

**Response to Request for Comments on *IVS 2017: Introduction and Framework* and  
*IVS 210 Intangible Asset*  
from Improving Financial Reporting Project Team (IFR) Commissioned by the  
Marketing Accountability Standards Board (MASB)**

*“Measurement standards are essential for the efficient and effective functioning of a marketing-driven business because decisions about the allocation of resources rely heavily on credible, valid, transparent, and understandable information,” said Dr. David Stewart, MASB Chairman.*

MASB aims to make available generally accepted standards by which marketing activity can be measured in a consistent and reliable manner. Since the marketing budgets of companies in 2014 were estimated by Gartner Research to average 10.2% of firm revenues (<https://vtldesign.com/inbound-marketing/content-marketing-strategy/percent-of-revenue-spent-on-marketing-sales/#sthash.r6fnRzRq.dpuf>) and just the global advertising expenditure in 2014 was estimated at US\$1.6 trillion (<https://www.cmocouncil.org/facts-stats-categories.php?category=marketing-spend>), improved valuation reporting and metrics would seem to be a non-negotiable imperative. Our detailed comments are focused on achieving this end.

**IVS 2017: INTRODUCTION AND FRAMEWORK**

- a) Do we agree with the removal of the commentary label? Yes.
- b) Do we agree with a single chapter on Bases of Value to avoid repetition? Yes
- c) Do we agree with a single chapter on Valuation Approaches and Methodologies? Yes

On paragraph 40.1: The flaw in this (and most current valuation standards) is too easy reliance on judgement. Rather, emphasis on factual data with quantifiable estimation of reliability of that data and thorough descriptions of assumptions are key to objectivity and in keeping with the IVSC’s core strategic objective to “Develop high quality international valuation standards which underpin consistency, transparency and confidence in valuations across the world”.

**IVS 210 INTANGIBLE ASSESTS**

- a) Do we agree with the removal of the commentary label? Yes.
- b) Do we agree with incorporating relevant portions of TIP 3 into IVS 210 and eliminating the TIP 3 document? Yes.
- c) Do we agree with the criteria that should be used by an appraiser in selecting an appropriate valuation approach and method? Generally, yes.

However, the five categories for intangible assets listed in section 20.3 do not encompass the intangible asset, “brand.” Although the value of a brand is derived from marketing activities, the value resides in the proclivity of consumers to preferentially purchase the brand. The two categories listed that come closest to encompassing brand are (a) marketing-related and (b) customer-related, but brand as an intangible asset spans both and does not fit neatly into either, which would relegate brand to goodwill status.

We strongly feel that this is inappropriate and an asset category that accommodates intangibles like brands needs to be added to the list.

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The Marketing Accountability Standards Board (MASB) of the Marketing Accountability Foundation (MAF) was founded in 2007 based on a recommendation by The Boardroom Project (2004-2007), to “Establish marketing measurement and accountability standards across industry and domain for continuous improvement in financial performance and for the guidance and education of business decision makers and users of performance and financial information”. MASB is an independent, private sector, self-governing body operating exclusively for charitable, educational, scientific, and literary purposes – a 501(c)(3) Not-For-Profit.

The Improving Financial Reporting (IFR) Project Team was commissioned by the Marketing Accountability Standards Board (MASB) in 2010, to “Partner with the Financial Reporting and Investment communities to improve the accounting and/or reporting rules such that financial returns from corporations will be driven and measured by buyer behavior in markets over time”.

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