



Newsletter

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About TAG-Value

As a member of TAG-Org, Abu-Ghazaleh Valuation (TAG-Value) is an international valuation and consulting firm with offices spanning the Middle East and North Africa, and a network of associates and representatives that spreads to Asia, Europe, North and Latin America. TAG-Value's expertise covers a complete range of services that include Valuation, Due Diligence and Financial Modeling.

TAG-Value was established at a time when the valuation profession was still in its early stages of development in the Arab region. Since the early beginnings, TAG-Value has consistently been spearheading the efforts to develop the framework of valuation services worldwide.

TAG-Value has an impeccable record of assisting and supporting governments, public institutions and non-governmental organizations in raising the levels of awareness of the importance of business valuation and the valuation of intellectual property in several Arab countries such as Syria, Lebanon, Tunisia, Jordan, Saudi Arabia and the United Arab Emirates. We offer the business community an array of services aimed at delivering sensible

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and tangible solutions, derived from experience and combined with sound judgment. Our team of professionals has extensive experience in providing efficient solutions to any situation covering nearly every industry sector.

Source: Abu-Ghazaleh Valuation Co. Manual for Business Valuation.

Main Valuation Approaches and Methods



Income Approach

Discounted Cash Flow (DCF) Methods: The most income-oriented approach. The DCF is mostly used in case of collateral finance, M&A, and buy and sell transaction. DCF is based on the theory stating that the total value of a business is the present value of its projected future earnings plus the present value of the terminal value. In order to appropriately apply the discounted cash flow method, the following steps must be done:

- Estimating the future cash flows generated by ongoing business with regard to revenue, cost analysis, capital expenditures, debt finance, foreign exchange gain or loss, working capital and normalized income statement.
- Determining the discount and capitalization rate that takes into account the risk inherent in the country and industry entities.
- Estimating the annual growth and

its life expectancy.

- A terminal value is often determined at the end of the last year of the projected period. The terminal value that is often used is merely the fifth-year earnings projected into perpetuity.
- Determining the initial fair value of the entity or the fair value of the shareholder's equity.

The Capitalization of Earnings Method: Is most appropriate when the company's current and historical earnings can be reasonably considered indicative of its future operations. Furthermore, this method can be used to obtain an indication of value, as it mostly gives a value lower than the discounted cash flow method, where the discounted cash flow method represents most appropriate method for companies that generate profit.

Multiple of Discretionary Earnings

method: A key income-based valuation method for small businesses that establish the business value as a multiple of an economic benefit adjusted for net working capital, non-operating assets and long-term business liabilities.

Asset Approach

This approach is referred to as “The adjusted net assets approach” it is an asset-oriented approach normally used to value a business based on the difference between the fair market value of the business assets and its liabilities.

Depending on the particular purpose or circumstances of the valuation, this valuation method should be included in consistent with valuation purposes, nature of the company, capacity of earnings and other factors. As for the real estate, machine and equipment assets they should be appraised by specialized appraisal.

Capitalized Excess Earnings Method: Is a combination of the asset and the income-based approaches that lead to a more subjective value. Its

theoretical premise in which the total estimated value of a business is the sum of the values of the adjusted net assets (based on fixed assets appraisal report) plus the value of the intangible assets. The determination of the value of the intangible assets of the business is made by capitalizing the earnings of the business that exceed a reasonable return on the adjusted net assets of the business.

Market Approach

This is one of the most important valuation approaches, which is connected to market-data. The first step in this approach is calculating the future estimated net income (after-tax) to be produced by the company. After that capitalizing these earnings using a weighted-average, comparable Price/Earnings ratio of publicly traded companies, furthermore, applying other multipliers, such as Price/Sales, Price/Cash flows, Price/EBIT, and Price/EBITDA, these multipliers should be taken into consideration if appropriate and applicable.

Source: Abu-Ghazaleh Valuation Co. Manual for Business Valuation.

