



APPENDIX B TO PRACTICE STANDARD NO. 110

Effective January 1, 2026

VALUATION FOR FINANCIAL REPORTING (“VFR”)

INTRODUCTION

VFR REPORT DISCLOSURE STANDARDS

1. The objective of Appendix B is to set out the disclosure standards pertaining to valuation reports prepared pursuant to financial accounting standards for purposes of financial reporting (“VFR Valuation Reports”). For example, Chartered Business Valuators may be engaged to assist management of a reporting entity in determining the fair value of assets, liabilities and/or equity for financial reporting requirements. The values so determined may be reviewed and/or tested as part of an assurance engagement and may also be subject to review by various regulatory authorities.
2. This Appendix B to Practice Standard No. 110 applies to a Valuation Report that contains a conclusion as to value in respect of any asset, liability and/or equity **component** and that is prepared for financial reporting purposes. In addition to the Practice Standards set out in this Appendix B to Practice Standard No. 110, VFR Valuation Reports must adhere to all other relevant Practice Standards.
3. VFR Valuation Reports are to be prepared in accordance with the applicable financial accounting standards and financial statement requirements. If the applicable financial accounting standards are in conflict with accepted valuation practice and/or methods, the applicable financial accounting standards should prevail in VFR engagements. Accordingly, Valuators undertaking VFR engagements should have an understanding of the accounting concepts and principles underlying the relevant financial accounting standards.
4. While it is not required that sufficient information be disclosed to enable the reader to perform his or her own independent valuation, a VFR Valuation Report should contain sufficient information including, narrative explanations, details of calculations, and schedules to allow a reader to understand how the Valuator arrived at the conclusions expressed in the VFR Valuation Report. These disclosures should be consistent with the needs of the intended users of the VFR Valuation Report. ~~Full disclosure of all relevant matters is fundamental to the disclosure standards pertaining to VFR Valuation Reports.~~
5. This Appendix B clarifies, complements and expands the report disclosure standards that are appropriate to VFR Valuation Reports, and is not intended to replace relevant financial

accounting standards and/or requirements or the report disclosure standards and recommendations for Valuation Reports as set out in Practice Standard No. 110. Accordingly, while Practice Standard No. 110 applies to all Valuation Reports, Appendix B applies only to Valuation Reports prepared for the purposes of a VFR engagement.

General

6. The following is the test of overall disclosure adequacy that should be applied to VFR Valuation Reports to which this Appendix B applies:

Disclosure should be sufficient to allow a reader to understand the basis of the valuation and to form a reasoned view on the conclusions reached.

7. This Appendix B should not be viewed as an all-inclusive list of required disclosures, but rather, as a guideline for the Valuator in exercising professional judgment to determine acceptable levels of disclosure. Where sub-lists of information are provided, they should be viewed as examples of the type and level of information that should be disclosed. There will be situations where certain items listed are not applicable and/or where other items that are not listed should be disclosed. The Valuator should consider the level of disclosure described herein when considering the appropriate level of disclosure in a VFR Valuation Report concerning matters not addressed in this Appendix B, but which may be important and/or relevant to the Valuation Conclusion.
8. The Practice Standards set out in this Appendix B relate to report disclosure requirements and do not relate to matters concerning financial accounting treatment or financial statement disclosure requirements.
9. This Appendix B is organized to review (i) the fundamental report disclosure standards that are common to all VFR engagements; and, (ii) the report disclosure standards that are specific to particular types of VFR engagements.

Fundamental Information

10. In addition to the requirements of Practice Standard No. 110, all VFR Valuation Reports shall, as a minimum, disclose the following information:
 - a. A statement that the VFR Valuation Report has been prepared for financial reporting purposes;
 - b. Identification and description of the particular assets, liabilities and/or equity **components** that are the subject of the VFR Valuation Report;
 - c. The specific parties that are the intended users of the VFR Valuation Report;
 - d. A statement restricting the use of the VFR Valuation Report to the persons for whom the VFR Valuation Report was prepared, and only for the stated purpose;
 - e. Identification and description of the primary financial accounting standards pursuant to which the VFR Valuation Report was prepared;

- f. Definition of value used (Recommendation: a statement that the definition of value used may not be equivalent to other definitions of value as commonly used in other business valuation situations);
- g. The effective date of the valuation;
- h. The type of VFR Valuation Report being provided (i.e., Comprehensive, Estimate or Calculation Valuation Report); and,
- i. Identification of the key facts and/or assumptions made in arriving at the Valuation Conclusions, including information as to their source or basis to the extent possible.

