follows:</p> <ol style="list-style-type: none"> 1. Market approach - comparative method 2. Market approach - regression method 3. Cost approach - depreciated replacement cost method 4. Income approach - discounted cash flow and income capitalisation

BUSINESS AND BUSINESS INTERESTS	
Competence Area	Learning Outcome
Business and organisational environment	Describes the environment in which an entity operates.
	Analyses the economic environment and its impact on the entity.
	Analyses the entity's business strategy.
	Identifies and describes industry risks.
	Identifies and describes the key risks and opportunities specific to the business.
	Explains shareholder rights and the implication of those rights in a valuation.
Financial theory, principles and concepts	Applies finance theory and concepts relevant to business valuation.
	Applies financial analysis.
	Evaluates the entity's financial condition as a standalone entity.
Premise of value	Explains the appropriate premise in the valuation of the business.
	Explains the effect of asset obsolescence and its effect on the premise of value used for the business valuation.
	Explains the need for general consistency between the premise of value used in valuing the assets of the business and the overall business operation.

BUSINESS AND BUSINESS INTERESTS

Competence Area	Learning Outcome
Valuation approaches & methods	<p>Compares and contrasts the various valuation methods under the principal valuation approaches, as follows:</p> <ol style="list-style-type: none"> 1. Income approach <ol style="list-style-type: none"> a. Main value drivers <ol style="list-style-type: none"> i. Benefit streams and profitability ii. Risk iii. Growth b. Subject entity analysis <ol style="list-style-type: none"> i. Qualitative considerations ii. Quantitative considerations c. Income-based methods <ol style="list-style-type: none"> i. Capitalisation of earnings or cash flow, including: <ul style="list-style-type: none"> • normalisation adjustments • determination of sustainable earnings/cash flow • multiple/capitalisation rate determination: • redundant assets: non-operating assets • non-equity claims • tax calculations, including tax shield ii. Discounted cash flow, including: <ul style="list-style-type: none"> • normalisation adjustments • discount rate(s) determination • determination of sustainable earnings/cash flow • discrete time period until stabilisation • assessment of management forecasts • methods of calculating terminal value iii. Other methods <ul style="list-style-type: none"> • capitalisation of earnings before interest and taxes • dual capitalisation • other 2. Market approach <ol style="list-style-type: none"> a. Previous transactions of subject company shares

	<ul style="list-style-type: none"> b. Guideline publicly traded company method c. Guideline precedent transaction method d. Reconciliation of value indications among different multiples
	<ul style="list-style-type: none"> 3. Asset-based valuation methods, both as a primary valuation method and a risk assessment tool, as follows: <ul style="list-style-type: none"> a. Adjusted book value or net asset value b. Liquidation value
Valuation approaches and methods	Applies different valuation methods to calculate, analyse and support a plausible range of values.
	Evaluates the reasonableness of the valuation conclusion and documents the rationale.
Financial statement analysis	Describes the use of financial statements for the intended use of business valuation.
	Explains the differences in how differing accounting conventions impact financial statements.
	Evaluates the effect of accounting policies used to prepare financial statements.
Financial forecasting	Identifies information inputs and supporting information.
	Evaluates inputs and supporting information for reliability.
	Applies forecasting methods for the subject item(s) based on rational and reasonable assumptions.

BUSINESS AND BUSINESS INTERESTS	
Competence Area	Learning Outcome
Valuation of equity interests	Explains the relevance of legal agreements in the valuation of equity interests.
	Identifies the relevant considerations in the valuation of equity interests.
	Identifies the appropriate premise in the valuation of debt, when debt is deducted from enterprise value in arriving at equity value as a residual.
	Identifies any non-equity claims that are deducted from enterprise value in arriving at equity value as a residual.
	Assesses the valuation issues in allocating value between the classes of shares.
	Determines the level of value resulting from the application of the valuation approaches and methods.
	Considers the factors in valuing minority interests, including rights and limitations of minority shareholders; factors affecting value; discounts for lack of control; discounts for lack of marketability; legal remedies available.
Discounts and premiums	Explains the concept of minority discounts.
	Explains the concept of blockage discounts.
	Explains the considerations in valuing controlling interests, including conceptual issues relating to terms such as "premium for control".
	Applies the appropriate magnitude of discount or premium consistent with the level of value and the specific facts and circumstances.

INTANGIBLE ASSETS	
Competence Area	Learning Outcomes
Asset attributes	Describes the concept of intangible assets.
	Identifies the asset by reference to its type and describes its attributes.
	Describes the legal right or interest in the asset.
	Describes the specific characteristics of the intangible asset.
Premise of value	Identifies the premise of value that is consistent with the intended use of the valuation and basis of value.
	Describes the concept of functional and economic obsolescence in the context of the valuation and the effect on the valuation premise.
	Evaluates the potential impact of functional and economic obsolescence on the intangible asset(s).
Valuation approaches and methods	Compares and contrasts the conceptual similarities and differences of the three valuation approaches (income, market, cost) when applied to intangible assets and discusses the strengths and weaknesses of each.
	Evaluates how the characteristics of the intangible asset affect the valuation approach(s) and method(s) applied in the valuation of the asset.
Income approach	Explains the concept of the income approach.
	Outlines the types of assets and circumstances suited to the application of the income approach.
	Compares and contrasts the conceptual similarities and differences of the various methods under the income approach and discusses the strengths and weaknesses of each.
Income approach: Relief from royalty method	Explains the concept of a relief from royalty method and its strengths and weaknesses.
	Selects a hypothetical royalty rate by applying one or more methods.
	Evaluates if the royalty observed or derived is gross or net of maintenance expenses for the subject intangible.
	Applies the relief from royalty method over the projected economic life of the asset.

INTANGIBLE ASSETS	
Competence Area	Learning Outcomes
Income approach: premium profits method (with-or-without method)	Explains the concept of the premium profits (with-or-without) method and its strengths and weaknesses.
	Assesses the differential in profits due to the employment of the subject intangible asset over its economic life.
	Estimates the period over which benefits from the subject asset are received.
	Applies the premium profits method over the life of the benefit.
Income approach: multi-period excess earnings method	Explains the concept of the multi-period excess earnings method and its strengths and weaknesses.
	Outlines the types of assets and circumstances suited to the application of the multi-period excess earnings method.
	Describes the contributory assets in the operating group that the subject intangible asset is part of.
	Computes and applies contributory asset charges, and makes other adjustments to the projections.
	Estimates the period of time over which to apply the multi-period excess earnings method.
	Evaluates the impact of economic obsolescence on the value indications of the multi-period excess earnings method.
Income approach: disaggregated (distributor) method	Explains the concept of the disaggregated (distributor) method and its strengths and weaknesses.
	Outlines the types of assets and circumstances suited to the application of the disaggregated (distributor) method.
	Identifies the various functions of the enterprise to which the distributor method could be applied and identifies the assets required to perform such business functions.
	Estimates the period of time over which to apply the disaggregated (distributor) method.
	Applies the disaggregated (distributor) method.

INTANGIBLE ASSETS	
Income approach: greenfield method	Explains the concept of the greenfield method and its strengths and weaknesses.
	Outlines the types of assets and circumstances suited to the application of the greenfield method.
	Estimates the period of time required to establish the business (ramp up period) under current market conditions.
	Estimates the normalized level of operation of the business at the end of the ramp up period.
	Estimates costs and investments during the ramp-up period.
	Applies the greenfield method.
Competence Area	Learning Outcomes
Income approach: cost savings method	Explains the concept of the cost savings method and its strengths and weaknesses.
	Outlines the types of assets and circumstances suited to the application of the cost savings method.
	Estimates the cost savings generated or implied by owning the subject intangible asset.
	Estimates the period of time over which the costs savings related to the subject intangible would continue.
	Applies the cost savings method.
Market approach	Explains the concept of the market approach and discusses its strengths and weaknesses when applied to intangible assets.
	Outlines the types of assets and circumstances suited to the application of the market approach.
	Evaluates and interprets observable market evidence related to transactions for identical or similar intangible assets.
	Adjusts observed prices and multiples as appropriate.
	Applies the market approach.

INTANGIBLE ASSETS	
Cost approach	Explains the concept of the cost approach and discusses its strengths and weaknesses when applied to intangible assets.
	Outlines the types of assets and circumstances suited to the application of the cost approach.
	Estimates current replacement cost.
	Evaluates and applies a developer's profit.
	Evaluates and applies an opportunity cost adjustment.
	Applies adjustments for functional, technological, and economic obsolescence, as appropriate.
Obsolescence	Explains the interaction between premise of value and economic obsolescence.
	Assesses the effect of technological, functional and economic obsolescence on asset value.
	Estimates and applies any technological, functional and economic obsolescence adjustments to the indicated value of the subject intangible.

INTANGIBLE ASSETS	
Competence Area	Learning Outcomes
Economic life	Explains the impact of contractual, legal, regulatory, technological factors on the economic life of an intangible asset.
	Explains the effects of obsolescence, demand, competition & other economic factors on the economic life of an intangible asset.
	Explains the effect of another asset or a group of assets that the subject intangible is used with.
	Describes and critiques various methods for estimating the economic life of a subject asset.
	Determines the length of the projection period for the income approach in light of the economic life estimation.
Tax amortisation benefit	Describes the concept of the Tax Amortisation Benefit (TAB) and the effect of the tax laws of a jurisdiction on the ability to apply a TAB.
	Applies TAB to the present value of the asset.
Discount rate	Describes the concepts of discount rate; Internal Rate of Return (IRR) and Weighted Average Return on Assets (WARA).
	Explains the relationship between the discount rate, the IRR and WARA.
	Evaluates the characteristics of the cash flows and the impact on the range of selected discount rates.
	Evaluates the risk of the subject intangible in the context of its ability to be financed with debt and/or equity.
	Evaluates the risk of the subject intangible in the context of the IRR based on the purchase price of the group of assets or business (when the subject intangible asset is an element of a business combination).
	Analyses the stratified rates of return in a WARA framework.
Reconciliation of concluded intangible values	Reconciles and qualitatively weights the value indications of the income, market and cost approaches and concludes on a value range or a single point value estimate, as needed.
	Assesses the reasonableness of the valuation conclusion for the subject intangible in light of the valuation conclusions for any other assets in the group (or business) and in the context of WARA, recent transactions, industry and economic trends.

Review of Technical Knowledge Requirements

12. VPOs that are members of the IVSC shall review and update their professional valuation accreditation programmes that are designed to achieve the learning outcomes in this PMO as considered necessary.

Assessment of Technical Knowledge

13. VPOs that are members of the IVSC shall establish appropriate activities to assess the technical knowledge of Candidates at the end of IPD.

Definitions and Explanations of Key Terms

14. This PMO uses the following definitions and explanations of key terms:
 - A professional valuer is a person who has completed a professional valuer accreditation programme; has expertise in the field of valuation, achieved through formal education and practical experience and maintained through continuous learning and development; is held to high professional standards equivalent to the IVSC's PMOs and *Code of Ethical Principles and competency framework for valuers* and whose compliance with such standards is subject to enforcement by a VPO that is a member of the IVSC.
 - A Candidate is an individual who has commenced a professional valuer accreditation programme as part of IPD.

Commentary

Scope of this Professional Membership Obligation (paras A1-A7)

- A1. IPD is the learning and development through which Candidates first develop competence leading to performing a role as a professional valuer. IPD includes general education, professional valuation education, practical experience and assessment. IPD continues until Candidates can demonstrate the professional competence necessary to perform the role as a professional valuer.
- A2. Internationally, there are legal and regulatory differences in the accreditation of the professional valuer. Each VPO that is a member of the IVSC may define the appropriate relationship between the end of IPD and the point of qualification or licensing for its members.
- A3. The inclusion of technical knowledge in IPD lays the base for performing a role as a professional valuer. Further development of technical knowledge is a focus of Continuing Professional Development (CPD), which is covered in PMO 201: *Continuing Professional Development*.
- A4. Competence is the capacity to do something well measured against a defined standard with reference to working environments. It requires the capabilities of professional skills and ethics, and the appropriate level of technical knowledge. Professional competence goes beyond knowledge of valuation theory, principles, concepts, standards and process. Professional competence is the integration of professional skills and ethics with technical knowledge.
- A5. A professional valuer needs to recognise limits to professional competence. A competent professional valuer will only provide advice in areas of qualification and capability. A

professional valuer will seek assistance from other professionals, e.g. subject matter experts, when required information extends beyond their area of competence.

- A6. A competence area is a category for which a set of related learning outcomes can be specified. Competence areas within technical knowledge include common competencies, such as economic theory, principles and concepts, which are applicable to the asset classes. There are also competence areas specific to each asset class. For example, a competence area specific to a plant would include plans and drawings, whereas financial statement analysis is a competence area specific to a business.
- A7. Learning outcomes establish the content and the depth of knowledge, understanding, and application required for each specified competence area. Learning outcomes can be demonstrated within the context of a work environment or professional valuer education programme.

Objective (para A8)

- A8. Establishing the technical knowledge that Candidates need to develop and demonstrate by the end of IPD serves several purposes. It protects the public interest, enhances the quality of the work of professional valuers and promotes the credibility of the valuation profession.

