CALCULATED VALUE VERSUS CONCLUSION OF VALUE

My office provides business valuation services in matrimonial cases. There has been an interesting development in this field that has been gaining quite a bit of steam recently. It can help couples reduce the professional fees associated with a business valuation to be used for equitable distribution purposes when going through a divorce. The development is that many business valuators, including myself, now promote greater utilization of a provision in the Valuation Standard that applies to AICPA members. The AICPA provision for a "Calculated Value" of a business, as opposed to a "Conclusion of Value" helps solve the dilemma. These two phrases and terms of art, may sound the same, but they are not.

The governing Standard for AICPA members is known as VS 100. Historically, utilizing this Valuation Standard, most valuators have prepared lengthy comprehensive valuation reports to arrive at a "Conclusion of Value" for a business entity. **However, the Standard also provides for a "Calculated Value" rather than a "Conclusion of Value." A "Calculated Value" involves much less work for the Valuator.** Since the report is less comprehensive, it is a fairly low cost alternative for couples seeking to settle without a trial. In order to settle, a lengthy comprehensive report is usually not needed. Rather, the couple simply needs a value that can be fairly used for equitable distribution. That said, if the case does go to trial, most prominent accounting experts agree a full report is needed. But, for settlement purposes and discussion, a "Calculated Value" report can assist the parties at a much lower cost.