

# BV profession: the French experience

Gilles de Courcel

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## Agenda

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1. What is the FFEE ?
2. Which profile do business valuers have in France ?
3. What are the different types of engagement in France ?
4. Is business valuation a regulated activity in France ?
5. What credentials do business valuers have in France ?
6. What are the long-term FFEE goals ?
7. Conclusion

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## What is the FFEE ?

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- A young, independant and not-for-profit organisation
- A federation of professional bodies organisations (12)
- A multi-professional organisation
- A lean and dedicated organisation

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## What is the FFEE ?

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- A young, independant and not-for-profit organisation
  - The general lack of trust in valuation after the 2008 crisis
  - The nomination of Michel Prada as Chairman of the IVSC Board of Trustees (2009)
    - ✓ Past chairman of the French Financial Markets Authority (AMF)
    - ✓ Past chairman of the Executive Committee of the International Organisation of Securities Commissions (IOSCO)
  - The establishment of the Fédération Française des Experts en Evaluation / French Federation of Valuation Experts (2010)

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## What is the FFEE ?

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- A federation of professional bodies organisations (12)
  - Working members (11)
    - ✓ Association française des sociétés d'expertise immobilière – AFREXIM –
    - ✓ Association Professionnelle des Experts Indépendants – APEI –
    - ✓ Association Professionnelle des Valorisations d'Instruments Financiers – APVIF –
    - ✓ Compagnie des Conseils et Experts Financiers – CCEF –
    - ✓ Chambre des Experts Immobiliers de France – CEIF FNAIM –
    - ✓ Compagnie nationale des commissaires aux comptes – CNCC –
    - ✓ Compagnie nationale des experts comptables de justice – CNECJ –
    - ✓ Compagnie Nationale des Experts Judiciaires en Finance et Diagnostic – CNEJFD –
    - ✓ Conseil Supérieur de l'Ordre des Experts Comptables – CSOEC –
    - ✓ Institut français de l'expertise immobilière – IFEI –
    - ✓ Royal Institution of Chartered Surveyors France – RICS France –
  - Non working members (1)
    - ✓ Association des Experts en Evaluation d'Entreprises – A3E Lyon –



Fédération Française des  
Experts en Evaluation

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## What is the FFEE ?

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- A multi-professional organisation
  - Real Estate (4)
    - ✓ AFREXIM
    - ✓ CEIF FNAIM
    - ✓ RICS France
    - ✓ IFEI
  - Business Valuation (7)
    - ✓ APEI
    - ✓ CCEF
    - ✓ CNCC
    - ✓ CNECJ
    - ✓ CNEJFD
    - ✓ CSOEC
    - ✓ A3E Lyon
  - Financial Instruments (1)
    - ✓ APVIF

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## What is the FFEE ?

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- A lean and dedicated organisation
  - A six members Board
  - An independant budget
  - A part time deputy director: Amaury Catrice
  - An institutional website: <http://www.ffee.fr>
  - An IVSC member
    - ✓ AFWG member: Gilles de Courcel
    - ✓ Standards Review Board: Olivier Péronnet
    - ✓ Contribution to the IVSC consultations
    - ✓ Translation of the IVS in French



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## Which profile do business valuers have in France ?

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- Business valuer profile in France is probably not so different from the one in other developed countries. Most of them come from or are:
  - Investment banks and M&A boutiques
  - Audit and accounting firms
  - Sole practitioners
  
- Most of sole practitioners have worked previously in investment banks and M&A boutiques, or in audit and accounting firms
  
- There is also a trend towards the development, in large global corporations, of internal corporate departments (M&A) in charge of valuation

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## What are the different types of engagement in France ?

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- In terms of areas of practice, valuation engagements could be distributed as stated below:
  - ≈ 50 % for accounting purposes
  - ≈ 20 % for M&A situations
  - ≈ 15 % for taxation
  - ≈ 15 % for litigation

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## What are the different types of engagement in France ?

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- Accounting purposes
  - Purchase Price Allocation
  - Impairment test
  - Investment funds reporting
  - Audit revision
  
- M&A situations
  - Advising the seller
  - Advising the buyer
  - Fairness opinions

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## What are the different types of engagement in France ?

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- Taxation purposes
  - Company taxation
    - ✓ Registration fees
    - ✓ Capital gains
    - ✓ Transfer price
  - Individual taxation
    - ✓ Capital gains
    - ✓ Inheritance tax
    - ✓ Wealth tax

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## What are the different types of engagement in France ?

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- Litigation
  - Between companies
  - Between individuals
  - Between companies/individuals and administration
  - Expert witness
  - Legal expert

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## Is business valuation a regulated activity in France ?

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- A regulated activity?

No, it is not a regulated activity; however:

- AMF Regulation: Fairness opinion
- Civil law: Forensic

- A regulated profession?

No, it is not a regulated profession; however:

- Accounting: Conseil Supérieur de l'Ordre des Experts Comptables (CSOEC)
- Audit: Compagnie Nationale des Commissaires aux Comptes (CNCC)
- Regulated Fairness Opinion: Association Professionnelle des Experts Indépendants (APEI)
- Judicial Expertise: Court of Appeal

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## What credentials do business valuers have in France ?

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As valuation business is neither a regulated activity nor a regulated profession, there is no obligation for specific credentials; however:

- Initial Professional Development
  - Most of the French universities and business schools have developed specific and high quality learning programs for business valuation
  - Professional Bodies (CSOEC, CNCC, ...) offer learning programs for their professionals who want to move on business valuation
  
- Continual Professional Development
  - Banks and financial firms, accounting and audit firms, have learning sessions dedicated to business valuation for their employees, directors and partners
  - Because the regulated professions (accountants, auditors, ...) have a general obligation for continual training (20 h to 40 h), most of the professional bodies offer learning programs on business valuation

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## What are the long-term FFEE goals ?

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- Promote the unification of a French Business Valuation profession
- Encourage the Business Valuation profession to adopt the IVS 2017
- Keep a « we are all around the same table » strategy with its members: Real Estate, Business Valuation, Financial Instruments
- Raise trust of the stakeholders in valuation professions
- Support the development of a European business valuation profession

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## Conclusion

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- Let's adopt IVS 2017 !
- Europe: a huge opportunity !
- Research and education: an obligation and a wealth for the business valuation profession !