Business Combinations and the Valuation of Intangibles

- 11. Purchase price allocations and valuations of tangible and intangible assets are typically required to be performed in circumstances such as: (i) an arm's length acquisition; (ii) "fresh-start" accounting following a restructuring; and (iii) as part of an impairment test analysis.
- 12. VFR Valuation Reports prepared in the context of purchase price allocations generally provide a conclusion of fair value of acquired tangible and/or intangible assets and/or liabilities assumed. In relation to "fresh start" accounting, impairment test analysis, and in other circumstances, VFR Valuation Reports may provide a conclusion as to the value of assets or liabilities. In addition to the required disclosure of fundamental information, VFR Valuation Reports shall disclose relevant information such as:
 - a. Identity of the acquiring entity;
 - b. The effective date for measurement;
 - c. Nature and amount of purchase consideration. Where the Valuator has valued the purchase consideration, the basis of the valuation as well as approach and methods used, and key assumptions employed should be disclosed;
 - d. If the Valuator was involved in identification of the assets acquired and/or liabilities assumed (Recommendation: the Valuator may consider disclosing the basis for the identification thereof);
 - e. Key terms and phrases having a technical meaning should be defined or explained;
 - f. Valuation method(s) used and reasons such method was selected; and,
 - g. Significant or key assumptions made and the basis for selecting such assumptions in the analysis of value of the assets acquired and/or liabilities assumed. Such assumptions would include, but are not limited to, the following (if relevant): (i) assumptions regarding economic life; (ii) assumptions regarding customer retention or attrition; (iii) assumptions regarding technological change and migration; (iv) assumptions regarding contract renewal; (v) assumptions made to determine tax amortization benefits in respect of tangible and/or intangible assets; (vi) "market-

participant” assumptions and/or “buyer-specific” assumptions and related adjustments, analysis and/or impact on the valuation analysis; (vii) assumptions regarding contributory asset charges; (viii) assumptions affecting discount rates; and (ix) assumptions regarding royalty rates.

Impairment of Goodwill and Intangible Assets

13. For financial reporting purposes, the accounting value (generally referred in accounting literature as carrying value or net book value) of goodwill and intangible assets ~~is typically~~ might be tested for impairment annually, or at other intervals required by the applicable financial accounting standards. VFR Valuation Reports prepared in the context of impairment testing generally provide a conclusion of fair value of reporting units ~~and/or~~ (or cash generating units) and, in some cases, individual identifiable intangible assets. In addition to the required disclosure of fundamental information, VFR Valuation Reports shall disclose relevant information such as:

- a. Reporting/cash generating unit(s) and/or assets which are the subject of the VFR Valuation Report;
- b. The impairment test date;
- c. Carrying value of the asset(s) and/or the reporting/cash generating unit(s);
- d. Definition or explanation of valuation and other terms and/or phrases having a technical meaning;
- e. Valuation method(s) used and reasons such method was selected;
- f. Significant and/or key assumptions made and the basis for such assumptions in the analysis of the value of the reporting/cash generating unit(s) and/or identifiable intangible assets. Such assumptions would include, but are not necessarily limited to, (if relevant): (i) assumptions regarding economic life; (ii) assumptions regarding customer retention or attrition; (iii) assumptions regarding technological change and migration; (iv) assumptions regarding contract renewal; (v) assumptions made to determine tax amortization benefits in respect of tangible and/or intangible assets; (vi) “market-participant” assumptions and/or “buyer-specific” assumptions and related adjustments, analysis and/or impact on the valuation analysis; ~~and,~~ (vii) assumptions regarding contributory asset charges; (viii) assumptions affecting discount rates; and (ix) assumptions regarding royalty rates;
- g. If applicable, an analysis of the aggregate value of the reporting/cash generating unit(s) and/or the implied discount/premium to market capitalization; and
- h. Where assets are grouped for the purposes of performing an impairment test, when determining value or when assessing the amount of impairment, the basis upon which assets are grouped should be disclosed.

~~February 26, 2010~~

September 23, 2025