

September 15, 2010

International Valuation Standards Board

41 Moorgate

London EC2R 6PP

United Kingdom

Dear Sirs,

Proposed New International Valuation Standards

This letter is the response of the staff of the Canadian Accounting Standards Board to the International Valuation Standards Board's Exposure Draft "Proposed New International Valuation Standards" dated June 2010.

The views expressed in this letter take into account comments from individual members of the staff of the Canadian Accounting Standard Board. They do not necessarily represent a common view of the Canadian Accounting Standards Board or its staff. Views of the Canadian Accounting Standards Board are developed only through due process.

We commend the International Valuation Standards Board in developing a new set of International Valuation Standards and exposing these proposals for public comment.

We are concerned that the definition of fair value in the proposed standards is different and that the guidance for preparing a fair value under International Financial Reporting Standards is similar but not the same as the guidance in the accounting standard on fair value measurements

that is being developed by the International Accounting Standards Board and the US Financial Accounting Standards Board.

IVS 103 *Bases of Valuation* proposes that the definition of “fair value” is a price that is equitable between the identified parties and IVS 201.01 *Fair Value under IFRSs* states that the definition of “market value” in IVS 103 should be consistent with fair value under IFRSs. We think that using different terminology will create confusion between valuers and preparers and advisors of financial statements. In addition, the definition of “market value” uses terms, such as an “exchange,” a “willing buyer” and a “willing seller” (or “willing parties”) that the IASB decided not to use in the definition of fair value in order to provide clearer guidance.

We are also concerned that the key concepts of “market value” and fair value under IFRSs are described differently and would result in different values being determined. For example, a fair value under IFRSs considers the asset’s highest and best use which is not necessarily “the most probable price reasonable obtainable in the market” (paragraph 7(a) in IVS 103) or its “maximum value” (paragraph 6 in IVS 201.01). IVS 103 also distinguishes a “special value” as taking into account attributes of an asset including physical, geographic, economic or legal characteristics of an asset but does not explain how a fair value under IFRSs would consider those attributes. The proposed accounting standard requires characteristics of the asset be taken into account if market participants would take into account those characteristics when pricing the asset. Such characteristics include, for example, the condition and location of an asset, and restrictions, if any, on the sale or use of an asset.

We do not agree that valuers are only required to “be aware of the basic accounting requirements” in order to determine and issue a report on a fair value of an asset or a liability in accordance with IFRSs.

We recommend that the proposed valuation standards be revised to require valuers, performing a valuation in accordance with IFRSs, to be knowledgeable about and to apply the requirements

*Canadian Accounting Standards Board staff response
To ED/2010/6 Proposed New International Valuation Standards*

for determining a fair value measurement as stated in IFRSs. Instead of summarizing or explaining IFRS fair value requirements, the International Valuation Standards should refer valuers to the IFRS guidance.

We would be pleased to elaborate on any of our comments in more detail if you require. If so, please contact Peter Martin, Director Accounting Standards at +1 416 204-3276 (e-mail peter.martin@cica.ca) or Rebecca Villmann, Principal Accounting Standards at +1 416 204-3464 (e-mail rebecca.villmann@cica.ca).

Yours truly,



Peter Martin, CA
Director, Accounting Standards