



Corporate Valuation Services Limited
501-707 Eglinton Avenue West
Toronto ON M5N 1C8
T 416.865.9766 F 416.865.1249
www.corporatevaluation.ca

Valuation News

Value is much more than in the eye of the beholder

When I was growing up in Connecticut, I occasionally wondered why the Easter Bunny each year hid coloured eggs around the house and garden. Adults did not, or could not supply any pertinent information so I had to leave a long established myth alone. Usually there were also some much more coveted chocolate eggs, a wonderful excuse to overindulge in candy. However, none of us ever indulged as much King George III who is reported to have died in his privy after indulging in chocolate for breakfast.

That was in 1820; since then, there have been repeated, often chimerical justifications for chocoholics. A recent one asserts that regular chocolate eaters have a smaller body mass and a healthier heart than the abstemious. Any excuse to eat chocolate is often taken very seriously, especially when in the shape of a bunny rabbit. About five years ago, there was a long international, extremely legalistic intellectual property dispute, about rights to a happy little bunny with a bell on a red ribbon, between the Swiss confectioner Lindt & Spruengli, the world's largest producer of premium chocolate, who had created the adorable creature in 1996 and a small Austrian chocolatier who had closely copied Lindt's design.

The Austrian courts decided in favour of Lindt and the infringing firm had to take its version off the market. Not so in Germany, where legal wrangling went on for years. It may still not be settled for all I know, as its courts were more favourably inclined towards the fellow EU competitor.

A small creature with serious consequences. Surely it would not occur to most enterprises to bring in the heavy machinery of copyrighting or patenting a chocolate product sold only once a year but the need may not be so farfetched. After all, wanting to avoid the risk of imitation, Apple obtained a design patent for its innovative iPhone under which it got money from Samsung. The value of a business depends to a large extent on its Intellectual Property and competitors are always eager to cash in on a good thing. We must ensure that our new products, like Lindt's Easter Bunny, are well protected everywhere, especially should we want to sell.

James P. Catty, MA ICVS CPA•CA CBV (Canada) CPA/ABV (US) CFA (International) is Principal Valuator of CVS. He is also Chair Emeritus of the International Association of Consultants, Valuators and Analysts (IACVA), a 6,000 member organization with designation-granting authority in 55 countries. With contributors from 13 nations, Jim compiled "Guide to Fair Value under IFRS", published by Wiley, NY, in 2010. He is also author of "The Professional's Guide to Fair Value", Wiley, NY. Jim stays up to date with the requirements of changing reporting standards and would be delighted to assist with any professional question you may encounter.



VALUE

There is more than one definition of value, with their differences not being merely semantic.

For financial reporting, there is Fair Value, while for taxes, there are different Fair Market Values in Canada and in the US.

In addition, Market Value is used in much of the rest of the world where each authority tends to follow different rules.

CVS is familiar with all of the international interpretations and would be happy to help you navigate them.