Requirements

Learning Outcomes for Technical Knowledge (paras A9-A14)

- A9. The competence framework lists the learning outcomes for technical knowledge to be acquired by Candidates by the end of IPD, regardless of their intended future valuation specialisation or role, the intended use of the valuation and the sector in which the asset or liability is classified. These learning outcomes provide the base to enable professional valuers to develop specialisations in different roles.
- A10. In the design of professional valuation accreditation programmes, the competence areas listed in the framework table may not be identical to the names of prescribed courses or subjects. The learning outcomes associated with one competence area may be achieved across more than one course or subject and may extend across several different courses or subjects, none of which may be devoted solely to that competence area. For example, the learning outcomes within information technology may be achieved through the integration of relevant material within courses that focus on valuation methods.
- A11. There are many ways to describe the level of proficiency, i.e., the depth of knowledge, required by the Candidate at the end of IPD. This PMO uses the following descriptions in the learning outcomes to reflect the level of proficiency to be acquired by Candidates by the end of IPD:
- Identifying, defining, describing, explaining, outlining and summarising relate to basic levels.
 - Applying, comparing, interpreting, contrasting, distinguishing, adjusting, considering, determining, selecting, assessing and analysing relate to intermediate levels.
 - Evaluating, differentiating, estimating, reconciling and integrating relate to advanced levels.

- A12. The basic, intermediate and advanced levels of proficiency to be achieved by the end of IPD are outlined in Appendix 1. These are based on Bloom’s taxonomy, which is generally described as a set of three hierarchical models used to classify educational learning objectives into levels of complexity and mastery.
- A13. In professional valuer accreditation programmes, VPOs that are members of the IVSC may include additional competence areas, increase the level of proficiency for competence areas and develop additional learning outcomes that are not specified in this PMO. For example, these changes may be necessary when a VPO that is a member of the IVSC prepares Candidates to work within a particular industry sector or for a particular role. An illustrative list of more detailed competencies is included in Appendix 2.
- A14. VPOs that are members of the IVSC are encouraged to identify the most appropriate approach to learning and development taking into consideration the national and cultural environment. An appropriate approach is likely to include a mixture of learning and development activities which combine structured learning programmes and practical experience.

Review of Technical Knowledge Requirements (paras A15-A16)

- A15. Professional valuation accreditation programmes are designed to support Candidates to develop the appropriate professional competence by the end of IPD. Such programmes may include formal education delivered through qualifications and courses offered by educational institutions, VPOs that are members of the IVSC and employers, as well as workplace training.
- A16. The requirement to review and update professional valuation accreditation programmes reflects the rapidly-changing and complex environment within which professional valuers operate. The review cycle will depend upon the frequency of changes in legislation, regulations and established requirements relevant to professional valuers.

Assessment of Technical Knowledge (paras A17-A18)

- A17. PMO 105: *Initial Professional Development – Assessment of Professional Competence* provides the principles that apply to the design of activities used to assess the achievement of technical knowledge and other elements of professional competence.
- A18. Various activities can be used to assess the technical knowledge of Candidates. Appropriate assessment activities may include written examinations, case studies, written essays, objective testing, workplace assessments and the evaluation of prior learning, leading to the award of exemptions from aspects of IPD.



APPENDICES

Appendix 1

Descriptions of Levels of Proficiency

This PMO provides descriptions of three levels of proficiency. These descriptions, together with the learning outcomes, provide information to help VPOs that are members of the IVSC design their professional valuation accreditation programmes for a variety of professional valuation roles and specialisations. Typically, learning outcomes in a competence area focus on the description indicated in the chart that follows.

Level of Proficiency	Description
Basic	Learning outcomes at the basic level relate to work situations that are characterised by low levels of ambiguity, complexity and uncertainty.
	<ul style="list-style-type: none"> • Defining, explaining, summarising and interpreting the underlying principles and theories of relevant areas of technical knowledge to complete tasks while working under appropriate supervision. • Performing assigned tasks by using the appropriate professional skills. • Recognising the importance of professional skills and ethics in performing assigned tasks. • Solving simple problems and referring complex tasks or problems to supervisors or those with specialised expertise. • Providing information and explaining ideas in a clear manner, using oral and written communication skills.
Intermediate	Learning outcomes at the intermediate level relate to work situations that are characterised by moderate levels of ambiguity, complexity and uncertainty.
	<ul style="list-style-type: none"> • Independently applying, comparing and analysing underlying principles and theories from relevant areas of technical knowledge to complete work assignments and make decisions. • Combining technical knowledge and professional skills and ethics to complete work assignments. • Applying professional skills and ethics to work assignments. • Presenting information and explaining ideas in a clear manner, using oral and written communications to valuation and non-valuation stakeholders.
Advanced	Learning outcomes at the advanced level relate to work situations that are characterised by high levels of ambiguity, complexity and uncertainty.
	<ul style="list-style-type: none"> • Selecting and integrating principles and theories from different areas of technical knowledge to manage and lead projects and work assignments and to make recommendations to appropriate stakeholder needs. • Integrating technical knowledge and professional skills to manage and lead work projects.

Level of Proficiency	Description
	<ul style="list-style-type: none"> • Making judgements on appropriate courses of action drawing on professional skills and ethics. • Assessing, researching and resolving complex problems with limited supervision. • Anticipating and consulting appropriately and developing solutions to complex problems and issues. • Consistently presenting and explaining relevant information in a persuasive manner to a wide range of stakeholders.

Appendix 2

Illustrative Competencies by Asset Class.

- 1 This appendix includes an illustrative list of more detailed competencies by asset class. VPOs that are members of the IVSC may include additional competence areas, increase the level of proficiency for competence areas and develop additional learning outcomes that are not specified in this PMO. For example, competence areas may vary by asset class and by the intended use of the valuation, and to suit particular market requirements. Having met the threshold competencies, the precise content and detail of the competency models is at the discretion of the individual VPO in membership of the IVSC.

COMMON COMPETENCIES	
Competence Area	Learning Outcomes
Economic theory, principles and concepts	Describes the fundamental principles of microeconomics and macroeconomics and how they may impact the subject of valuation.
	Explains the different types of market structures: <ul style="list-style-type: none"> • Pure competition • Oligopoly • Monopoly
	Describes the role of the geo-political and cross-border considerations in a valuation assignment.
	Identifies the impact of government policies on the economy, including: <ul style="list-style-type: none"> • Monetary policy • Fiscal policy • Wages policy • Macro-economic reform
Financial markets	Compares the various sources of capital available to an entity.
	Explains the financial system and the operation of financial and securities markets, including: <ul style="list-style-type: none"> • Foreign exchange market

	<ul style="list-style-type: none"> • Short-term money market • Long-term debt market • Share market • Derivatives market
	Describes the main linkages within the economy, the role of economic indicators, political developments and market sentiments in driving markets (e.g., increase in interest rates and/or taxes will influence the exchange rate, share prices and, more generally, the value of various financial assets).
Finance theory	<p>Explains how finance theory integrates with valuation theory, including:</p> <ul style="list-style-type: none"> • Time value of money • Risk-return trade-off • Cost of capital component • Capital budgeting
Accounting theory	<p>Explains the basic accounting theory of recording and reporting financial information, including:</p> <ul style="list-style-type: none"> • Debits and credits • General ledger • Components of financial statements
Legal framework	Explains the various forms of ownership of an asset.
	Identifies the laws and regulations that govern the different forms of legal entities and the sources of obtaining information.
	Explains the court system and alternative dispute resolution mechanisms that apply to the subject matter of the valuation.
	Explains the effect of regulatory requirements on valuation in assessing general industry conditions.
	Identifies the legal considerations when evaluating a transaction or when performing a valuation.
	Explains the laws and regulations applicable to the environment in which professional valuers operate.
	Explains the concept of professional liability.
Identifies situations in which consultation with legal counsel is required.	

Tax framework	Identifies the tax system applicable to the subject of the valuation.
	Identifies the tax considerations when evaluating a transaction or when performing a valuation.
Valuation theory, principles and concepts	Describes the basic valuation concepts.
	Demonstrates knowledge of valuation theory.
	Applies valuation principles consistent with the intended use of the valuation.
Valuation definitions	Identifies the various sources of valuation definitions, including: <ul style="list-style-type: none"> • International Valuation Standards • International Glossary of Business Valuation Terms • Other authoritative sources, in accordance with established requirements.
	Applies the appropriate valuation definitions consistent with the intended use of the valuation.
Subject asset/ liability characteristics	Describes the characteristics of the subject matter through which value is created.
Intended use of the valuation	Identifies the intended use of the valuation, including: <ul style="list-style-type: none"> • Transaction • Financial reporting • Tax compliance • Litigation • Lending • Statutory • Solvency opinion • Insurance • Portfolio valuation/asset valuation • Lease or rental determination • Management planning • Other

Valuation process	Describes the valuation process in the conduct of a valuation assignment.
	Determines the scope of work in accordance with International Valuation Standards and other applicable standards and requirements.
	Defines and describes the intended user of the valuation.
	Defines the qualitative and quantitative information requirements.
	Assesses, objectively, the qualitative and quantitative information, consistent with the intended use of the valuation.
	Utilises information provided by client while keeping an objective and impartial perspective.
	Describes the intended use of the engagement.
	Describes the intended use of representation letters.
Premise of value	Describes the premise of value, including: <ul style="list-style-type: none"> • Going concern • Liquidation • Value in continued use • Value in exchange
	Differentiates between the various premises of value and the implications on the valuation inputs and valuation conclusions.
	Applies the appropriate premise of value consistent with the intended use of the valuation.
	Describes the relationships between the basis of value and the premise of value.
Basis of value	Describes the various bases of value, including: <ul style="list-style-type: none"> • Market value • Investment value • Other
	Differentiates between the various bases of value and the implications on valuation premise, valuation inputs and valuation conclusions.
	Applies the appropriate basis of value consistent with the intended use of the valuation.

Highest & best use	Explains the concept of highest & best use.
	Evaluates the concept of highest and best use in the context of a group of assets or a business.
	Applies the concept of highest and best use and assumption consistent with such use.
Technical standards/guidelines	Identifies the relevant valuation related standards and guidelines.
	Applies the relevant valuation related standards and guidelines consistent with the subject matter and the intended use of the valuation, including: <ul style="list-style-type: none"> • Financial reporting standards • Private equity and venture capital guidelines • Tax-related standards • Other standards and guidelines in accordance with established requirements.
Valuation approaches	Describes the principal valuation approaches: <ul style="list-style-type: none"> • Market • Income • Cost
	Evaluates the applicability of alternative valuation approaches based on the nature of the subject matter, the premise of value and the intended use of the valuation.
	Applies different valuation approaches to analyse and determine the value of the subject of valuation, consistent with the basis of value, premise of value and intended use of the valuation.
Valuation methods	Explains the valuation methods that can apply in the valuation of the subject matter.
	Describes the advantages and disadvantages of each valuation method.
	Differentiates between the various valuation methods that fall under each of the three valuation approaches.
	Applies different valuation methods to analyse, reconcile and conclude on the value of the subject of valuation, consistent with the basis of value, premise of value and intended use of the valuation.
Information technology	Applies information technology skills in data analysis, valuation modelling, report writing and presentation of results.

Financial modelling	Describes the analysis and modelling of the subject of the valuation from a financial perspective.
	Applies spreadsheet or bespoke programmes that are flexible to accommodate modification of major assumptions, as needed.
Valuations for speciality areas, specific industries or markets	Recognises general circumstances in which a specialist or a subject matter expert should be involved.
	Identifies speciality areas and/or industries, including: <ul style="list-style-type: none"> • Valuation of real estate holding company • Resource company • Derivatives
	Describes the key considerations around the availability, transparency and reliability of data and information to perform valuations in emerging and frontier markets.
Reporting of valuation	Applies report writing and/or other communication skills to convey the valuation conclusion.
	Identifies the type of report used and its definition.
	Applies and documents compliance with all applicable valuer standards, including certification, etc.
Valuation quality (quality of information, sources and assumptions, integrity of analysis, and robustness of conclusions)	Evaluates information and assumptions provided by management in light of past company performance and industry expectations.
	Evaluates the reasonableness of the prospective financial information in light of industry benchmarks, historical performance and industry expectations, for various items, including: <ul style="list-style-type: none"> • Revenues • Profit margins • Taxes • Working capital • Capital expenditures • Growth rates • Other
	Assesses the nature of the projected cash flows (expected vs conditional).
	Distinguishes between entity specific assumptions and expectations and market participant assumptions and expectations.

	Adjusts forecasts and assumptions as appropriate.
	Adjusts methods and assumptions used to the type and quality of data available.
	Evaluates the valuation conclusion in light of the value creation process at the entity.
	Evaluates and reconciles, on a qualitative basis, and explains any divergent value indications from the application of the various approaches.
	Evaluates internal consistency of data, assumptions and methods applied to the subject asset (or liability), including in the context of other assets (or liabilities) being valued.
	Evaluates, on a high level, relevant historical valuation analyses for the asset or valuations of comparable assets (if available), and explains and rationalises significant changes in the assumptions and methods used.
	Synthesises key discussions, assumptions, decisions, and significant issues arising in the course of the valuation analysis and the manner in which they were addressed.

