



International Valuation Standards Committee

Developing global valuation standards

IVSC E-News

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IVSC Meetings

The 2008 Annual General Meeting of the IVSC is to be held in Kuala Lumpur on Friday 24 October. Meetings of the International Valuation Standards Board and the International Valuation Professional Board will be held on Saturday 25 and Sunday 26 October.

For further details contact the IVSC Executive Director – mtissier@ivsc.org

Valuation of intangible assets

In August last year the IVSC released for comment a Discussion Paper *Determination of Fair Value of Intangible Assets for IFRS Reporting Purposes*. The Discussion Paper was developed by a team of experts and addressed one of the key areas where fair value guidance is required - that of measuring the fair value of intangible assets, such as brands, licences, patents, intellectual property, customer contracts and customer relationships. Without guidance in this area there is a danger that valuation practitioners may take different approaches and have different interpretations of the requirements of the International Financial Reporting Standards (IFRS).

A number of comments were received on the Discussion Paper and further points arising were discussed at a Round Table held in New York in May 2008. The IVSC Standards Board has now confirmed that the next stage of the project is the development of the following exposure drafts:

- a revised Guidance Note 4, *Valuation of Intangible Assets* to provide updated guidance of the principles of Intangible Asset valuation generally
- the development of new guidance on the Valuation of Intangible Assets under IFRS
- a Technical Paper discussing Intangible Asset valuation methods with worked examples.

One of IVSC's overriding objectives is to establish consistent terminology across the spectrum of valuation activity. The Board therefore considers it important that the new material on Intangible Assets is, as far as possible, consistent with established International Valuation Standards (IVS) principles. However, the Board will consider any modifications that may be required to existing IVS to either accommodate Intangible Assets or to avoid conflict with the new material.

The valuation guidance will be drafted so that it is suitable for use by those with an existing expertise in the valuation of intangible assets and with the aim of codifying existing practice.

Shân Kennedy, who drafted the original Discussion Paper, has been reappointed as technical consultant for the project. She will work closely with the Vice Chairman of the IVSC Standards Board, who is the Board member responsible for oversight of the project. A small review team of intangible asset valuation experts from around the globe has been established to review the drafts prior to public exposure.

The responsibility for approving publication of exposure drafts and final drafts rests with the International Valuation Standards Board. The project plan envisages exposure drafts being issued 4th quarter 2008 and the new standards introduced mid-2009.