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## **IVSC PUBLISH REVISED GUIDANCE FOR THE VALUATION OF INTANGIBLE ASSETS**

*GN4 aims to demystify the process of valuing brands, IP and goodwill*

The International Valuation Standards Council (IVSC) has today published an updated Guidance Note on the valuation of intangible assets. The revised GN 4 identifies the principal techniques that are recognised for the valuation of intangible assets such as brands, intellectual property and customer relationships, and gives guidance on how these are applied.

Intangible assets have been valued by companies or their advisors for many years, but the adoption around the world of International Financial Reporting Standards (IFRS) has greatly increased the need for consistency and transparency. Following a merger or acquisition IFRS requires the price paid to be allocated to the tangible and intangible assets based on fair values. However, studies of the audited accounts of listed companies have found that the quality of information provided on the value of intangible assets is often poor. IVSC recognised that there was a need to produce more comprehensive and authoritative guidance on valuing intangibles, for the benefit of not only companies and their advisors but also investors and others who rely upon financial statements. The revised guidance is the result of a project commenced in 2006 which has involved extensive consultation with valuation professionals, auditors and users of valuations around the globe.

Chris Thorne, chairman of the International Valuation Standards Board, comments:

*“The valuation of intangible assets such as brands, goodwill and intellectual property is becoming increasingly important in the context of cross-border mergers and acquisitions, joint venture arrangements and for investment and lending decisions. However, there is too frequently a disconnect between the book value of companies and the real market value of their intangible assets. The revised guidance has therefore been published to assist practitioners*

*valuing intangible assets, and to help demystify the whole process so that it becomes more comprehensible to investors around the world.”*

The IVSC is also collaborating with the Appraisal Foundation in the USA on the development of best practice guidance on specific areas where there is currently an absence of recognised authoritative guidance, including the valuation of customer relationships and the identification and valuation of control premiums.

The Guidance Note is available on the IVSC website: [www.ivsc.org](http://www.ivsc.org)

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