REAL ESTATE

Competence Area	Learning Outcomes
Type of property	<p>Identifies the property type being valued (including site improvements), which may include:</p> <ul style="list-style-type: none"> • Commercial property, such as: <ul style="list-style-type: none"> ○ Retail ○ Offices ○ Industrial ○ Logistics • Residential property, including: <ul style="list-style-type: none"> ○ Student housing ○ Retirement homes • Leisure property • Rural property • Specialised property, including: <ul style="list-style-type: none"> ○ Medical ○ Libraries ○ refineries
Geography/market	<p>Identifies the geography/market for the property being valued, which may include:</p> <ul style="list-style-type: none"> • Metropolitan • Rural • International
Valuation approaches & methods	<p>Compares and contrasts the various valuation methods under the principal valuation approaches, as follows:</p> <ol style="list-style-type: none"> 1. Market approach – comparative method:

	<p>a. Identifies suitable comparable property sales by reference to:</p> <ul style="list-style-type: none"> • Property type • Location • Occupation/covenant • Size and specification • Date of sale • Year built/condition <p>b. Identifies the appropriate unit of comparison:</p> <ul style="list-style-type: none"> • Square foot or square metre • Per property, e.g., 3-bedroom residential <p>c. Analyses comparable sales ensuring:</p> <ul style="list-style-type: none"> • Consistency of analysis • Application of international code of measurement <p>d. Applies valuation method to the subject property by reference to comparable evidence to evaluate the value.</p> <p>2. Cost approach – depreciated replacement cost method.</p> <p>a. Identifies suitable comparable evidence for valuation:</p> <ul style="list-style-type: none"> • Cost of construction (of existing or modern equivalent) • Cost of land • Cost of site improvements • Depreciation requirement <p>b. Describes how cost of construction is reached (MVS, etc.) as well as the various multipliers and their sources.</p> <p>c. Applies valuation method to the subject property to evaluate the value to contractor’s/construction model, i.e., cost of construction + land – depreciation).</p>
Valuation approaches & methods	<p>3. Income Approach – investment method.</p> <p>a. Identifies suitable comparable evidence for valuation based on property sales and other market evidence by reference to:</p>

	<ul style="list-style-type: none"> • Property type • Location • Occupation/covenant • Size and specification • Date of sale/letting <p>b. Assesses appropriate unit of comparison:</p> <ul style="list-style-type: none"> • Rental per unit of measurement • Initial yield of comparable sales (capitalisation rate) <p>c. Assesses the following:</p> <ul style="list-style-type: none"> • Market rates of return • Growth expectation in rental and/or capital value <p>d. Analyses comparable sales/lettings:</p> <ul style="list-style-type: none"> • Identifies consistency of analysis • Applies international code of measurement <p>e. Identifies existing lease terms for duration of rental payments and level of current rent.</p> <p>f. Applies valuation method to the subject property by reference to comparable evidence by an appropriate valuation method to evaluate value.</p>
Income approach - investment method (Implicit model - capitalisation)	<p>g. Assesses value by reference to comparable market rent, capitalisation rate and duration (above):</p> <ul style="list-style-type: none"> • Applies capitalisation rate to all rentals • Applies capital value - derived by addition of the value of the component parts • Assesses market value - derived by capital value minus market costs of purchase
Income approach - investment method (explicit model - DCF)	<p>h. Assesses value by reference to comparable market rent, target rate, cash flow, timing of receipt of incomes and explicit growth expectation in rental and exit yield (above):</p> <ul style="list-style-type: none"> • Analyses cash flow in periods as appropriate • Applies growth (where appropriate) explicitly based on market expectation of rental change and exit value • Applies present value - expected cash flow including exit at market target rate

	<ul style="list-style-type: none"> • Applies capital value (gross present value) - derived by addition of the value of the component parts • Assesses market value – derived by capital value minus market costs of purchase
Income approach - residual method	<p>i. Assesses sale value of completed development (Gross Development Value – GDV) by reference to comparable market rent and capitalisation rate or capital value today:</p> <ul style="list-style-type: none"> • for income producing property - applies capitalisation rate to rental of completed development • for property to be sold and not let, assesses market value by capital comparison <p>j. Assesses cost of development/refurbishment by reference to comparable cost per unit of construction including all fees, profit and finance costs.</p> <p>k. Assesses market value of land or building in current state by reference to GDV minus costs of construction.</p>
Income approach - profits method	<p>l. Assesses the rental value of subject property by reference to the income and expenditure of running the business. Assesses the capital value by capitalising the derived rent by an appropriate market capitalisation rate:</p> <ul style="list-style-type: none"> • Assesses the potential income of the business by reference to accounts based on a reasonable expectation for that type of business • Assesses expenditure of the business (including entrepreneurial remuneration) by reference to accounts based on a reasonable expectation for that type of business • Applies capital value of subject property – derived by capitalisation of the derived rental (income minus expenditure) • Assesses market value - derived by capital value minus market costs of purchase
Legal interest	Evaluates the real property interest and any relevant related interests.
	Evaluates sales history/listing history.
	Identifies legal permissions or restrictions on the use of the property and any buildings.
Investigation and inspection	Identifies information requirements and available sources.
	Identifies sources to obtain required information.
	Evaluates authenticity of collected information, including resolution of apparent conflicts of ambiguities in collected information.

	Summarises observations and other information obtained through inspection.
	Assesses actual or potential environmental risks.
	Analyses market trends and other factors and applies to subject property.
	Describes the physical inspection of the subject property.
	Evaluates the inspection of the subject property including the construction and any shortcoming therewith.
Plans and drawings	Describes the extraction of information from the plans and drawings.
	Evaluates nature, specification and adequacy of services.
Market evidence	Describes the collection, analysis and decanting of comparable evidence of similar property assets as appropriate for capital or rental evidence.
	Identifies the suitable form of analysis.
Special assumptions	Identify and describe special assumptions as appropriate.
	Describes the special assumptions related to the subject property.
	Summarises the special assumptions implicit in the value of the subject property.

PLANT, MACHINERY AND EQUIPMENT, AND PERSONAL PROPERTY	
Competence Area	Learning Outcome
Legal interest	Evaluates the legal ownership and any relevant related interests.
	Identifies legal permissions (statutory or personal) or restrictions on the use of the asset.
Engineering	Describes a range of manufacturing processes and techniques.
	Describes a range of construction materials and techniques.
	Explains the impact of technological advances on value.
	Describes the extraction of information from process flow diagrams and piping and instrumentation diagrams.
	Describes the extraction of information from plans and drawings.
	Assesses the impact on value of condition on assets.
Inspection and data gathering	Identifies the asset(s) being valued, and accurately captures information that characterises such assets(s). including: <ul style="list-style-type: none"> • Technical characteristics • Manufacturer • Model/type • Unique identifying number (e.g., serial number) • Size/capacity • Quality • Intended use • Age & condition
	Identifies the locational aspects that may have an impact on value, which may include: <ul style="list-style-type: none"> • Remote location • Limited access
	Identifies data sources that provide information that is relevant to the valuation analysis including maintenance histories, plans and drawings, technical information, historical and forecast production information, operating costs, etc.
	Identifies information requirements and available sources.

Investigation and inspection	Evaluates authenticity of collected information, including resolution of apparent ambiguities in collected information.
	Summarises observations and other information obtained through inspection.
Valuation approaches and methods	Compares and contrasts the various valuation methods under the principal valuation approaches as follows:
	1. Market approach – comparative method
	a) Identifies suitable comparable asset sales by reference to: <ul style="list-style-type: none"> i. Asset type ii. Manufacturer iii. Model/type iv. Size/capacity v. Year of manufacture vi. Condition vii. Location viii. Market conditions ix. Quality x. Quantity xi. Date of sale xii. Type of sale
	b) Analyses comparable sales ensuring consistency of analysis.
	c) Applies valuation method to subject asset by reference to comparable evidence to determine value.
	2. Market approach – regression method.
Valuation approaches and methods	a) Identifies suitable comparable asset sales by reference to: <ul style="list-style-type: none"> i. Asset type ii. Manufacturer iii. Model/type iv. Size/capacity v. Date of sale vi. Type of sale
	b) Analyses comparable sales ensuring consistency of analysis.

	c) Develops a loss in value profile for the asset type.
	d) Applies valuation method to the subject asset by reference to comparable evidence to determine value.
Valuation approaches and methods	3. Cost Approach – depreciated replacement cost method.
	a) Applies different cost estimating methods to determine replacement or reproduction cost new including direct or indirect methods: <ul style="list-style-type: none"> ii. Identifies and evaluates historical cost information and determines its suitability for valuation intended uses iii. Identifies and evaluates indices and determines those most appropriate to the subject asset
	b) Assesses the impact of depreciation on value using age/life, units of production and other relevant methods.
	c) Evaluates the impact of excess capital cost on value.
	d) Evaluates impact of excess operating costs on value.
	e) Evaluates the impact of economic (external) obsolescence on value having regard to the cashflow generating potential of the assets.
	f) Applies mass appraisal techniques including sampling, indexation, etc, to large populations of assets and evaluates any limitations associated with those techniques.
	4. Income approach – discounted cash flow and income capitalisation.
	a) Identifies suitable comparable rental or cash flow data.
	b) Assesses value by reference to net cash flows, discount/capitalisation rate and duration.
	c) Evaluates results by reconciliation with alternative valuation approaches.

BUSINESS AND BUSINESS INTERESTS

Competence Area	Learning Outcome
Business and organisational environment	Describes the environment in which an entity operates, including: <ul style="list-style-type: none"> • Economic • Legal • Political • Social • Technological • International • Cultural considerations
	Analyses the economic environment and its impact on the profitability, risk and/or growth of the entity.
	Analyses the entity's business strategy.
	Identifies and describes the industry risks.
	Identifies and describes the key risks and opportunities specific to the business.
	Explains shareholder rights and the implication of those rights in a valuation.
Financial theory, principles and concepts	Applies finance theory and concepts relevant to business valuation, including: <ul style="list-style-type: none"> • Risk-return trade-off • Time value of money • Capital structure • Cost of capital determination
	Applies financial analysis, including: <ul style="list-style-type: none"> • Ratio analysis • Industry benchmarking • Trend analysis • Cash flow analysis

Financial theory, principles and concepts	<p>Evaluates the entity’s financial condition as a standalone entity, including:</p> <ul style="list-style-type: none"> • Comparison of current and projected information with historical results • Comparison to company peers/guideline companies • Industry benchmarking • Life-cycle analysis
Premise of value	<p>Explains the appropriate premise in the valuation of the business:</p> <ul style="list-style-type: none"> • Going concern • Liquidation premise
	<p>Applies the appropriate premise of value consistent with the intended use of the valuation.</p>
	<p>Explains the effect of asset obsolescence and impact on the premise of value used for the business valuation.</p>
	<p>Explains the need for general consistency between the premise of value used in valuing the assets of the business and the overall business operation.</p>
Valuation approaches & methods	<p>Compares and contrasts the various valuation methods under the principal valuation approaches, as follows:</p> <ol style="list-style-type: none"> 1. Income approach <ol style="list-style-type: none"> a. Main value drivers <ol style="list-style-type: none"> i. Benefit streams and profitability <ul style="list-style-type: none"> • Relationship between value and profitability • Cash flow measures vs accounting measures • Invested capital measures vs equity measures ii. Risk <ul style="list-style-type: none"> • Relationship between value and risk • External sources of risk • Internal sources of risk iii. Growth <ul style="list-style-type: none"> • Relationship between value and growth • Economic, competitive, capacity, capital and management limitations • Near-term growth • Long-term stabilised growth b. Subject entity analysis

	<ul style="list-style-type: none"> i. Qualitative <ul style="list-style-type: none"> • Strengths, weaknesses, opportunities and threats ii. Quantitative <ul style="list-style-type: none"> • Financial statement adjustments • Financial ratio analysis trending and benchmark/peer group comparisons
Valuation approaches & methods	<ul style="list-style-type: none"> c. Income-based methods: <ul style="list-style-type: none"> i. Capitalisation of earnings or cash flow, including: <ul style="list-style-type: none"> • Normalisation adjustments <ul style="list-style-type: none"> ○ Accounting convention consistency ○ Non-recurring/extraordinary income and expenses ○ Control/owner's discretion ○ Non-operating assets/liabilities and associated income and expense • Determination of sustainable earnings/cash flow • Multiple/capitalisation rate determination: <ul style="list-style-type: none"> ○ Business life cycle ○ Relationship between risk and return ○ Cost of equity adjusted for risk: build-up method vs capital asset pricing model, RFR, equity/market risk premium, country risk, industry risk premium/beta, size risk and unsystematic risk ○ Cost of debt adjusted for risk ○ Weighted average cost of capital, cost of debt and equity adjusted for risk, and capital structure considerations ○ WACC (invested capital) vs cost of equity (equity) ○ Matching of WACC or cost of equity to the adjusted benefit stream ○ Growth considerations ○ WACC vs capitalisation rate ○ Comparable transactions ○ Other methods • Redundant net assets: non-operating assets • Non-equity claims • Tax calculations, including tax shield ii. Discounted cash flow, including: <ul style="list-style-type: none"> • Normalisation adjustments • Discount rate(s) determination • Determination of sustainable earnings/cash flow

