

CIRCULAR 1/2007

GUIDANCE NOTES

VALUATION OF BUSINESSES AND INTANGIBLE ASSETS

1.1.0 INTRODUCTION

1.1.1. In Malaysia, valuation of businesses and intangible assets have traditionally not been undertaken by Valuers although in many other countries (especially the developed ones) it is common for Valuers to also undertake such valuations. Valuation of Businesses and Intangible Assets are commonly used as a basis for making allocations of various assets for financial reporting purposes.

1.1.2. In many businesses the value of property interests comprises the predominant asset and in such cases the Valuer is in the best position to undertake a valuation of such businesses and intangible assets.

1.1.3. It must however be realised that the Valuer undertaking such valuation requires to have a good understanding of accounting before undertaking such valuations.

1.2.0 GUIDANCE NOTES

1.2.1. When undertaking valuation of businesses and intangible assets, the Valuer must ensure that he has adequate knowledge of accounting and related matters.

1.2.2. Where the valuation requires the determination of market value, the Valuer shall comply with the provisions of MVS 1 (2006 edition).

1.2.3. Where the basis of valuation is other than Market value, the Valuer must adhere to the provisions of MVS 2 (2006 edition).

1.2.4. The Valuer shall take steps to ensure that all data sources are reliable and appropriate to the valuation undertaken.

1.3.0 **REFERENCE MATERIAL**

1.3.1. A useful reference for Valuers undertaking valuation of businesses and intangible assets, apart from numerous textbooks on the subject, is the Guidance Note issued by the International Valuation Standards Committee.