



Press Release

19th January 2009

NEW GLOBAL GUIDANCE FOR INTANGIBLE ASSETS

The International Valuation Standards Council (IVSC) begins public consultation on its global Intangible Assets project

The International Valuation Standards Council (IVSC) has issued two exposure drafts on the valuation of intangible assets and invites public responses to be submitted by the end of April 2009.

Revised Guidance Note no 4 *Valuation of Intangible Assets* identifies and defines the principal approaches and methods used in intangible asset valuation, with the objective of reducing the diversity of terminology, and making valuation reports more comprehensible to users worldwide. The new Guidance Note no. 16 *Valuation of Intangible Assets for IFRS Reporting Purposes* draws the attention of valuers, and those commissioning valuations for use in financial statements, to the principal accounting requirements of the International Financial Reporting Standards (IFRS) under which the valuations are prepared and provides guidance on the appropriate valuation response.

The new drafts represent a major revision of the IVSC's earlier guidance which dates to the late 1990s. The introduction of International Financial Reporting Standard (IFRS) 3 on Business Combinations in 2004 led to an increased demand for intangible asset valuation. In 2007 the IVSC issued a Discussion Paper *Determination of Fair Value of Intangible Assets for IFRS Reporting Purposes* which attracted worldwide comment and interest and led to the development of the two exposure drafts.

The newly constituted International Valuation Standards Board, the independent standard- setting body, of the IVSC has the responsibility for developing the drafts from exposure through to final guidance. Chris Thorne, Chairman of the Standards Board said, "Intangible Asset valuation has grown into a truly international discipline over recent years, but is still little understood and seen as a "black art" by some. These two exposure drafts are aimed at improving the consistency and transparency of the valuation process. Raising the awareness and understanding of best practice should in turn lead to investors and others gaining greater confidence in the values attached to business assets such as brands or intellectual property."

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NOTES TO EDITORS

About the IVSC

The International Valuation Standards Council (IVSC) is charged with developing robust and transparent procedures for performing international valuations through a single set of globally recognized valuation standards, acceptable to the world's capital markets organisations and regulators, and meeting the challenges of a fast-changing global economy. The governance structure of the IVSC, a non-profit organisation incorporated in the US, now includes two independent technical Boards – the International Valuation Standards Board and the International Valuation Professional Board – and an independent global Board of Trustees (whose composition will shortly be announced) responsible for the strategic direction and funding of the IVSC. The IVSC works co-operatively with national professional valuation institutes, users and preparers of valuations, governments, regulators and academic bodies, all of whom can become members of the IVSC and have an important role to play in advising the Boards on agenda decisions and priorities in the work of the IVSC.

For more information please visit: www.ivsc.org

The IVSC Exposure Drafts can be downloaded from: www.ivsc.org

Comments are invited by 30 April 2009. All replies may be put on public record unless confidentiality is requested by the respondent. Comments may be sent as email attachments to CommentLetters@ivsc.org, or by post to International Valuation Standards Board, 12 Great George Street, Parliament Square, LONDON SW1P 3AD, United Kingdom.

About IVSC Guidance Notes

The International Valuation Standards Board (IVSB) issues Guidance Notes (GNs) to guide experienced valuers on the application of the fundamental principles of the International Valuation Standards (IVS) to a specific asset type or for a specific valuation purpose. A GN is also intended to provide information to those who commission or rely on valuations and their professional advisors on the generally recognised principles that a valuer should follow and of the principal techniques and methods that may be used. Because of the range of asset types and of purposes for which valuations are required, a GN cannot provide authoritative guidance for every valuation situation and departure from the principles described may be justified in certain situations. A GN does not provide instruction on how to value nor detailed discussion on the merits of different valuation techniques.