	<ul style="list-style-type: none"> • Discrete time period until stabilisation • Assessment of management forecasts • Methods of calculating terminal value <p>iii. Other methods:</p> <ul style="list-style-type: none"> • capitalisation of earnings before interest and taxes • dual capitalisation • other
Valuation approaches & methods	<p>2. Market approach</p> <p>a. Previous transactions of subject company shares</p> <ul style="list-style-type: none"> i. assessment of arm's length indicators ii. difference in size of block iii. difference in economy, industry and competitive environment iv. difference in company specific factors: qualitative and financial <p>b. guideline publicly traded company method</p> <ul style="list-style-type: none"> i. selecting guideline companies ii. comparative analyses between guideline companies and subject entity: profitability, risk and growth iii. selection of valuation multiples: invested capital vs. equity multiples, and cash flow vs. accounting benefits multiples iv. adjustment of valuation multiples for differences in: profitability, risk, growth and other factors <p>c. guideline precedent transaction method</p> <ul style="list-style-type: none"> i. selecting guideline companies ii. comparative analyses between guideline companies and subject entity: profitability, risk, growth and other factors iii. selection of valuation multiples: invested capital vs. equity multiples, and cash flow vs. accounting benefits multiples iv. adjustment of valuation multiples for differences in profitability, risk, growth and other factors <p>d. reconciliation of value indications among different multiples</p> <p>3. Asset-based valuation methods, both as a primary valuation method and a risk assessment tool, as follows:</p> <p>a. Adjusted book value or net asset value</p> <ul style="list-style-type: none"> i. premise of value: in exchange or use ii. valuation of the assets and liabilities, including methods for valuing intangible assets (recorded or not) iii. tax implications and adjustments: tax shield, taxes on disposition and distribution, refundable taxes and relevance thereof <p>b. Liquidation value</p>

	<ul style="list-style-type: none"> i. orderly vs. forced ii. liquidation costs and expenses iii. tax implications and adjustments: taxes on disposition and distribution, refundable taxes and relevance thereof iv. time value of money
	<p>4. Other methods:</p> <ul style="list-style-type: none"> a. capitalisation of earnings before interest and taxes b. dual capitalisation c. other
	Applies different valuation methods to calculate, analyse and support a plausible range of values.
	Evaluates the reasonableness of the valuation conclusion and documents the rationale.
Financial statement analysis	Describes the use of financial statements for the intended use of business valuation.
	Explains the differences in financial statements and tax reporting for various entities, including: <ul style="list-style-type: none"> • Partnership • Sole proprietorship • Private or public company • Joint venture
	Evaluates completeness of financial statements in the context of setting the proper scope for the valuation, i.e., the extent of the investigation and the normalisation adjustments required.
	Explains the differences in how differing accounting conventions impact financial statements.
	Evaluates the effect of accounting policies used to prepare financial statements, including: <ul style="list-style-type: none"> • Cash vs accrual basis, and • Capitalisation vs expensing of expenditures.
	Describes the use of financial statements for the intended use of business valuation, including: <ul style="list-style-type: none"> • Historical results vs. prospective results • Level of tangible assets • Capital structure
Financial forecasting	Identifies inputs and supporting information from internal and external sources and identifies gaps and anomalies.

	Evaluates inputs and supporting information for reliability.
	Applies forecasting methods for the subject of valuation based on rational and reasonable assumptions.
	Describes assumptions, data, inputs and results in a manner to be understood by third parties not involved in the forecast model design.
Valuation of equity interests	Explains the relevance of legal agreements in the valuation of equity interests, including: <ul style="list-style-type: none"> • Bylaws • Articles of incorporation • Shareholder agreements • Partnership agreements • Voting trusts
	Identifies the relevant considerations in the valuation of equity interests.
	Identifies the appropriate premise in the valuation of debt, when debt is deducted from enterprise value in arriving at equity value as a residual.
	Identifies any non-equity claims that are deducted from enterprise value in arriving at equity value as a residual.
	Assesses the valuation issues in allocating value between the classes of shares, including: <ul style="list-style-type: none"> • Voting • Non-voting • Preferred • Restricted
	Identifies the issues relating to the valuation of securities of public companies.
	Determines the level of value and its attributes resulting from the application of the valuation approaches and methods, including: <ul style="list-style-type: none"> • Control • Non-controlling • Marketable • Non-marketable • Liquid

	<ul style="list-style-type: none"> • Illiquid
Discounts and premiums in the valuation of equity interests	Considers the factors in valuing minority interests, factors affecting value, and legal remedies available.
	Explains the concept of minority discounts.
	Explains the concept of blockage discounts.
	Explains the considerations in valuing controlling interests, including conceptual issues relating to terms such as "premium for control".
	Applies the appropriate magnitude of discount or premium consistent with the level of value and the specific facts and circumstances.

INTANGIBLE ASSETS	
Competence Area	Learning Outcomes
Asset attributes	Describes the concept of intangible assets.
	Identifies the asset by reference to its type and describes its attributes: <ul style="list-style-type: none"> • Marketing-related • Technology related • Customer- or supplier-related • Artistic-related
	Describes the legal right or interest in the asset.
	Explains how the asset arises (e.g., contractual right), if the asset is separately identifiable or not (e.g., goodwill), consistent with the intended use of the valuation.
	Describes the specific characteristics of the intangible assets, including: <ul style="list-style-type: none"> • Specifications • Function • Market position • Image • Value proposition.
Premise of value	Identifies the premise of value that is consistent with the intended use of the valuation and basis of value.
	Explains whether the selected premise assumes a going concern or liquidation.
	Describes the concept of functional, technological and economic obsolescence in the context of the valuation and the effect on the valuation premise.
	Evaluates the potential impact of functional and economic obsolescence on the intangible asset(s).
Valuation approaches and methods	Compares and contrasts the conceptual similarities and differences of the three valuation approaches (income, market, cost) when applied to intangible assets and discusses the strengths and weaknesses of each.

	Evaluates how the characteristics of the intangible asset affect the valuation approach(s) and method(s) applied in the valuation of the asset.
Income approach	Explains the concept of the income approach.
	Outlines the types of assets and circumstances suited to the application of the income approach.
	Compares and contrasts the conceptual similarities and differences of the various methods under the income approach and discusses the strengths and weaknesses of each.
Income approach: Relief from royalty method	Explains the concept of a relief from royalty method and its strengths and weaknesses
	Selects a hypothetical royalty rate by applying one or more methods, for example: <ol style="list-style-type: none"> 1. Evaluates observed royalty rates and makes adjustments as appropriate to estimate a hypothetical royalty rate. 2. Estimates a royalty rate via a: <ol style="list-style-type: none"> a. Profit split method b. Return on assets c. Return on investment method d. Comparable profits method
	Evaluates if the royalty observed or derived is gross or net of maintenance expenses for the subject intangible.
	Applies the relief from royalty method over the projected economic life of the asset.
Income approach: premium profits method (with-or-without method)	Explains the concept of the premium profits (with-or-without) method and its strengths and weaknesses.
	Assesses the differential in profits due to the employment of the subject intangible asset over its economic life.
	Estimates the period over which benefits from the subject asset are received.
	Applies the premium profits method over the life of the benefit.
Income approach: multi-period excess earnings method	Explains the concept of the multi-period excess earnings method and its strengths and weaknesses.
	Outlines the types of assets and circumstances suited to the application of the multi-period excess earnings method.
	Calculates the revenues and expenses related to the operating group containing the subject intangible asset, and evaluates the projected financial information.

	Describes the contributory assets in the operating group that the subject intangible asset is part of.
	Computes and applies contributory asset charges, and makes other adjustments to the projections, including discounting.
	Estimates the period of time over which to apply the multi-period excess earnings method.
	Evaluates impact of economic obsolescence on the value indications of the multi-period excess earnings method.
Income approach: disaggregated (distributor) method	Explains the concept of the disaggregated (distributor) method and its strengths and weaknesses.
	Outlines the types of assets and circumstances suited to the application of the disaggregated (distributor) method.
	Identifies the various functions of the enterprise to which the distributor method could be applied and identifies the assets required to perform such business functions.
	Estimates the period of time over which to apply the disaggregated (distributor) method.
	Applies the disaggregated (distributor) method.
Income approach: greenfield method	Explains the concept of the greenfield method and its strengths and weaknesses.
	Outlines the types of assets and circumstances suited to the application of the greenfield method.
	Estimates the period of time required to establish the business (ramp-up period) under current market conditions.
	Estimates the normalized level of operation of the business at the end of the ramp-up period.
	Estimates costs and investments during the ramp-up period.
	Applies the greenfield method.
Income approach: cost savings method	Explains the concept of the cost savings method and its strengths and weaknesses.
	Outlines the types of assets and circumstances suited to the application of the cost savings method.
	Estimates the period of time over which the costs savings related to the subject intangible would continue.
	Applies the cost savings approach.
Market approach	Explains the concept of the market approach and discusses its strengths and weaknesses when applied to intangible assets.

	Outlines the types of assets and circumstances suited to the application of the market approach.
	Evaluates and interprets observable market evidence related to transactions for identical or similar intangible assets.
	Adjusts observed prices and multiples as appropriate.
	Evaluates and interprets observable market multiples related to similar intangible assets.
	Adjusts, if necessary, the metric of the subject intangible asset that a market multiple would be applied to.
	Applies the market approach.
Cost approach	Explains the concept of the cost approach and discusses its strengths and weaknesses when applied to intangible assets.
	Outlines the types of assets and circumstances suited to the application of the cost approach.
	Estimates current replacement cost by purchase and modification of a similar asset.
	Estimates current replacement cost by construction of a similar asset.
	Evaluates and applies a developer's profit.
	Evaluates and applies an opportunity cost adjustment.
	Applies adjustments for functional, technological, and economic obsolescence, as appropriate.
Obsolescence	Explains the interaction between premise of value and economic obsolescence.
	Assesses the effect of technological, functional and economic obsolescence on asset value.
	Estimates and applies any technological, functional and economic obsolescence adjustments to the indicated value of the subject intangible.
Economic life	Explains the impact of contractual, legal, regulatory, technological factors on the economic life of an intangible asset.
	Explains the effects of obsolescence, demand, competition and other economic factors on the economic life of an intangible asset.
	Explains the effect of another asset or a group of assets that the subject intangible is used with.

	<p>Describes and critiques various methods for estimating the economic life of a subject asset, including:</p> <ul style="list-style-type: none"> • Methods based on historical customer revenue data • Historical customer count data • Statistical methods • Industry and third-party data sources • Management estimates
Economic life	<p>Evaluates the best method(s) to use based on the circumstances, including the type and quality of data available.</p> <p>Estimates the economic life of the intangible asset for the intended use of applying valuation approaches and methods:</p> <ol style="list-style-type: none"> 1. Marketing-related intangibles lifing: <ol style="list-style-type: none"> a. Assesses the longevity of the marketing-related intangible in conjunction with contractual, legal, regulatory, technological (related to the associated product or service) factors on the economic life of the subject intangible asset. b. Evaluates the impact of planned marketing spending on the life of the subject intangible. 2. Technology-related intangibles lifing: <ol style="list-style-type: none"> a. Assesses the lifecycle of the technology-related intangible in conjunction with contractual, legal, regulatory, technological factors on the economic life of the subject intangible asset. b. Evaluates the impact of planned technology development spending on the life of the subject intangible. 3. Customer and supplier- related intangibles attrition estimation: <ol style="list-style-type: none"> c. Evaluates if the characteristics of the customer population in terms of size, profitability, and other attributes warrant dividing the population into subsets with comparable attributes for analysis intended uses. d. Analyses historical customer count data for the entire population or a subset. e. Assesses historical customer revenue data for the entire population or a subset. f. Assesses comparable customer population revenue or count. g. Assesses customer attrition estimates from third-party data sources. h. Assesses partial period adjustments in the attrition computation, where applicable. i. Applies statistical methods: <ol style="list-style-type: none"> i. Computes historical retirement rates for individual customer vintages using a time series analysis and constructs observed survivor curve. ii. Compares and extends observed survivor curves to Iowa or Weibull survivor curve models. j. Evaluates, critiques and adjusts educated estimates by management.

	<p>k. Interprets and adjusts irregular attrition patterns.</p> <p>l. Assesses the indications of various lifing methods and documents the conclusion reached.</p> <p>4. Artistic-related intangibles lifing:</p> <p>a. Assesses the longevity of the artistic related intangible in conjunction with contractual, legal, regulatory, factors on the economic life of the subject intangible asset.</p>
	Evaluates the impact of planned spending on the life of the subject intangible.
	Determines the length of the projection period for the income approach in light of the economic life estimation.
	Assesses comparability to other intangibles when applying the market approach in light of the economic life estimation.
Tax amortisation benefit	Describes the concept of the Tax Amortisation Benefit (TAB) and the effect of the tax laws of a jurisdiction on the ability to apply a TAB.
	Applies TAB to the present value of the asset.
	Evaluates the conclusion and documents the rationale.
Discount rate	Describes the concepts of discount rate; Internal Rate of Return (IRR) and Weighted Average Return on Assets (WARA).
	Explains the relationship between the discount rate, the IRR and WARA.
	Evaluates the characteristics of the cash flows and the impact on the range of selected discount rates, including in the case of: <ul style="list-style-type: none"> • Expected cash flows • Conditional cash flows
	Evaluates the risk of the subject intangible in the context of its ability to be financed with debt and/or equity.
	Evaluates the risk of the subject intangible in the context of the risk of other assets within the group or business, and the risk of the overall business.
	Evaluates the risk of the subject intangible in the context of the IRR based on the purchase price of the group of assets or business (when the subject intangible asset is an element of a business combination).
	Analyses the stratified rates of return in a WARA framework.
Reconciliation of concluded intangible values	Reconciles and qualitatively weights the value indications of the income, market and cost approaches and concludes on a value range or a single point value estimate, as needed.
	Assesses the reasonableness of the valuation conclusion for the subject intangible in light of the valuation conclusions for any other assets in the group (or business) and in the context of WARA, recent transactions, industry and economic trends.

