



QUOTE FOR THE QUARTER

"it is discouraging to think how many people are shocked by honesty and so few by deceit.."

-Noel Coward, British playwright, 1899-1973

VALUATION NEWS

Financial professionals such as accountants, but also lawyers, are constantly faced with new technologies, rules and regulations, even laws that have a bearing on our work. To keep you current concerning some of those, CVS publishes a one-page quarterly newsletter with information about such new developments. If you have any questions or comments, we appreciate hearing from you by phone at 416-865-9766 or fax 416-865-1249 or email to corporate.valuation@gmail.com. Let us know your preferred method of delivery; *Valuation News* is available by e-mail or fax.

CHANGES

The economic tsunami we are experiencing as well as the hoped-for "green shoots" require up-to-date valuations for various reasons, including tax advantages and estate freezes. For the past year, CVS has concentrated on "Guide to Fair Value under IFRS" a book to be published by Wiley/New York in April, which contains valuation practices adopted in over 100 countries. In 2011, International Financial Reporting and Standards (IFRS) will replace Canadian Generally Accepted Accounting Principles (GAAP) for entities with publicly traded securities. In the US, the SEC is considering a similar change over the next three years. Our firm is thoroughly familiar with all those aspects in Canada, the US as well as on a global basis.

OPPORTUNITIES

With baby boomers reaching retirement age, the generation that created so many successful businesses is considering handing over the reins either to younger family members interested in taking over, or to senior employees who may become potential purchasers of the entity. This may need a touch of realism, as over the past two years, the value of many businesses has dropped below their peaks of 2000; however, most entrepreneurs still expect to have the funds for an adequate retirement. CVS has considerable experience in that field, having been engaged in such handovers in good times and bad, and always with an eye to inheritance tax.

US EVENTS

Last year, the American Institute of CPAs issued a detailed business valuation standard (SSVS-1) which all CPA's and their firms must adhere to domestically. It applies to everything, such as a calculation of value or full-blown analyses for taxes, financial reporting, or litigation. This has resulted in more work and slightly higher fees, as it adds about ten pages (and at least four hours) to a typical valuation report.

ANY QUESTIONS?

Based on our experience and current research for the book, CVS is thoroughly current with the requirements of your clients' valuation needs, including responses to opposing counsel's position and we would be glad to offer professional assistance in such matters.

THE TERM VALUE

It is essential to realize there are many definitions of value. The differences are important, not merely semantics. FASB created the phrase "fair value" for financial reporting purposes in 2002. It has already had two meanings, while there are several for IFRS. In 2010, the plan is to come together with just ONE. In the meantime, the AICPA has altered previous industry terminology, such as estimate, conclusion, and calculation of value; they now differ in the US and Canada. Various courts even have their own individual definitions, while Revenue Canada and the IRS each insist on their own fair market value; professional understanding and know-how are essential. With otherwise identical facts, every interpretation may result in a different amount. We recommend calling CVS, as an expert, to ensure your clients' situation and activities are correctly appraised.