



OFICIO N° 0037-A&A-DO-18
Riobamba, 16th October 2018

Sir.
Mark Zyla
Chairman, IVSC Standards Review Board
International Valuation Standards Council
1 King Street,
LONDON
EC2V 8AU,
United Kingdom.-

Dear Mark

We do believe that all this necessary changes done to IVS will improve its understanding and implementation into other jurisdictions. We highlight the importance of the glossary as it is the first thing to be globally standardized and a global standard setter it may be important to have a consistent glossary which underpins IVS despite some of the terms may be already defined by other practices or professions. As standard setter, and in order to make fully clear that no loose cables are left it should IVSC aim and concepts are very important to have a first approach with valuation.

It is as clear as answering this question. How to value an asset under IVS if I'm not able to define what valuation is? There are some definitions for this in English and the problem might become worse when goes out from UK to other jurisdictions under another language version because of the language itself.

Overall very good and valuable suggested improvements to IVS 2017 version.

Please find below our comments upon the proposed revisions.

Kind regards

Javier Ayala Hidalgo
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IVS Glossary

1. **Do you believe that IVS should define the terms Price, Cost, and Value? If so, please discuss why you think the additional definitions are necessary.**

Yes, we do believe so because:

- a. As a global standards setter it's important for the IVSC to specify which are the most important concepts to underpin the IVS so that stakeholders may find a consistent approach to valuation since a defined glossary.

We do understand that most important sciences and language dictionaries worldwide for example economy and finance have defined them already as part of the specialisms themselves. However, due to the nature of the IVSC as global organization it should state the most relevant concepts/terms upon which the standards are based.

- b. There are significant differences and or confusions in terms of definitions for example we've spot a quiet small big issue regarding the difference between value and price as they're considered to be the same which we disagree because whereas Price should be defined by a seller, Value from the Valuation point of view should be the estimated amount obtained by a qualified valuer an appropriate analysis, surveying, etc. and general recognized practices application.

Whilst the price reflects in some jurisdictions some relevant markets aspects such as informality and not technical definition, the value should reflect the technically estimated market value of an asset which may/may not, might/might not be used by market participants to negotiate a price.

However, special attention is to be drawn upon the version for other countries.

2. **Do you believe IVS should define Calculation and Calculation Engagement? Please explain why.**

Yes, we do. It's important since the existence of different calculation methods for valuation consistent with standards but not used in specific jurisdictions likewise there might be calculations which may not be consistent with standards but used in many jurisdictions. From this point of view, it may be worth for IVSC to think in the future about ITC regarding these topics.

There may be the required the used

3. **Should a Calculation be IVS compliant, and if so, what differences in the scope of work and disclosures outlined in IVS should be required by the valuer?.**

Yes, we do. No further differences are required.

IVS 102 – Investigations and Compliance

4. **Should IVS provide examples of "substantial" limitations? If so, please provide examples of such limitations.**

Perhaps as TIP. It may be better though to include this within the glossary as what "substantial" means for IVS so that global users get more familiar to a standardized term.

IVS 105 – Valuation Approaches and Methods

5. **Do you agree with the suggested changes to IVS 105 section on Discount Rates? If not, please provide details of the additional information you think should be included or excluded from this section.**

Yes, we do agree. However, we do not see the need for the board to cancel the OPM from 10.5 from this standard as it only introduces it as an option for valuer without going further on and what is worth about it is the OPM addressing into IVS 200.

IVS 200 – Business and Business Interests

6. Do you agree that the methods are more relevant to business valuation and the placement in IVS 200 is appropriate? If no, please explain why.

Yes, we do. The way they are address within IVS200 is appropriate.

7. Are there additional methods that should be included in the proposed revisions, for example the Hybrid Method? If yes, please discuss the additional methods to consider.

At the moment testing some proposal but still waiting for results. Local Businesses demand for valuations is still to develop.

8. Are there additional topics within Early Stage Company Valuation that you feel should be included in IVS or explored further by the Boards? Please provide an outline for any topics suggested.

Not at this stage

IVS 410 – Development Property

9. Do you feel that the inclusion of the “As Is” and “As Proposed” value for the Development Property will reduce the risks in relation to the valuation of development property? If no, what additional information would you like to see included?

It not only feels like the suggested inclusion will reduce the risk in relation to the valuation of development property but it may help the user to make a better decision

10. Should the *valuer* be compelled to state the method of valuation they have used in their calculation of market value and report the assumed (or calculated) Developers Profit when reporting market value? If no, please explain why not?

Yes, it should be. Since a valuation report should communicate the information necessary for proper understanding of the valuation or valuation review as per IVS stating methods not only for this case and the assumed developers profit will allow the users and reviewers to understand properly the valuation itself.