FINANCIAL INSTRUMENTS

Competence Area		Learning Outcomes
Economics	<i>Economic theory, principles and concepts</i>	<p>Describes the fundamental principles of microeconomics and macroeconomics and how they may have an impact on the subject of valuation.</p> <p>Explains the different types of market structures:</p> <ul style="list-style-type: none"> • Pure competition • Oligopoly • Monopoly. <p>Describes the role of the geopolitical and cross-border considerations in a valuation assignment.</p> <p>Identifies the impact of government policies on the economy, including:</p> <ul style="list-style-type: none"> • Monetary policy • Fiscal policy • Wages policy • Macro-economic reform. <p>Compares the various sources of capital available to an entity.</p>
	<i>Microeconomic factors</i>	<p>Describe and understand:</p> <ul style="list-style-type: none"> • Microeconomics and macroeconomics; • Factors that affect quantity demanded; • Market equilibrium; • Interpret price and income elasticities of demand and their effects on quantity and revenue; • Distinguish between accounting profit and economic profit; • Identify factors that affect pricing; <p>Compare types of market environment: perfect competition, pure monopoly, monopolistic competition, and oligopoly.</p>

	<i>Macroeconomic factors</i>	<p>Describe and understand:</p> <ul style="list-style-type: none"> • Why macroeconomic considerations are important to the valuation of financial instruments and how macroeconomic information may be used; • Identify and understand the concept of GDP; • Economic growth and factors that affect it; • Phases of a business cycle and their characteristics; • Explain the global nature of business cycles; • Economic indicators and their uses and limitations; • Define inflation, deflation, stagflation, and hyperinflation, and describe how inflation affects consumers, businesses, and investments; • Compare monetary and fiscal policy; • Explain limitations of monetary policy and fiscal policy.
	<i>International Trade</i>	<p>Describe and understand:</p> <ul style="list-style-type: none"> • The need for and trends in imports and exports; • Comparative advantages among countries; • Balance of payments and the relationship between the current account and the capital and financial account; • Types of foreign exchange rate systems; • Factors affecting the value of a currency; • How to assess the relative strength of currencies; • Foreign exchange rate quotes; • Spot and forward markets.
	<i>Market Structure</i>	<p>Understand and describe:</p> <ul style="list-style-type: none"> • Types of financial institutions, including banks and insurance companies; • Concept of a market and different market structures. • Describe types and functions of participants of the market. • The roles of different types of financial intermediaries in a market. • Describe forces that affect the evolution of the market. <p>An understanding of the risks arising from different market conditions, ability to implement measures to quantify such risk and implement their impact on the valuation.</p>

	<p><i>Market functions and characteristics</i></p>	<p>Understand and describe:</p> <ul style="list-style-type: none"> • The distinction between primary and secondary markets; • The role of investment banks in helping issuers raise capital; • Primary market transactions, including public offerings, private placements, and right issues; • The roles of trading venues, including exchanges and alternative trading venues; • Identify characteristics of quote-driven, order-driven and brokered markets; • Compare long, short, and leveraged positions in terms of risk and potential return; • Order instructions and types of orders; • Clearing and settlement of trades; • Identify types of transaction costs; • Market efficiency in terms of operations, information, and allocation.
	<p><i>Fixed Income Instruments</i></p>	<p>Describe and Understand:</p> <ul style="list-style-type: none"> • Identify issuers of debt securities; • Features of debt securities; • Seniority ranking of debt securities when default occurs; • Types of bonds; • Bonds with embedded provisions; • Securitisation and asset-backed securities; • Current yield; • Discounted cash flow approach to valuing debt securities; • Bond's yield to maturity; • Explain the relationship between a bond's price and its yield to maturity; • Yield curve - build yield curves with models that can highlight complex quantitative relationships within the fixed income market (for example splines, Nelson Siegel, Svensson). • Explain risks of investing in debt securities; • Credit spread. • Valuation of complex instruments for example bonds with exotic coupons, embedded options, convertibles.

	<i>Equity Instruments</i>	<p>Describe and Understand:</p> <ul style="list-style-type: none"> • Features of equity securities; • Types of equity securities; • Compare risk and return of equity and debt securities; • Approaches to valuing common shares; • Company actions that affect the company's shares outstanding. • Valuation of Over The Counter forwards, exotic swaps and options, and structure notes.
	<i>Derivative Instruments</i>	<p>Understand and describe the following:</p> <ul style="list-style-type: none"> • A derivative contract; • The uses of derivative contracts; • Key terms of derivative contracts; • Forwards and futures contracts; • Distinguish between forwards and futures; • Options and their uses; • Swaps and their uses.
Finance	<i>Accounting theory</i>	<p>Explains the basic accounting theory of recording and reporting financial information, including:</p> <ul style="list-style-type: none"> • Structure and Components of financial statements. • The use of financial statements in an economy. • Measurement Bases used in financial statements. <p>Understand and describe the following:</p> <ul style="list-style-type: none"> • The roles of standard setters, regulators, and auditors in financial reporting. • Information provided by the balance sheet. • Compare types of assets, liabilities, and equity.

	<i>Legal framework</i>	<ul style="list-style-type: none"> • Explains the various forms of ownership of an asset. • Identifies the laws and regulations that govern the different forms of legal entities and the sources of obtaining information. • Explains the court system and alternative dispute resolution mechanisms that apply to the subject matter of the valuation. • Explains the effect of regulatory requirements on valuation in assessing general industry conditions. • Identifies the legal considerations when evaluating a transaction or when performing a valuation. • Explains the laws and regulations applicable to the environment in which valuers operate. • Explains the concept of professional liability. • Identifies situations in which consultation with legal counsel is required.
	<i>Tax framework</i>	<ul style="list-style-type: none"> • Identifies the tax system applicable to the subject of the valuation. • Identifies the tax considerations when evaluating a transaction or when performing a valuation.
Legal and Accounting	<i>Subject asset/liability characteristics</i>	<ul style="list-style-type: none"> • Describes the characteristics of the subject matter through which value is created.
	<i>Intended use of the valuation</i>	<p>Identifies the intended use of the valuation, including:</p> <ul style="list-style-type: none"> • Transaction • Financial reporting • Tax compliance • Litigation • Lending • Statutory • Solvency opinion • Insurance • Portfolio valuation/asset valuation • Lease or rental determination • Management planning • Other.

	<i>Valuation process</i>	<ul style="list-style-type: none"> • Describes the valuation process in the conduct of a valuation assignment. • Determines the scope of work in accordance with International Valuation Standards and other applicable standards and requirements. • Defines and describes the intended user of the valuation. • Defines the qualitative and quantitative information requirements. • Assesses, objectively, the qualitative and quantitative information, consistent with the intended use of the valuation. • Defines the qualitative and quantitative information requirements. • Assesses, objectively, the qualitative and quantitative information, consistent with the intended use of the valuation. • Utilises information provided by client while keeping an objective and impartial perspective. • Describes the intended use of the engagement. • Describes the intended use of representation letters.
Valuation	<i>Valuation Standards</i>	<p>Applies the relevant valuation-related standards and guidelines consistent with the subject matter and the intended use of the valuation, including:</p> <ul style="list-style-type: none"> • Financial reporting standards • Regulatory standards • Private equity and venture capital guidelines • Tax-related standards • Other standards and guidelines in accordance with established requirements. • Explains the selected valuation method that can apply in the valuation of the subject matter. • Describes the advantages and disadvantages of the selected valuation method.
	<i>Valuations for Specific industries or markets</i>	<ul style="list-style-type: none"> • Recognises general circumstances in which a subject matter expert should be involved.

	<i>Valuation methods</i>	<ul style="list-style-type: none"> • Explains the valuation methods that can apply in the valuation of the subject matter. • Describes the advantages and disadvantages of each valuation method. • Differentiates between the various valuation methods that fall under each of the three valuation approaches. • Applies different valuation methods to analyse, reconcile and conclude on the value of the subject of valuation, consistent with the basis of value, premise of value and intended use of the valuation.
	<i>Information technology</i>	<ul style="list-style-type: none"> • Applies information technology skills in data analysis, valuation modelling, report writing and presentation of results.
	<i>Financial modelling</i>	<ul style="list-style-type: none"> • Describes the analysis and modelling of the subject of the valuation from a financial perspective. • Applies spreadsheet or bespoke programmes that are flexible to accommodate modification of major assumptions, as needed.
	<i>Quantitative Methods</i>	<p>Understand and describe the following:</p> <ul style="list-style-type: none"> • Define the concept of interest; • Compare simple and compound interest; • Define present value, future value, and discount rate; • Describe how time and discount rate affect present and future values; • Explain the relevance of net present value in valuing financial instruments; • Applications of time value of money; • Uses of mean, median, and mode, which are measures of frequency or central tendency; • Uses of range, percentile, standard deviation, and variance, which are measures of dispersion; • Interpret the characteristics of a normal distribution; • Interpret correlation; • Understand basic stochastic processes.

	<i>Data</i>	<p>Understand and describe the following:</p> <ul style="list-style-type: none"> ○ Use of data dictionary or taxonomy; ○ Classification of available data into categories with an understanding of each categories strengths and weaknesses: <ul style="list-style-type: none"> ▪ internally sourced data; ▪ market data; ▪ transactions data; ▪ model-based / indicative market data; ▪ judgement-based data including proxy data; ▪ historical data; and ▪ performance data. ○ Principles of Data Aggregation and Control including the following concepts: <ul style="list-style-type: none"> ▪ Accuracy and integrity; ▪ Completeness; ▪ Adaptability; ▪ Timeliness; and ▪ Transparency. ▪ The processes needed to ensure the integrity and consistency of data across valuations to avoid arbitrage. ▪ Ability to develop parameters and inputs in the absence of reliable sources and the ability to quantify the valuation uncertainty arising from the use of such inputs.
	<i>Methods / Models</i>	<p>Understand and describe the following:</p> <ul style="list-style-type: none"> • Methods / models used in the valuation of financial instruments; • The role of such methods / models; • The strengths and weaknesses of each method / model; • The suitability of a particular method / model for valuing a financial instrument; • Calibration of methods / models; • Validation of methods / models used for valuing financial instruments; • Model / method risk management. • Determination of the appropriate Model for valuation according to objective, materiality, risk, etc. • Methods of reconciliation of indications of value from different models
	<i>Reporting of valuation</i>	<ul style="list-style-type: none"> • Applies report writing and/or other communication skills to convey the valuation conclusion. • Identifies the type of report used and its definition. • Applies and documents compliance with all applicable valuer standards, including certification etc.

	<p><i>Valuation quality (quality of information, sources and assumptions, integrity of analysis, and robustness of conclusions)</i></p>	<ul style="list-style-type: none"> • Evaluates information and assumptions provided by management in light of past company performance and industry expectations. • Assesses the nature of the projected cash flows (expected vs conditional). • Distinguishes between entity-specific assumptions and expectations and market participant assumptions and expectations. • Adjusts forecasts and assumptions as appropriate. • Adjusts methods and assumptions used according to the type and quality of data available. • Evaluates the valuation conclusion in light of the value creation process at the entity. • Evaluates and reconciles on a qualitative basis, and explains, any divergent value indications from the application of the various approaches. • Evaluates internal consistency of data, assumptions and methods applied to the subject asset (or liability), including in the context of other assets (or liabilities) being valued. • Evaluates, on a high level, relevant historical valuation analyses for the asset or valuations of comparable assets (if available) and explains and rationalises significant changes in the assumptions and methods used. • Synthesises key discussions, assumptions, decisions, and significant issues arising in the course of the valuation analysis and the manner in which they were addressed.
	<p><i>Governance: Valuation Process</i></p>	<p>Understand and describe the following:</p> <ul style="list-style-type: none"> • ownership; • accountability; • transparency; • consistency; • review and challenge; • diversity; • documentation. • components of valuation for financial instruments; • roles and responsibilities in the financial instrument valuation process; • valuation risk and valuation uncertainty and their quantification. • The establishment of surveillance principles, protocols, etc. to ensure and verify the soundness of the valuation process.

PMO 104: Initial Professional Development

Practical Experience

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Scope of this Professional Membership Obligation

1. The Professional Membership Obligations (PMOs) are professional standards for Valuation Professional Organisations (VPOs) to incorporate into the education and development of their members. This PMO prescribes that sufficient practical experience is required as part of the Initial Professional Development (IPD) of professional valuer candidates (Candidates).
2. This PMO is addressed to International Valuation Standards Council (IVSC) member bodies that provide professional valuer accreditation for the education and development of their members (VPOs that are members of the IVSC). In addition, this PMO may be helpful to those who commission or rely on valuations, educational organisations, those who design, deliver, assess or support education programmes for professional valuers, employers of professional valuers, government authorities, regulators with responsibility for the oversight of the work of professional valuers, and prospective valuers who undertake their own learning and development.
3. Definitions and explanations of key terms are set out in paragraph 20.
4. The commentary, as set out in paragraphs A1 to A22, provides additional explanation relevant to the requirements of this PMO. The commentary is intended to explain more fully what a requirement means and may include examples of how to meet the requirements. The commentary does not in and of itself impose any additional requirements; its purpose is to assist in their application.
5. Practical experience refers to workplace and other activities that are relevant to developing professional competence. Practical experience is a component of IPD. IPD is learning and development through which individuals first develop competence to perform the role of a professional valuer.

