



International Valuation Standards Committee

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Developing global valuation standards

Intangible Asset Valuation Guidance to be developed

As the International Financial Reporting Standards (IFRS) require increasing use of fair values for a greater range of assets and liabilities in financial accounts, a clear gap in guidance is emerging. The International Accounting Standards Board (IASB) provides the accounting and reporting guidance but is looking to the valuation community to provide guidance on fair valuation measurement.

The International Valuation Standards Committee (IVSC) has put together a team of experts to draft a valuation standard and implementation guidance to address one of the key areas in which the IASB requires fair value guidance - that of measuring the fair value of intangible assets, such as brands, licences, patents, know-how, customer contracts and customer relationships.

The IVSC's team is drawn from across the world and includes both valuation and accounting experts. The team is to be chaired by Bruce Bingham, immediate past chairman of the Business Valuation Committee of the American Society of Appraisers. Mr. Bingham commented, "I am delighted to be chairing this exciting project. It is clear from the diversity of methodology in practice that valuation guidance is overdue to support the IASB's increasing reliance on fair value reporting in financial accounts. The IVSC, with its global representation and experience in codification of valuation practice, is the right body to take this forward."

Bingham continued, "Earlier this year, the IVSC and The Appraisal Foundation (TAF) signed a Memorandum of Understanding known as the 'Madison Agreement'. Both organizations share the common vision of a valuation profession with a single set of high quality understandable and enforceable global valuation standards and are committed to working towards convergence of US and international standards. As part of this commitment, the work of the IVSC team in developing intangible asset valuation guidance will be co-ordinated with that of a similar taskforce in the US being led by the Appraisal Foundation and chaired by Jay Fishman."

The technical consultant for the project, who will draft the standard and co-ordinate input from other experts, is Shân Kennedy. Shân has a background of over 20 years spent with the Big 4, including seven years as a valuation expert, and four years as a Project Director of the UK Accounting Standards Board where she developed current UK requirements for goodwill and intangible asset accounting. Recently, she has advised major banks on the implementation of IFRS and is a regular IFRS lecturer in a number of European countries.

Shân Kennedy says, "From my experience of performing IFRS intangible asset valuation exercises, it is clear that valuation practitioners are taking different approaches and have different interpretations of IFRS requirements. This is an opportunity for the IVSC to embark on improving and codifying the work of

valuation practitioners in the way that the IASB has improved financial reporting globally."

The full IVSC team comprises:

Bruce Bingham - Chairman

Immediate past chairman, ASA Business Valuation Committee, Trenwith Valuation LLC, New York

Gerard McInnis

Representing Canadian Institute of Chartered Business Valuators; Partner, Ernst & Young LLP, Calgary, Canada

Frank Bollmann

Managing Director Duff & Phelps Düsseldorf, Germany

Nick Anderson

Managing Director, Financial Valuation, American Appraisal, London

Caroline Woodward

Director, IFRS Business Combinations Team, PwC Global ACS, London

Ben Moore

Director, Corporate Finance, Deloitte & Touche LLP, London

Carolyn Worth

Partner in charge of Technical Committee for Valuation Services, KPMG, San Francisco

Jay E Fishman

Chairman, The Appraisal Foundation Business Valuation task force, Financial Research Associates, Philadelphia

Shân Kennedy

Independent Consultant, IFRS and Valuation.

A member of the staff of the International Accounting Standards Board will act as an observer to the group.

For further details, please contact:

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IVSC meetings

The IVSC 2006 Annual General Meeting is to be held in Beijing on 26 September. The IVSC Standards Board is meeting on Saturday 23 and Sunday 24 September also in Beijing. The Standards Board meetings are open to observers who have registered their attendance in advance. Please contact the IVSC Executive Director - mtissier@ivsc.org - if you wish to attend.