

Comments on Proposed new International Valuation Guidance Note No. 16

1. According to IAS38, the existence of an active market is the prerequisite for the revaluation of intangible assets and that homogeneity or identity is one of the necessary conditions for an active market. It becomes obvious that more elaborations on different types of intangible assets must be provided to avoid confusions. The adjectives used in IAS38 might not be as clear as intuitively thought. Precisely speaking, nearly all intangible assets are unique by themselves. For example, a business licence for 5 years obtained one month ago is not identical to that with the same terms but obtained today. However, we do think that the two are very close to each other and it should be able to reasonably estimate the value of one with the transaction price of the other.
2. After the clear definition of homogeneity and identity, whether a market is active or not becomes clear and further classification becomes unnecessary unless there are different treatments in different conditions.
3. The guidance contains sufficient references to IFRSs for valuers to produce valuations suitable for financial reporting purpose.

Comments on Revised International Valuation Guidance Note No. 4

1. No further definitions are necessary.
2. The categorisation of Intangible Assets in the existing way is not important because it is made according to the nature of the assets and does not necessarily have implications on the choice of valuation approach.
3. The major valuation approaches in use for the valuation of intangible assets are all included.
4. The Guidance Note contains comprehensive discussions on various valuation approaches and is a good reference as guidelines for valuation. The valuer can still exercise his own judgment when deemed necessary.
5. It is preferable to use multiple valuation methods to cross-check against each other.