6. Practical experience during IPD builds on general education and programmes of professional valuer accreditation. The public expects professional valuers to apply their experience and knowledge in carrying out their roles. However, the variety of roles that professional valuers perform means that the required practical experience may vary from one VPO to another, and even within an individual VPO that offers different types of membership. VPOs that are members of the IVSC are able to adapt their practical experience requirements to meet their own needs, the requirements of the relevant regulatory authorities and public expectations that professional valuers are competent.
7. Every Candidate is expected to be allocated a supervisor to oversee their practical experience. This practical experience supervisor may be nominated by the VPOs that are members of the IVSC or the employer.
8. Practical experience supervisors have important roles in planning and monitoring the practical experience gained by Candidates.
9. After the completion of IPD, practical experience may be required to bring professional valuers to a level of competence needed for other roles or forms of specialisation. Throughout their careers, the competence gained during IPD is continually renewed, modified and/or expanded through Continuing Professional Development.

Effective Date

10. This PMO is effective from 31 July 2026, although earlier adoption is encouraged.

Objective

11. The objective of this PMO is to establish the practical experience that Candidates need to complete by the end of IPD.

Requirements

Practical Experience

12. VPOs that are members of the IVSC shall require that Candidates complete practical experience by the end of IPD.
13. VPOs that are members of the IVSC shall require sufficient practical experience to enable Candidates to demonstrate that they have acquired the professional skills and ethics, and the appropriate level of technical knowledge necessary for performing a role of a professional valuer. A threshold period of 1,500 hours in a supervised work environment over two years is normally a prerequisite for accreditation as a professional valuer, but may differ based on the VPO's assessment of educational experience and other qualifications. Minimum periodic requirements are defined by the applicable VPO.

14. VPOs that are members of the IVSC shall define their practical experience requirements and establish their preferred approach to assess that sufficient practical experience has been completed by Candidates.

Practical Experience Supervision and Monitoring

15. VPOs that are members of the IVSC shall require that practical experience of Candidates be conducted under the direction of a practical experience supervisor.
16. VPOs that are members of the IVSC shall require that practical experience of Candidates is recorded in a consistent form prescribed by that VPO or, where applicable, a regulatory body.
17. VPOs that are members of the IVSC shall require that the practical experience supervisor undertake a periodic review of the records of the practical experience of Candidates.

Review of Practical Experience Requirements

18. VPOs that are members of the IVSC shall review and update their practical experience requirements as considered necessary.

Assessment of Practical Experience

19. VPOs that are members of the IVSC shall establish appropriate activities to assess that sufficient practical experience has been completed by Candidates at the end of IPD.

Definitions and Explanations of Key Terms

20. This PMO uses the following definitions and explanations of key terms:
 - A professional valuer is a person who has expertise in the field of valuation, achieved through formal education and practical experience and maintained through continuous learning and development, is held to high professional standards equivalent to the IVSC's PMOs and *Code of Ethical Principles & Competency Framework for Valuers* and whose compliance with such standards is subject to enforcement by a VPO that is a member of the IVSC.
 - A professional valuer Candidate is an individual who has commenced a professional valuer accreditation programme as part of IPD.
 - A practical experience supervisor is a professional valuer who is responsible for directing, advising and assisting Candidates in acquiring sufficient practical experience.

Commentary (paras A1-A23)

Scope (paras A1-A4)

- A1. The inclusion of practical experience in IPD lays the base for the ongoing development of professional competence throughout the professional valuer's career.
- A2. Professional valuation accreditation programmes are designed to support Candidates to develop the appropriate professional competence by the end of IPD. Such programmes may include formal education delivered through qualifications and courses offered by educational institutions, VPOs that are members of the IVSC, and employers, as well as workplace training. The design of professional valuer accreditation programmes during IPD may therefore involve substantive input from stakeholders other than VPOs that are members of the IVSC.
- A3. Professional competence can be described and categorised in many different ways. Within the PMOs, professional competence is the capacity to do something well measured against a defined standard with reference to working environments. Professional competence requires the capabilities of professional skills and ethics, and the appropriate level of technical knowledge.
- A4. Practical experience provides a professional environment in which Candidates develop competence by:
- becoming aware of the environment in which services are provided,
 - enhancing their understanding of organisations, how business works and professional work relationships,
 - being able to relate valuation work to other business functions and activities,
 - developing the appropriate professional skills and ethics in practical, real-life situations, and
 - having an opportunity to develop at progressive levels of responsibility while under appropriate levels of supervision.

Objective (paras A5-A6)

- A5. Sufficient practical experience has a blend of breadth and depth of knowledge and application and, where appropriate, integration of material from different areas applied to a range of situations and contexts. The breadth of practical experience is affected by many factors including the nature of the role, established requirements in the relevant jurisdiction and the public's expectation for professional competence. The depth of practical experience is affected by factors such as the variety and complexity of tasks as well as the level of supervisory and monitoring support.

- A6. Having Candidates complete sufficient practical experience to perform a role as a professional valuer serves the following purposes:
- The public interest is protected, and the credibility of the profession is enhanced when only those who meet the profession's competence requirements are permitted to be professional valuers.
 - VPOs that are members of the IVSC, and regulatory authorities have a responsibility to ensure that professional valuers have the competence expected of them by the public, employers and clients.
 - Professional valuers have a continuing duty to develop and maintain professional competence to ensure that clients, employers and relevant stakeholders receive competent professional service.

Requirements

Practical Experience (paras A7-A22)

- A7. IPD builds on general education and includes professional valuer education, practical experience and assessment. The exact combination of these components may vary depending on a range of factors, eg, the complexity and variety of tasks, special knowledge required, level of autonomy and the level of judgement required by the role the Candidate is expected to undertake at the end of IPD. The combination of practical experience and education might also vary according to rules established by VPOs that are members of the IVSC, national and local laws, requirements of regulatory authorities, and public expectations.
- A8. In determining what constitutes an appropriate balance between professional valuer education and practical experience, VPOs that are members of the IVSC may consider the following:
- Some professional valuer accreditation programmes that place a strong emphasis on practical application, such as traineeships, internships, cooperative education work periods and secondments, may contribute to the practical experience requirement.
 - Study for academic or professional qualifications is useful for acquiring and demonstrating professional valuer technical knowledge. However, by itself, study does not necessarily demonstrate achievement of the professional competence to perform a role as a professional valuer. Experience gained at work equips Candidates with many of the skills needed to become competent professional valuers.
 - Practical experience may be obtained after completion of a professional valuer accreditation programme or concurrently with such a programme.

A9. In setting the approach and requirements for practical experience, VPOs that are members of the IVSC may consider a number of factors, including:

- the public interest, including knowledge of the local environment, public expectations and any relevant regulatory requirements,
- the needs of the Candidates, including an understanding of the roles that they may undertake upon completion of IPD,
- the needs of the employer, including efficiency and cost-effectiveness, and whether that employer is in industry, government or public practice, and
- the needs of the VPOs that are members of the IVSC, including regulatory requirements, efficiency and cost-effectiveness.

A10. The measurement of practical experience can be established using one of the following three approaches:

- output-based,
- input-based, or
- a combination of output-based and input-based approaches.

Output-based Approach

A11. An output-based approach requires Candidates to demonstrate, using output-based measures, that they have obtained practical experience. The evidence that could be used for assessment purposes in an output-based approach could include:

- a measurement of learning outcomes achieved in accordance with a competency map,
- reviews of a research project or reflective essay, and
- work logs compared against an appropriate competency map (a work log is a record maintained by an individual of the nature of the assignments and tasks completed, and of the time incurred in completing those assignments and tasks).

Input-based Approach

A12. An input-based approach requires Candidates to demonstrate, using input-based measures, that they have obtained practical experience. Input-based approaches are traditionally based on time, eg, hours spent on relevant activities or total duration, eg, days, months or years, of practical experience. Input-based approaches are often used as a proxy for measuring development of competence due to ease of measurement and verification. Input-based approaches have limitations, eg, they do not always directly measure learning outcomes or competence developed.

A13. Evidence that could be used for measurement in an input-based approach includes attendance records, time sheets, workplace diaries and work logs or journals. In setting a requirement using an input-based approach, consideration may be given to the structure and relevance of education programmes completed by Candidates. Professional valuer

education programmes that deliver outcomes similar to the outcomes derived from measured work-based experience such as internships may contribute to the total requirement for practical experience. Similarly, where a substantial education programme has been completed in a relevant subject, such as a Master's degree in finance, a VPO that is a member of the IVSC may elect to reduce the practical experience component.

- A14. Regardless of the balance of the component parts, there is typically an expectation by the public that a professional valuer has completed a professional valuation education programme and has obtained sufficient practical experience.

Combination Approach

- A15. Approaches that combine elements of both output-based and input-based approaches might be constructed by the VPO that is a member of the IVSC. Input units might be considered as contributing to the professional competencies being measured. Achievement of particular competencies might either be used to verify input, or in some cases replace a portion of the input requirement.

Practical Experience Supervision and Monitoring (paras A16-A19)

- A16. Practical experience supervisors can represent an important link between Candidates and VPOs that are members of the IVSC. They may be responsible for planning the practical experience period and providing guidance to Candidates. In some environments, practical experience supervisors may also provide mentoring support to Candidates. VPOs that are members of the IVSC may provide training for practical experience supervisors and put in place assistance and quality control programs.
- A17. Practical experience supervisors may be assisted in performing the monitoring function by others, some of whom may not be professional valuers.
- A18. The purpose of the periodic review by the practical experience supervisor of the record of practical experience is to check that requirements set by the VPO that is a member of the IVSC, or regulatory authority are being met. In addition, this periodic review can also be used to monitor an individual's progress. If the Candidate's progress does not match expectations, the practical experience supervisor has an opportunity to review the situation to discover the reasons why and what can be done to improve progress. This periodic monitoring will provide an opportunity for the practical experience supervisor and the Candidate to review the practical experience obtained to date and contribute to the future development of the Candidate.
- A19. In assessing the sufficiency of the practical experience acquired by Candidates, VPOs that are members of the IVSC may consider the following activities:
- establishing a system to monitor and report the practical experience obtained,
 - providing detailed written guidance for practical experience supervisors and Candidates regarding the programme of practical experience and their respective roles and responsibilities,

- establishing a mechanism for approving the suitability of practical experience supervisors work log to provide the appropriate practical experience for Candidates,
- assessing and approving the practical experience environment before commencement of experience, eg, the nature and scope of practical experience and the training arrangements of employers can be reviewed to ensure that Candidates would receive appropriate direction, supervision, mentoring, counselling and evaluation,
- establishing a system of periodic reporting by practical experience supervisors to cover changes, if any, in the planned nature, scope and content of practical experience undertaken by Candidates,
- assessing, prior to completion of IPD, the practical experience gained, based on written submissions, possibly supported by oral submissions, made by Candidates and practical experience supervisors,
- encouraging employers to provide feedback to Candidates and to practical experience supervisors and to communicate when competencies have been achieved,
- monitoring previously approved practical experience supervisors, eg, VPOs that are members of the IVSC may advise on areas for improvement or might recommend withdrawal of approval if conditions have so changed that relevant experience criteria are not being met, and
- undertaking a periodic and timely study of the competencies required by professional valuers to help to ensure that sufficient practical experience is acquired and supported.

Review of Practical Experience Requirements (para A20)

- A20. Practical experience requirements support Candidates to develop the appropriate professional competence by the end of IPD. The requirement to review and update the practical experience requirements reflects the rapidly-changing and complex environment within which professional valuers operate. The review cycle will depend upon the frequency of changes in legislation, regulations and established requirements relevant to professional valuers.

Assessment of Practical Experience Requirements (para A21-A22)

- A21. PMO 105: *Initial Professional Development – Assessment of Professional Competence* provides the principles that apply to the design of activities used to assess the sufficiency of practical experience.
- A22. Various activities can be used to assess the sufficiency of practical experience of Candidates. Appropriate assessment activities may include workplace assessment as presented in PMO 102: *Initial Professional Development – Professional Skills and Ethics* and PMO 103: *Initial Professional Development – Technical Knowledge*.

PMO 105: Initial Professional Development

Assessment of Professional Competence

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Scope of this Professional Membership Obligation

1. The Professional Membership Obligations (PMOs) are professional standards for Valuation Professional Organisations (VPOs) to incorporate into the education and development of their members. This PMO prescribes that assessment of the professional competence of professional valuer candidates (Candidates) is required by the end of Initial Professional Development (IPD).
2. This PMO is addressed to International Valuation Standards Council (IVSC) member bodies that provide professional valuer accreditation for the education and development of their members (VPOs that are members of the IVSC). In addition, this PMO may be helpful to those who commission or rely on valuations, educational organisations, those who design, deliver, assess or support education programmes for professional valuers, employers of professional valuers, government authorities, regulators with responsibility for the oversight of the work of professional valuers, and prospective valuers who undertake their own learning and development.
3. Definitions and explanations of key terms are set out in paragraph 11.
4. The commentary, as set out in paragraphs A1 to A22, provides additional explanation relevant to the requirements of this PMO. The commentary is intended to explain more fully what a requirement means and may include examples of how to meet the requirements. The commentary does not in and of itself impose any additional requirements; its purpose is to assist in their application.
5. Assessment is the measurement of professional competence achieved through learning and development. IPD is learning and development through which

individuals first develop competence leading to performing a role in the valuation profession. Learning and development is, however, an ongoing process of developing and maintaining professional competence throughout the career of a professional valuer, and so continues through Continuing Professional Development (CPD). During IPD, the focus is on the achievement of professional competence. During CPD, the focus is on the development and maintenance of professional competence.

