



Associação Nacional dos Executivos de Finanças,
Administração e Contabilidade



The Association for
Accountants and
Financial Professionals
in Business

COMITE BRASILEIRO DE AVALIADORES DE NEGOCIOS (CBAN)

October, 10, 2014.

INTERNATIONAL VALUATION STANDARDS COUNCIL

1 King Street
London
EC2V 8AU
United Kingdom

Email: commentletters@ivsc.org

Re: Exposure Draft related to Structure and Scope Consultation.

Dear Sirs,

The CBAN - Brazilian Comitee of Business Valuators, is pleased to provide the attached comments on the above referenced topic.

We are an independent organization and a branch of ANEFAC - Association of Executives, Counters, Managers and Economists, which gathers Brazilian professionals around the Business Valuation's field to discuss and produce written material to the national market. CBAN's activities has taken place since 2011. During the meeting to discuss this document we had around 10 specialists, with highlights to Mr. Carlos Eduardo Cardoso and Adriana Cristina da Silva among us. We we appreciate this opportunity to provide you with our feedback related to this important topic.

If you have any questions concerning our comments, please contact us at +55 (21) 99321-6195.

Sincerely,


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Structure and Scope Consultation - IVS

Comments and Answers for the Consultation

Question 1:

Paragraph 15.1 describes two alternative views on what constitutes a “standard”. Please indicate whether you agree with either statement a) or b) below:

- 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 rules and principles but also guidance and supporting information to assist consistent application of those rules and principles?

CBAN: Option a), for it is very important to distinguish what is mandatory and what can be used, standard must be reserved only for the rules or principles that must be applied, good enough to guarantee the quality of a valuation report.

Question 2:

Paragraph 15.2 describes two alternative views on what is meant by the word “mandatory” in the context of standards. Please indicate whether you agree with either statement a) or b) below:

- 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.

CBAN: There was a consensus around letter b. Once IVSC has taken his place as an international standard setter its next assignment must be to make the rules effective in the rest of the world, and that can only happen if there is as much explanation and support as possible, since it is a different process from the standard setting one.

Question 3

Paragraph 15.3 describes confusion that has been identified by some around the purpose of the current TIPs. To assist the Board in considering whether changes are appropriate and if so what those changes should be, please answer the following questions:

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?

- a) yes or
- b) no

If you have answered no please provide reasons for your view and suggest a preferred alternative.

CBAN: Yes (a), though we believe the title is not so important as long as users understand the purpose and correct application of the TIPs. One important thing is to have a support material that promotes the training around the TIPs.

3b Do you find the content of the current TIPs helpful in understanding and applying the IVSs? If you do not, please identify any other material that you rely on to support the interpretation and application of the IVSs.

CBAN: It is helpful but it needs to be improved with the inclusion of some interpretation material.

3c Is there anything in the current TIPs that you consider should not be included, or that should not form part of the standards? If you believe there is please explain what should be excluded and why.

CBAN: Should include more links between the IVS and TIPS and examples that can widen the interpretation and application of the standards.

Question 4

Do you agree that the Board should issue commentaries, guidance and information to support the concepts, principles and requirements in the standards? If you disagree please explain what alternative sources providers and users of valuations can use and how diversity of application and interpretation across different jurisdictions and markets can be avoided.

CBAN:

- Yes it should have this kind of support and examples.
- Must help and incentivate the local jurisdictions, professional bodies, educators and regulators of valuation services to guarantee the good application of the standards.
- Should provide worldwide IVS training through local Valuation Professional Organisations (presence courses and/or distance learning)
- General instructions must be clearly apart from local specifications and rules.

Question 5

This consultation paper highlights four other sets of international standards that are in use in the financial markets and the different types of pronouncement that fall within their scope. An overview of each is provided in the Appendices. Please indicate if you consider that 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

CBAN: IFRS could be the leading model to IVSC's objective with the document, due to its heavy use among valuers.

Question 6

When it adopted a structure for the standards that contained five different categories of pronouncement the Board was responding to requests for a clear distinction be made between those parts that included mandatory requirements and those that contained supporting guidance. It also considered that a taxonomy that grouped similar types of pronouncement together would make it easier for users to navigate to the parts relevant of their needs.

However, some other standard setters do not make the same distinction. For example the IFRSs are simply numbered consecutively according to the date of their first issue, with no attempt to group by the type of topic each standard addresses.

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? If not, what alternative would you prefer?

CBAN: The current structure is good, the groups and categories make it easier to use.

Question 7

In the document Scope and Content of the International Valuation Standards 2, issued in August 2013, the Board explained that the scope and level of detail are examined during the consultation process for each new pronouncement. However, its general approach is to include all those concepts and principles which it can identify as being widely accepted across different geographic regions and that can be applied across different jurisdictions. Simple explanations or illustrations of how those concepts and principles can be applied to different genres of asset or for different valuation purposes may also be included. It also will ensure that there is sufficient detail to address any inappropriate practice that has been identified during the progress of the project.

The Board will generally exclude from the IVSs any matter 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. The IVSs may refer to valuation methods or techniques, provide high level explanations of those methods or give examples of when their use may be appropriate. Finally, the paper confirms that the IVSs are not intended to provide educational material and will not examine methods defined or discussed in the standards at the level of detail necessary to apply them in practice.

Do you agree with these limitations on the scope of the IVSs? If not, please describe the types of additional material you believe should be included or matters currently included you believe should be excluded.

CBAN: About it, two items were pointed. First, the IVSs could contain more details although they should be separated enough for us to be able to either objectively read the standards or go to some detailment on the subject only if necessary for its better comprehension. Second, the approach or the content of the IVS should not be too general, not to compromise the way they are adopted, damaging the quality of the valuation reports.