TAGI participates in the Annual FOF, IFAC meetings

NEW YORK- Talal Abu Ghazaleh International participated in the Forum of Firms (FOF) and the International Federation of Accountants (IFAC) meetings, which were held recently over a three-day period in New York.

The meetings discussed the suggested IFAC Strategy and the professional boards activities and strategies including: development and updates on the International Auditing Standards ISAs, International Accounting Standards IAS, International Accounting Educations Standards, IAES, International Ethics Standards for Accountants, the amendments on ISA 220, International Standard on Quality Control (ISQC) 1, “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements” and International



Standards On Quality Control (engagement quality Review) ISQC 2 which will be issued as an exposure draft by the end of December 2018 in addition to the annual reports of the forum and the Transnational Audit Committee, TAC and updates on the profession from different regions.

HE Dr. Abu Ghazaleh, Chairman of Abu Ghazaleh Organization, expressed his satisfaction with the group’s achievements at the global level, and its contribution to the global profession, affirming that TAGI will continue with its

strategy of globalizing the auditing network to cover all continents, maintaining and developing the quality of professional services with full compliance to international auditing standards and the Code of Ethics issued by IFAC.

Mr. Jamal Milhem, member of TAGORG Management Council and Executive Director of Talal Abu-Ghazaleh Organization (TAG-Org) in Palestine, represented the firm in the meetings.

The Forum of Firms (FOF, Forum) is an independent association of international networks of firms that

perform transnational audits. The objective of the Forum is to promote consistent and high-quality standards of financial reporting and auditing practices worldwide. Members of the FoF are committed to adhering to and promoting the consistent application of high-quality auditing practices worldwide.



IFAC is a New York-based global organization for the accountancy profession dedicated to serving public interest by strengthening the profession and contributing to the development of strong international economies. IFAC is comprised of over 180

members and associates in more than 130 countries, representing almost 3 million chartered accountants worldwide.

TAGI is a global organization for professional services founded in 1972, providing its services through more than

110 offices worldwide covering various fields such as Accounting, Internal & External Auditing, Capacity Building and other Consulting services. TAGI joined FOF since the foundation of the forum in International Federation of Accountants (IFAC), in 2002.

Abu-Ghazaleh and Haddad Underline Means and Tools to Support Creativity and Innovation in Agriculture Sector



AMMAN - HE Dr. Talal Abu-Ghazaleh, chairman of Talal Abu-Ghazaleh Organization (TAG-Org), received in his office Dr. Nizar Haddad, General Director of the National Agriculture Research Center (NARC), to discuss cooperation in the field of Arab-Jordanian agricultural research development.

The two parties also discussed ways for utilizing TAG-Org's technical capacities in the Center's various relevant fields of expertise, mainly networking and connecting the Center with research centers in Europe, as well as archiving the Center's national library and connecting it with the Arab Organization for Research and Education (ASREN).

Dr. Abu-Ghazaleh expressed his admiration at the pioneering experience of NARC and the leadership of Dr. Haddad, through the Center's new vision of adapting to new advancements, in addition to its by-laws and structure which enhance efforts to unleash innovative ideas and motivate scientists and researchers to conduct research that would ultimately be translated into patents and applied knowledge.

Dr. Abu-Ghazaleh highly commended the Center for its use of solar energy at their premises and for the technical support they provide

to farmers in this field in cooperation with the funding agencies in accordance with the Center's plans to become completely dependent on renewable energy.

Moreover, Dr. Abu-Ghazaleh called on other national institutions to adopt the same approach taking into account price fluctuations, noting that expectations about an upcoming economic crisis may lead to unprecedented increases in the cost of electricity.

At the end of the meeting, the two parties agreed that TAG-Org would establish a knowledge station at the Center early next year, provided with training courses offered by Talal Abu-Ghazaleh Knowledge Society and Talal Abu-Ghazaleh Academy for Professional Training.

Moreover, an agreement was reached to provide the Center with a free-of-charge Internet line provided by TAG-Org in addition to network routers, as needed, to technically connect the Center to ASREN.

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