Effective Date

6. This PMO is effective from 31 July 2026, although earlier adoption is encouraged.

Objective

7. The objective of this PMO is to establish activities to assess whether Candidates have achieved an appropriate level of professional competence by the end of IPD.

Requirements

Formal Assessment of Professional Competence

8. VPOs that are members of the IVSC shall formally assess whether Candidates have achieved an appropriate level of professional competence by the end of IPD, drawing on the outcomes of a range of assessment activities that are undertaken during IPD.

Principles of Assessment

9. VPOs that are members of the IVSC shall design assessment activities that have high levels of reliability, validity, equity, transparency and sufficiency within professional valuation accreditation programmes.

Verifiable Evidence

10. VPOs that are members of the IVSC shall base the assessment of the professional competence of Candidates on verifiable evidence.

Definitions and Explanations of Key Terms

11. This PMO uses the following definitions and explanations of key terms:
 - A professional valuer is a person who has expertise in the field of valuation, achieved through formal education and practical experience and maintained through continuous learning and development, is held to high professional standards equivalent to the IVSC's *PMOs* and *Code of Ethical Principles and competency framework for valuers* and whose compliance with such standards is subject to enforcement by a VPO that is a member of the IVSC.
 - A professional valuer Candidate is an individual who has commenced a professional valuer accreditation programme as part of IPD.
 - A practical experience supervisor is a professional valuer who is responsible for directing, advising and assisting Candidates in acquiring sufficient practical experience.

Commentary

Scope (paras A1-A3)

- A1. Professional competence can be described and categorised in many different ways. Within the PMOs, professional competence requires the exercise of sound judgement in applying professional knowledge and skill in the performance of such service. Professional competence can be divided into two separate phases⁸:
- A2. Professional competence requires the capabilities of professional skills and ethics, and the appropriate level of technical knowledge. Each area of professional competence is further described by a set of learning outcomes in the relevant PMO.
- A3. During IPD, assessment may be undertaken by a range of stakeholders, including the VPO that is a member of the IVSC, employers, regulators, licensing bodies, universities, colleges and private education providers. Although the assessment of professional competence during IPD is the responsibility of the VPO that is a member of the IVSC, other stakeholders may provide substantive input into the assessment.
- A4. Professional valuers continue to engage in lifelong learning to develop and maintain professional competence relevant to their role during CPD. Changes in the working environment, career progression or new roles may require that professional valuers increase their level of professional competence and acquire new competencies. This is covered in PMO 201: *Continuing Professional Development*.

Objective (para A4)

- A5. Assessing whether Candidates achieve an appropriate level of professional competence serves the following purposes:
- Public interest is protected and the credibility of the profession is enhanced when only those who meet the profession's competence requirements are permitted to be professional valuers.
 - VPOs that are members of the IVSC and regulatory authorities have a responsibility to ensure that professional valuers have the competence expected of them by the public, employers and clients.
 - Professional valuers have a continuing duty to develop and maintain professional competence to ensure that clients, employers and relevant stakeholders receive competent professional service.

⁸ Code of Ethical Principles and Competency Framework for valuer, para A3.14 to A3.18.

Requirements (paras A5-A22)

Formal Assessment of Professional Competence (para A5-A8)

- A6. To formally assess whether professional competence has been achieved, VPOs that are members of the IVSC may draw on the outcomes of one or more assessment activities that take place during IPD. The configuration of the assessment activities during IPD may vary and may include, but are not limited to, the following:
- a single multi-disciplinary examination conducted by the end of IPD,
 - a series of examinations that focus on specific areas of professional competence, conducted throughout IPD, and
 - a series of examinations and workplace assessments conducted throughout IPD.
- A7. Assessment activities are those activities designed to assess specific areas of professional competence. During IPD, assessment activities can be selected to match the particular aspect of professional competence being assessed. Examples of assessment activities may include, but are not limited to, the following:
- written examinations,
 - oral examinations,
 - objective testing,
 - computer-assisted testing,
 - workplace assessment of competence by employers, and
 - review of a portfolio of evidence on completion of workplace activities.
- A8. The types of assessment activities selected may depend on factors specific to each VPO that is a member of the IVSC which may include, but are not limited to, the following:
- the remoteness and spread of geographical locations where Candidates are based,
 - available educational and other resources of the VPO that is a member of the IVSC,
 - the number and backgrounds of Candidates being assessed, and
 - the availability of learning and development opportunities provided by employers.
- A9. Factors relevant to determining an appropriate level of professional competence to be achieved by Candidates by the end of IPD may include, but are not limited to, the following:
- the complexity and variety of tasks undertaken by professional valuers,
 - the expectations of stakeholders, eg, the public, employers and regulators, relating to the nature and extent of professional competence,
 - the level of professional judgement required to undertake an assignment or complete a task,
 - the complexity of the working environment.

Principles of Assessment (para A9-A20)

- A10. Professional valuer accreditation programmes are designed to support Candidates to develop the appropriate professional competence by the end of IPD. Such programmes may include formal education delivered through qualifications and courses offered by educational institutions, VPOs that are members of the IVSC and employers, as well as workplace training. The design of the professional valuer accreditation programmes during IPD may therefore involve substantive input from stakeholders other than VPOs that are members of the IVSC.
- A11. The principles of assessment apply to individual assessment activities that are conducted during IPD. However, it may not always be possible to achieve high levels of reliability, validity, equity, transparency and sufficiency for each individual assessment activity.
- A12. An assessment activity has a high level of reliability if it consistently produces the same result, given the same set of circumstances. Reliability is not an absolute measure and different assessment activities may have different levels of reliability. An assessment activity has high reliability if the majority of assessors, acting independently, consistently come to the same judgement, given the same set of circumstances.
- A13. There are many ways that assessment activities can be designed to increase reliability. For example:
- the reliability of a written examination may be increased by avoiding the use of ambiguous wording in examination questions or instructions,
 - the reliability of an objective test may be increased by undertaking an internal or external review of the content of the testing before it is finalised, and
 - the reliability of a workplace assessment may be increased by selecting assessors who have comparable high levels of ability and by providing them with suitable training to enable them to assess the task.
- A14. Validity is the extent to which a measurement is well founded. An assessment activity has a high level of validity if it measures what it was intended to measure. Validity is not an absolute measure and different assessment activities may have different levels of validity. Validity has multiple forms and includes the following:
- Face validity is the extent to which a procedure is subjectively viewed as covering the concept it purports to measure. An assessment activity has high face validity if the assessment activity is perceived to measure what it is intended to measure.
 - Predictive validity is the extent to which a procedure predicts future performance. An assessment activity has high predictive validity if the content of the assessment activity relates to the particular aspect of professional competence that it is intended to assess.

- Content validity is the extent to which the elements of a procedure are a representative sample of the concepts to be measured. An assessment activity has high content validity if the assessment activity provides adequate coverage of the particular aspect of professional competence being assessed.
- A15. There are many ways to design assessment activities to increase validity. For example:
- Face validity may be increased when assessing competence to apply a particular valuation standard if an examination includes a comprehensive and relevant case study rather than a simple case study based on incomplete information.
 - Predictive validity may be increased for assessing competence in leadership by relying on a workplace assessment of how well a Candidate leads a team rather than relying on the outcomes of a written examination.
 - Content validity may be increased if an examination covers more, rather than a few, aspects of the particular area of professional competence being assessed.
- A16. An assessment activity has a high level of equity if it is fair and without bias. Equity is not an absolute measure and different assessment activities may differ in their level of equity. Equity can be improved when those who design assessment activities are aware of the possibility of bias.
- A17. There are many ways to design assessment activities to increase equity. For example:
- Equity may be increased by ensuring that assessment activities rely only on computer-based technologies that are available to all Candidates.
 - Equity may be increased by reviewing examination papers to remove assumptions relating to cultural knowledge that are not commonly shared by all Candidates.
- A18. An assessment activity has a high level of transparency when details of an assessment activity, such as the competence areas to be assessed and timing of the activity, are disclosed publicly. A high level of transparency is also relevant when considering the entirety of the assessment activities that are undertaken during IPD. Transparency is not an absolute measure and different assessment activities may differ in their levels of transparency. Clear and accessible communications to stakeholders may lead to achieving a high level of transparency.
- A19. There are many ways to increase the transparency of assessment activities. For example:
- In relation to the entirety of assessment activities that are undertaken during IPD, transparency may be increased by making publicly available a statement that explains the areas of professional competence to be assessed, the types of assessment activities included and the timing of those assessment activities during IPD.
 - Transparency may be increased in a workplace assessment when employers communicate to Candidates a clearly defined competency framework against which the Candidates' competence will be assessed.

- Transparency in the setting and conduct of an examination may be increased by making information relating to the development, scoring and management of the examination publicly available.
- A20. An assessment activity has a high level of sufficiency if it has a balance of depth and breadth, knowledge and application, and it combines material from different areas applied to a range of situations and contexts. A high level of sufficiency is also relevant when considering the entirety of the assessment activities that are undertaken during IPD. Sufficiency is not an absolute measure and different assessment activities may differ in their levels of sufficiency.
- A21. There are many ways to design assessment activities to increase sufficiency. For example:
- Sufficiency may be increased across IPD by including assessment activities that assess the required professional skills and ethics, and the technical knowledge.
 - Sufficiency in relation to a workplace assessment may be increased by requiring Candidates to demonstrate professional competence across a wide range of professional skills and ethics that are applied to many different situations.

Verifiable Evidence (para A21-A22)

- A22. Verifiable evidence is evidence that is objective, capable of being proven and stored in written or electronic form. Basing the assessment of professional competence on verifiable evidence may satisfy the needs of third parties who oversee or regulate a VPO that is a member of the IVSC. It will also increase the confidence of stakeholders that Candidates have achieved the appropriate level of professional competence by the end of IPD.
- A23. Examples of verifiable evidence include the following:
- certificates of successful course completion,
 - recorded outcomes of successful achievement in examinations, and
 - a record of achievement provided by practical experience supervisors on competence achieved by Candidates.

PMO 201: Continuing Professional Development

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Scope of this Professional Membership Obligation

1. The Professional Membership Obligations (PMOs) are professional standards for Valuation Professional Organisations (VPOs) to incorporate into the education and development of their members. This Professional Membership Obligation (PMO) prescribes the continuing professional development⁹ (CPD) required for professional valuers to develop and maintain the professional competence necessary to provide high quality services to clients, employers and other stakeholders, and thereby to strengthen public trust in the valuation profession.
2. This PMO is addressed to International Valuation Standards Council (IVSC) member bodies that provide professional valuer accreditation for the education and development of their members (VPOs that are members of the IVSC). In addition, this PMO may be helpful to those who commission or rely on valuations, educational organisations, those who design, deliver, assess or support education programmes for professional valuers, employers of professional valuers, government authorities, regulators with responsibility for the oversight of the work of professional valuers, and prospective valuers who undertake their own learning and development.
3. Definitions and explanations of key terms are set out in paragraph 20.
4. The commentary, as set out in paragraphs A1 to A34, provides additional explanation relevant to the requirements of this PMO. The commentary is intended to explain more fully what a requirement means and may include examples of how to meet the requirements. The commentary does not in and of itself impose any additional requirements; its purpose is to assist in the application of the requirements of this PMO.

⁹ See Code of Ethical Principles and Competency Framework for Valuers.

5. Although it is the responsibility of the professional valuer to develop and maintain professional competence by undertaking relevant CPD activities, this PMO is addressed to the VPOs that are members of the IVSC because their role is to:
 - foster a commitment to lifelong learning among professional valuers,
 - facilitate access to CPD opportunities and resources for professional valuers, and
 - develop and implement appropriate assessment, monitoring and compliance procedures, which are deemed necessary to protect the public interest.
6. CPD is a continuation of Initial Professional Development (IPD), the learning and development through which individuals first develop competence leading to performing the role of a professional valuer. The capabilities and competencies gained during IPD may expand or evolve after accreditation as a professional valuer.
7. Professional valuers may take on new roles during their careers that require new competencies. In such cases, CPD that includes many of the same elements as IPD may be necessary for roles that require additional breadth or depth of technical knowledge, professional skills and ethics.
8. In addition to education, practical experience and training, CPD also includes learning and development activities, such as:
 - coaching and mentoring,
 - networking,
 - observation, feedback and reflection, and
 - self-directed and unstructured gaining of knowledge.
9. Measuring the attainment of CPD can be achieved by three different approaches:
 - input-based approaches - by establishing an amount of learning activity for professional valuers to develop and maintain professional competence,
 - output-based approaches - by requiring professional valuers to demonstrate, by way of outcomes, that they have developed and maintained professional competence, and
 - combination approaches - by combining elements of the input-based and output-based approaches, setting the amount of required learning activity and demonstrating the outcomes achieved, whereby professional valuers develop and maintain professional competence.

Effective Date

10. This PMO is effective from 31 July 2026, although earlier adoption is encouraged.

Objective

11. The objective of this PMO is to establish the CPD that professional valuers need to undertake to develop and maintain their competence subsequent to IPD in order to provide high quality services to clients, employers and other stakeholders.

Requirements

Promotion of CPD

12. VPOs that are members of the IVSC shall promote the importance of and a commitment to CPD, and maintenance of professional competence.

Access to CPD

13. VPOs that are members of the IVSC shall facilitate access to CPD opportunities and resources to assist professional valuers in meeting their personal responsibility for CPD and maintenance of professional competence.

