



Media release

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THE NEW VALUE OF ‘GOODWILL’

- Intangibles such as brand and intellectual property can be among a company’s top assets –

(TORONTO – FEBRUARY 1, 2006) – In today’s business climate a company’s ‘invisible’ assets may be among its most important, but also its most challenging to put a price on. Intangibles such as brands, trademarks and customer lists are all assets which, as a result of shifting accounting practices, are assigned a specific dollar value rather than being labeled simply ‘goodwill’.

Assigning a value to a business for purposes including tax reorganizations, legal disputes and merger and acquisition planning, has become a much more complicated science. And, demand for this service from a relatively small self-regulated group known as Chartered Business Valuators (CBVs), is soaring.

Accounting giant KPMG is one example, reporting tremendous growth for their services in this area. Susan Glass is a partner with KPMG Advisory Services specializing in valuations and litigation support, and a former accounting professor at McMaster University. “Valuation training is not covered in-depth in the CA program and it is very hard to find CBVs with both this specific training and good professional experience,” said Glass. “It’s not just accounting firms looking to hire valuation experts, there is also a clear trend towards hiring in-house experts among private equity firms, pension funds, securities commissions and tax agencies.”

Glass was recently ranked among the Top 20 Canadian Experts in *Lexpert*, a leading legal magazine. In fact, 16 out of the 20 experts listed were CBVs. “Many of us have litigation support training and a CBV’s opinion significantly helps the client in understanding their exposure,” said Glass.

Within the last year and a half, the use of CBVs to determine values of assets in connection with tax transactions has been particularly noticeable. Large companies hire them to determine the worth of subsidiary companies and/or business units for reorganizing purposes. Canada Revenue Agency needs CBVs to help determine a company’s worth to identify how much they should be taxed.

This is something Bart Sommerville, a Manager in PricewaterhouseCoopers’ Advisory Services, Dispute Analysis & Valuations group, regularly assesses. “In the last few months we have worked on valuing a private company for the purpose of a shareholder buy out, calculated the value of a subsidiary company for a multinational organization’s tax strategy and guided Boards of Directors regarding the fairness of share prices being offered,” said Sommerville. “The work uses a very technical skill set that is currently very marketable.”

Sommerville is one of just 60 people to recently receive CBV accreditation. Today, there are only 1,100 chartered business valuators across Canada who have passed a rigorous set of courses and exams and met lengthy professional experience requirements. The designation is managed by The Canadian Institute of Chartered Business Valuators that also regulates its members with strict Practice Standards and a Code of Ethics.

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