

CASE STUDY

Confidential author



Brief

A major accountancy firm asked Intangible Business to value the copyright held within a company of an internationally known author. This proactive approach was required in order to establish the Inheritance Tax position and mitigate any tax liability arising on the shares held in the company.

Approach

Intangible Business analysed historical sales data for the different forms of intellectual property going back thirty years. This included books, films, audio books and TV series. Royalty income was then forecast from existing properties, those in the pipeline and those that may be written in the future.

The discounted value of these cash flows was then benchmarked against comparable transactions and royalty agreements to act as a sense check of the copyright value. The cost approach was also used, calculating the cost of recreating the intellectual property.

A series of assumptions were used to calculate the value of the copyright. Each assumption was explained fully and supported by robust research to defend the concluding value.

Outcome

With the copyright value from Intangible Business, the Inheritance Tax position could be established and a strategy devised in order to best deal with the author's estate's tax exposure.

Additionally, Intangible Business recommended a series of measures the author could undertake to leverage the value of their brand, and their character brands, to increase the value of the portfolio and extend the copyright value.



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Brand valuation
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