

**Section A - 20 marks - Justify model inputs (500 words)**

## Section B - 30 marks - Valuation Methodologies Critique (850 words)

In your role as Valuation Consultant, you will be required to;

1. **Write a critique of the valuation methodology employed (e.g., free cash flow / discounted cash flow valuation methodology) (20 marks)**
2. Briefly write a critique of any **two** alternative valuation methodologies (10 marks – 5 marks for each alternative methodology chosen).

**Justification should be made with reference to a wide range of relevant theoretical literature.**

**1 - Use the terms DCF / FCF interchangeably**

**2 - Any two alternative methodologies**

This whole section can be approached as a standalone research task e.g. no linkage to Next plc

## Section C - 30 marks - CAPM critique / inputs (850 words)

### **Section C (30 marks)**

In your role as Valuation Consultant;

- (a) You will be briefly required to **critique** the model used to estimate the Cost of Capital e.g., CAPM **(12 marks)** and;
- (b) You will be required to justify the estimates used, both in the Horizon Period and the Perpetuity Period in respect of;
  - (i) the risk-free rate **(6 marks)**
  - (ii) the risk premium **(6 marks)**
  - (iii) Beta **(6 marks)**

**Issues surrounding the model (CAPM) and the difficulties in estimating inputs to the model should be fully explored with reference to relevant theoretical literature.**

Part (a) can be approached as a standalone research task e.g. no linkage to Next plc