Mandatory CPD for all Professional Valuers

14. VPOs that are members of the IVSC shall require all professional valuers to undertake CPD to contribute to the development and maintenance of professional competence that is appropriate to their work and professional responsibilities.
15. VPOs that are members of the IVSC shall establish their preferred approach to assessing CPD activity from the three models: input-based, output-based or combination approaches.

Input-Based Approach

16. VPOs that are members of the IVSC implementing an input-based approach shall normally require each professional valuer to:
 - complete at least 120 hours (or equivalent learning units) of relevant professional development activity in each rolling three-year period, of which 60 hours (or equivalent learning units) shall be verifiable,
 - complete at least 20 hours (or equivalent learning units) of relevant professional development activity in each year, and
 - assess learning activities to meet the above requirements.
17. However varying minimal requirements may be defined by the applicable VPO¹⁰.

¹⁰ See Code of Ethical Principles & Competency Framework for Valuers.

Output-Based Approach

18. VPOs that are members of the IVSC implementing an output-based approach shall normally require each professional valuer to demonstrate the development and maintenance of appropriate professional competence by periodically providing evidence that has been:
- verified by a competent source, and
 - assessed using a valid method.

Combination Approach

19. In implementing a combination of input-based and output-based approaches, VPOs that are members of the IVSC shall comply with the requirements of input-based and output-based approaches, as applicable, as set out in this PMO.

Monitoring and Enforcement

20. VPOs that are members of the IVSC shall establish a systematic process to:
- monitor whether professional valuers meet the CPD requirements of the VPOs that are members of the IVSC, and
 - provide appropriate sanctions for failure to meet those requirements.

Definitions and Explanations of Key Terms

21. This PMO uses the following definitions and explanations of key terms:
- A professional valuer is a person who has expertise in the field of valuation, achieved through formal education and practical experience and maintained through continuous learning and development, is held to high professional standards equivalent to the IVSC's PMOs and *Code of Ethical Principles & Competency Framework for Valuers* and whose compliance with such standards is subject to enforcement by a VPO that is a member of the IVSC.
 - Capability is the ability to perform certain actions. Capabilities consist of professional skills and ethics, including professional values and attitudes.
 - Competence is the capacity to do something well measured against a defined standard with reference to working environments. Professional competence goes beyond knowledge of valuation theory, principles, concepts, standards and process. Professional competence is the integration of professional skills and ethics with technical knowledge.
 - IPD is learning and development through which individuals first develop competence leading to performing a role in the valuation profession.
 - CPD is learning and development that takes place after IPD and that maintains and develops professional competence to enable professional valuers to continue to perform their roles competently.

Commentary

Scope (paras A1-A34)

- A1. The knowledge needed to function effectively as a professional valuer continues to grow. Professional valuers face increased expectations to display professional competence. These pressures apply to professional valuers in all sectors. Continuing development and maintenance of professional competence and lifelong learning are critical if the professional valuer is to meet public expectations. Because the valuation profession operates in an environment of change, it may be appropriate for VPOs that are members of the IVSC to periodically review their CPD policies.
- A2. Lifelong learning represents all learning and development activity, formal or informal, undertaken with the aim of enhancing knowledge, skills, values, ethics and attitudes from personal, civic, social and employment-related perspectives. Lifelong learning has relevance to all professional valuers, regardless of valuation specialty.
- A3. A reflective activity is an action, eg, documenting, discussing and analysing, that reflects on the experience of the professional valuer to identify areas for improvement and growth in both personal and professional contexts. Reflective learning is the iterative process by which professional valuers, at all stages of their career, continue to develop their professional competence by reviewing their experiences, real or simulated, with a view to improving their future actions. Professional valuers would normally be expected to reflect on their experiences. The most realistic experiences on which to reflect may occur in the workplace. Where this is not possible or appropriate, simulations of “real life” experiences, or consideration of relevant cases that are in the public domain may also offer suitable alternatives.

Promotion of CPD (para A4)

- A4. The following represent examples of activities that may contribute to the promotion of CPD and maintenance of professional competence:
- communicating the value of CPD regularly to professional valuers,
 - promoting the variety of CPD opportunities available to professional valuers, and
 - working with employers to emphasise the importance of CPD within performance management processes.

Access to CPD (para A5-A9)

- A5. VPOs that are members of the IVSC may directly provide relevant CPD programmes for professional valuers and facilitate access to programmes offered by others, including employers.
- A6. The following are some examples of learning activities that may be undertaken as part of a planned programme of CPD activity:
- participation in courses, conferences and seminars,

- self-directed learning,
 - on-the-job training,
 - participation in and work on technical committees,
 - developing or delivering a course or CPD session in an area related to professional responsibilities,
 - formal study related to professional responsibilities,
 - participation as a speaker in conferences, briefing sessions or discussion groups,
 - writing articles, papers or books of a technical, professional or academic nature,
 - research, including reading professional literature or journals for application in the professional valuer's role,
 - professional re-examination or formal testing,
 - providing professional development support as a mentor or coach, and
 - receiving professional development support from a mentor or coach.
- A7. VPOs that are members of the IVSC may provide guidance to professional valuers on the CPD obtained from a single, repetitive activity, eg, teaching the same introductory valuation course to different audiences.
- A8. VPOs that are members of the IVSC may provide tools to help professional valuers plan relevant CPD, such as:
- competency maps, which provide a list of key competences for certain roles or sectors of the profession, and
 - learning plan templates, which assist professional valuers to identify learning and development needs and how to meet them.
- A9. VPOs that are members of the IVSC may consider providing guidance that encourages professional valuers to discuss their CPD with employers, colleagues and the VPO's staff to help them identify competency or learning gaps in order to specify relevant learning opportunities to meet those needs.

Mandatory CPD for all Professional Valuers (paras A10-A14)

- A10. CPD applies to all professional valuers, regardless of sector or size of the organisation in which they operate, because:
- All professional valuers have an obligation of due care to their clients, employers and relevant stakeholders, and are expected to demonstrate their ability to competently discharge this responsibility.
 - The public is likely to rely on the designation and professional standing of the professional valuer.
 - Rapidly changing environments may impact upon the relevance of a professional valuer's competence

- employers recruiting professional valuers rely, to some extent, on the professional designation as proof of professional competence.
- A11. In setting the requirement for CPD, VPOs that are members of the IVSC are encouraged to consider what is relevant and appropriate for professional valuers in special circumstances, eg, for individuals on career breaks and for individuals who have retired from full-time practice, but who continue to use their professional valuer designation, or continue to do work in some capacity.
- A12. VPOs that are members of the IVSC may choose to develop requirements or guidance on which CPD activities they consider relevant to the professional roles and functions that professional valuers typically have. Alternatively, they may choose to rely on the judgement of professional valuers to make decisions on the relevance of CPD activities. They may also choose to set requirements in certain areas and allow professional valuers the flexibility to choose relevant CPD activities in others.
- A13. VPOs that are members of the IVSC may prescribe different criteria to support reflective activity. For example, some may adopt a requirement to formally document the reflective activity in records of learning or personal development portfolios, others may encourage the expectation of reflective activity through communication to its professional valuers.
- A14. In protecting the public interest, VPOs that are members of the IVSC may prescribe specific or additional CPD for professional valuers working in specialist areas, specialist roles or areas of high risk.

Input-Based Approach (paras A15-A19)

- A15. Input-based systems have traditionally been used to measure development and maintenance of competence because of the ease of measurement and verification. Input-based approaches have limitations, eg, they do not always measure the learning outcomes or competence developed. VPOs that are members of the IVSC may partially overcome these limitations by communicating the underlying objectives of continuing improvement of professional competence and a commitment to lifelong learning.
- A16. This PMO measures input-based CPD activity in terms of hours or equivalent learning units. VPOs that are members of the IVSC may choose to use other measures that will be understood by professional valuers. Examples of measures of input-based CPD include:
- time spent on learning activity,
 - units allocated to the learning activity by a CPD provider, and
 - units prescribed for learning activity by VPOs that are members of the IVSC.
- A17. This PMO is based on the concept that VPOs that are members of the IVSC expect a proportion of the learning activities that professional valuers undertake to be verifiable. Some learning activities, eg, on-the-job training, may be measurable but may not be able to be verified. These activities also contribute to the development and maintenance of professional competence, but would not be considered to form part of the 60 hours of verifiable CPD in the three-year rolling period.

A18. VPOs that are members of the IVSC may consider providing guidance to professional valuers on what proportion of the 20 hours minimum annual requirement should be verifiable. In providing such guidance, VPOs that are members of the IVSC may consider local legal and regulatory requirements and the expectations of other stakeholders.

A19. The following examples represent evidence that could be used for verification in an input-based approach:

- course outlines and teaching materials,
- confirmation of participation by a provider, instructor, employer, mentor or tutor, and
- independent assessments that a learning activity has occurred.

Output-Based Approach (para A20-A23)

A20. Reliability of verification in output-based systems is important. VPOs that are members of the IVSC are encouraged to consider how to incorporate the following key aspects into their approach:

- the clear identification of the outcome or competence achieved, and
- use of a competent source that is able to confirm that the outcome or competence has been developed and maintained.

A21. The following examples represent evidence that could be used for verification purposes in an output-based approach:

- evaluation or assessment of written or published material by a reviewer,
- assessments of learning outcomes achieved,
- publication of a professional article or of the results of a research project,
- periodic re-examination,
- records of work performed (work logs) that have been verified against a competency map,
- objective assessments measured against a competency map developed either by the employer or by the professional body to reflect the individual's level of competence, and
- independent practice inspections that assess CPD.

A22. Where guidance is provided to professional valuers on the nature, format and content of documentation to be maintained for reflective activity and the types of situations to be documented, consideration should be given to confidentiality, legal and regulatory requirements. For example, certain ethical situations could be sensitive and subject to legal or disciplinary actions and would therefore not be suitable to document and discuss. Combination Approach (para 18).

A23. Adopting a combination approach to CPD may include:

- applying requirements of both input-based and output-based systems, whereby inputs contribute to the output competencies being assessed for a portion of the knowledge areas in a predominantly output-based system,
- allowing professional valuers who may not meet the input requirement to provide verification that competence has been developed and maintained, or
- specifying a certain number of hours of input as an indication of likely effort required to achieve competence and monitoring this, together with verifying the competence achieved as a result of the learning activities.

Monitoring and Enforcement (paras A24-A34)

- A24. VPOs that are members of the IVSC may also provide guidance on the evidence to be obtained or created to demonstrate that professional competence was developed or maintained. Guidance may cover the responsibilities of professional valuers for:
- retention of appropriate records and documents related to their CPD, and
 - provision, on request, of verifiable evidence to demonstrate their compliance with the CPD requirements of VPOs that are members of the IVSC.
- A25. In designing their approach to monitoring, VPOs that are members of the IVSC may determine which roles involve high risk, or have the greatest responsibility to the public, and adopt more rigorous monitoring accordingly.
- A26. A monitoring process could require professional valuers to periodically:
- submit a declaration as to whether they meet their professional obligation to maintain the necessary knowledge and skills to perform competently,
 - submit a declaration confirming compliance with any specific CPD requirements imposed by VPOs that are members of the IVSC, or
 - provide evidence of learning activities or verification of the competencies they have developed and maintained through their chosen CPD activities.
- A27. Supplementary monitoring processes could involve:
- auditing a sample of professional valuers to check compliance with CPD requirements, or
 - reviewing and assessing learning plans or CPD documents as part of quality assurance programmes.
- A28. VPOs that are members of the IVSC may conduct a set of monitoring processes on a cyclical basis. In determining the duration of a cyclical monitoring process, VPOs that are members of the IVSC may consider what is reasonable in its environment, taking into consideration the public interest and the expectations of the public, regulators and other stakeholders. Experience of some VPOs that are members of the IVSC suggest that cycles of more than five years may not meet these expectations, while cycles of less than one year are likely to be overly burdensome.

- A29. A system of mandatory CPD will operate more effectively and in the public interest when professional valuers who fail to meet their CPD obligations are brought into compliance on a timely basis. VPOs that are members of the IVSC are encouraged to determine the types of sanctions they will impose for non-compliance, after considering the legal and environmental conditions in their jurisdiction.
- A30. The initial steps taken to address non-compliance are likely to focus on bringing the professional valuer into compliance within a reasonable period. VPOs that are members of the IVSC are encouraged to strike a balance between a sanction that, in substance, amounts to permitting a professional valuer to defer or avoid compliance with the CPD requirement and one that is excessively punitive.
- A31. Some VPOs that are members of the IVSC may have the legal authority to expel non-compliant professional valuers or to deny them the right to practise. Expulsion or denial of the right to practise may be applied to professional valuers who have made it clear, through a pattern of non-compliance or through their response to the inquiries that they are likely to continue to fail to comply with the CPD requirements. Publication of the names of professional valuers who wilfully fail to comply is an option that may be considered. Publication of names can act as a general deterrent for professional valuers and provide a clear signal to the public of the profession's commitment to maintaining competence.
- A32. Imposing sanctions is not an action to be taken lightly. A professional valuer's wilful failure to develop and maintain professional competence is, however, a violation of a professional duty that justifies disciplinary action, in that it diminishes the ability to act in the public interest.
- A33. An effective monitoring and enforcement process requires adequate resources. VPOs that are members of the IVSC may also consider establishing a board or committee of members to oversee CPD requirements and the monitoring and enforcement process.
- A34. As part of their public interest responsibility, VPOs that are members of the IVSC are encouraged to report publicly the extent to which their members comply with the CPD requirements set out in this PMO.



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