

October 9, 2014

Sent via email to commentletters@ivsc.org

IVSC Standards Board
International Valuation Standards Council
41 Moorgate
London EC2R 6PP
United Kingdom

Dear Sirs:

Re: Comments on IVSC Consultation Paper – Structure and Scope of the International Valuation Standards



The Canadian Institute of Chartered Business Valuators is pleased to provide our comments on the above-noted IVSC Consultation Paper (Structure and Scope of the International Valuation Standards).

As an overarching comment, we are of the view that the commentaries, guidance and TIPs should not be considered as part of the standards. Further, compliance with or adoption of the Technical Information Papers (the TIPs) should not be necessary in order to arrive at an “IVS Compliant Valuation” (as illustrated in the diagram on page 4 of the Consultation Paper).

Responses to Questions posed in the Consultation Paper

Question 1

Do you agree that:

- a) the word “standard” in the context of the IVSs should be reserved only for rules or principles that have to be applied, or
- b) the word “standard” in the context of the IVSs means a required level of quality and will necessarily include not only the rules and principles but also guidance and supporting information to assist consistent application of those rules and principles?

CICBV Response

It is our view that the word “standard” should be reserved only for rules or principles that have to be applied (i.e., that are mandatory). Thus, the commentaries, guidance and TIPs should not be included in the standards as the IVSC intends them to be “guidance and supporting information”. Guidance and supporting information does not generally require mandatory adherence.

Question 2

Do you agree that:

- a) a satisfactory level of compliance with the IVSs can be achieved by following only the Requirements in the standards and that all other material issued by the IVSC is of no relevance in determining compliance, or
- b) a satisfactory level of compliance with the IVSs can only be achieved by following the Requirements and also having regard to the supporting information and guidance included in the standards.

CICBV Response

It is our view that option a) is appropriate. I.e. that “a satisfactory level of compliance with the IVSs can be achieved by following only the Requirements in the standards and that all other material issued by the IVSC is of no relevance in determining compliance”. As stated at the beginning of this letter, it is our view that commentaries, guidance and TIPs should not be considered as part of the standards, and should not be required as part of an IVS Compliant Valuation.

Question 3a)

Do you consider that the title “Technical Information Paper” is an appropriate description for the content of the TIPs issued to date and for those proposed TIPs for which public exposure drafts have been issued?

CICBV Response

It is our view that the title “Technical Information Paper” is not an appropriate description for the content of the TIPs. In North America, a “Technical Paper” is widely known as a scientific or technical research paper published for academic purposes. This title is misleading as the IVSC does not intend the TIPs to be “educational material”. In our view, a better title for the TIPs could be “Explanatory Comments”/“Interpretive Guidance”, or other wording that suggests that the TIPs are intended to supplement the IVSs.

Question 3b)

Do you find the content of the current TIPs helpful in understanding and applying the IVSs?

CICBV Response

The information in the TIPs is very informative. However, please refer to our comments below.

Question 3c)

Is there anything in the current TIPs that you consider should not be included, or that should not form part of the standards?

CICBV Response

As stated above we find the information in the TIPs to be very informative. However, they are extremely long and detailed. It is interesting that on page 4 of the Paper it is stated that “A TIP is not intended to provide training or instruction for readers...A TIP is not a text book...”. In our view, the TIPs read like an instruction guide, and include information very similar to information in valuation text books. We are not certain how people could not consider them “educational”, especially those practitioners with little experience/exposure to valuations.

In several instances the TIPs are held out to be at a “high level”, which we disagree with, given the level of detail and specificities.

Certain of the TIPs refer specifically to IFRS. We would like to respectfully request that in drafting further TIPs, the IVSC takes into consideration that many valuation practitioners, particularly those in North America, perform valuations for purposes other than financial reporting. As such, examples and references to valuations for financial reporting are of limited assistance to these practitioners.

Further, in our view, because it is the IVSC’s position that the TIPs form part of the standards, it would be extremely difficult for a VPO (or any other organization) to be able to state that they “comply” with the standards given the length and detail of the TIPs.

Question 4

Do you agree that the Board should issue commentaries, guidance and information to support the concepts, principles and requirements in the standards?

CICBV Response

Yes, we are of the view that such supporting information may be helpful to users of the IVSs. However, we do not believe that such supporting information should be part of the standards, nor should such information be mandatory to implement in practice, nor should members be expected to adopt or comply with such information in order to be able to assert that they are IVS-compliant.

Question 5

With respect to the four sets of international standards provided in the Appendices, do you believe there are any aspects of the way these standards are presented that the Board should consider as a way of improving the presentation and clarity of the IVSs?

CICBV Response

We are of the view that the type of work related to the standards included in the Appendices does not incorporate a similar level of professional judgment as is required by the work performed by valuers, particularly business valuers. The work performed by individuals involved with the organizations discussed in the Appendices is much more regulated, and therefore the related standards are much more prescriptive. Accordingly, we believe that the standards included in the Appendices are (or should be) of little value to the IVSC.

Further, we question why the IVSC did not include the ASA's or CICBV's practice standards. These are two valuation professional organizations which have the benefit of many years of valuation-specific experience, and this experience is reflected in their standards.

Question 6

Do you believe that the current structure of the IVSs that groups pronouncements into five different categories with distinct titles is easy to understand and use?

CICBV Response

The current structure is easy to understand and use; however, we disagree with the inclusion of the TIPs in the standards. Because the TIPs are intended to provide information or explanatory detail, we believe that the TIPs should simply provide guidance and therefore not constitute a "mandatory" action (which is indicated by inclusion in the standards).

Further, if TIPs are part of an IVS Compliant Valuation, it is not clear as to whether this means that all VPOs who wish to state compliance with the IVSs must (have) issued similar bulletins.

Question 7

Do you agree with the limitations on the scope of the IVSs re:

- Exclusion of matters that reflects requirements arising from national law or regulation, or from established practice in a particular jurisdiction but which either does not arise or that conflicts with those in other jurisdictions?
- Not being intended to provided education material, and will therefore not include discussion at the level of detail necessary to apply them in practice.

CICBV Response

We are of the view that IVSs should exclude any matter that reflects requirements arising from national law or regulation or that is in some way is particular to a jurisdiction to the exclusion of others. The best practice of the profession should be reflected in the IVS, if there is some local legal or regulatory requirement that is contrary to that best practice then the valuers in that jurisdiction will have to deal with the difference in an appropriate manner.

In theory, we agree that the IVSs should reflect a minimum required standard of care, and are not intended to be educational material. The IVSC has also stated that the TIPs are not intended to be educational material. Both of these points are fine for a VPO (or any other reputable member) that already has a quality education and experience in valuation. However, we question how an unexperienced user of the IVSC can assert they have adopted or are compliant with the IVSC when they do not have any educational material to base this assertion on.

We hope that this submission is helpful to you. If you have any questions regarding our comments, please do not hesitate to contact Robert H. Boulton, CPA, CA, CBV, CICBV Director, Education and Standards.

Yours truly,



Richard Ginsberg, CPA, CA, CBV
Chair, Professional Practice and Standards Committee