



Fédération Française des
Experts en Evaluation

**IVSC
IVSC Standards Board**

1 King Street,
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London
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Paris,
30 June 2016

Response to the IVSC Standards Board consultation - Comment on IVS 104 Bases of Value, IVS 105 Valuation Approaches, IVS 210 Intangible Assets, Introduction and Framework for IVS 2017 Exposure Drafts

The Fédération Française des Experts en Evaluation (FFEE)¹ welcomes the opportunity provided by the IVSC Standards Board to comment on the consultation on on IVS 104 Bases of Value, IVS 105 Valuation Approaches, IVS 210 Intangible Assets, Introduction and Framework for IVS 2017 Exposure Drafts.

Questions

IVS 104: Bases of Value

- (a) Do you agree that valuers should be responsible for choosing the appropriate basis (or bases) of value according to the terms and purpose of the valuation assignment, and that the basis of value may not be one defined by the IVSC? If not, why?

Yes, but distinction should be made between application of a method defined a contract (for example) or method chosen by the expert including de selection of criteria

¹ The Fédération Française des Experts en Evaluation (FFEE) is a Professional Body Organisation that brings together the most representatives French professional organisations in the three areas of activity of the IVSC - Real estate, Business valuation, Financial instrument. Our Federation consists of 12 national organisations that are all representatives of at least one of the three areas of activity.



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- (a) Prior versions of international valuation standards included Special Value as a separate and distinct basis of value. The Board generally believes that valuers seldom perform valuations using Special Value as a distinct basis of value. Rather, valuations are typically performed using another basis of value predicated on certain hypothetical assumptions (“special assumptions”) or a specific purchaser (resulting in synergistic value). **Do you agree with the removal of Special Value as a separate and distinct basis of value? If not, please describe the circumstances in which you use Special Value as a distinct basis of value?**

Yes

- b) The IVSC has retitled the previously defined Fair Value as Equitable Value in order to avoid confusion with other definitions of Fair Value. Do you agree with this change, if not why not?

Yes

- c) Liquidation Value has been added as an additional basis of value. Do you agree with its inclusion within IVS 2017 and are you in accordance with the definition used? If not, why not?

Yes

- (d) Replacement Value has been added as an additional basis of value. Do you agree with its inclusion within IVS 2017 and are you in accordance with the definition used? If not, why not?

Yes

- (e) Are there other bases of value defined by other entities/organisations that should be mentioned in IVS 104? Which ones? Why?

No, already covered by c)

IVS 105: Valuation Approaches and Methods

- 1) Do you agree that when selecting an appropriate valuation approaches and methods a valuer should consider the following?

- a) the appropriate bases of value, determined by the terms and purpose of the valuation assignment,

Yes

- b) the respective strengths and weaknesses of the possible valuation approaches and methods,

Yes



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- c) the appropriateness of each method in view of the nature of the asset, and the approaches or methods used by participants in the relevant market,
Yes
 - d) the availability of reliable information needed to apply the method(s), and
Yes
 - e) if not, why? What considerations would you add to or remove from this list?
- 2) Under each valuation approach, this exposure draft includes criteria for when the approach should be used. Do you agree with the criteria presented under each approach? If no, what changes would you make? Why?
Yes
- 3) Are there areas of this chapter that you feel should be expanded upon in future board projects (e.g., discount rates, discounts/premiums, etc)?
Other methods eg : black and Scholes options' model

IVS 210: Intangible Assets

- (a) In IVS 2013, all substantive portions of IVS 210 *Intangible Assets* were labelled as “commentary” (except for scope and effective date). This label seems to have created some confusion amongst stakeholders as to whether the standard was mandatory. The Board’s position is that all aspects of IVS 2017 should be mandatory and this Exposure Draft has removed the “commentary” label for clarity. Do you agree with the removal of the commentary label?
Yes
- (b) Do you agree with the decision to incorporate relevant portions of TIP 3 into IVS 210 and to eliminate TIP 3 as a standalone document? Are there any other elements of TIP 3 that you believe should be incorporated into IVS 210?
Yes, it has to be included in IVS 210 for the benefit of clarity
- (c) In addition to the contents of IVS 105, this Exposure Draft includes criteria that should be used by an appraiser in selecting an appropriate valuation approach and method for the valuation of intangible assets. Do you agree with the criteria presented under each approach? If no, what changes would you make? Why?
Yes



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- (d) The Board believes that the standard presented in this Exposure Draft can be applied in the valuation of intangible assets regardless of the purpose of the valuation (financial reporting, tax, transactions, litigation, etc.). Do you agree? If not, for what purpose(s) do you not believe this standard can be applied? Why?

Yes

IVS 2017: Introduction & Framework

- (a) In IVS 2013, all substantive portions of the standards were labelled as “commentary” (except for scope and effective date). This label seems to have created some confusion amongst stakeholders as to whether the standards were mandatory. The Board’s position is that all aspects of IVS 2017 should be mandatory and this exposure draft has removed the “commentary” label for clarity. Do you agree with the removal of the commentary label?

Yes

- (b) Do you agree with the Board’s decision to remove the section on Bases of Value from the IVS Framework and produce a single chapter on Bases of Value in order to clarify the mandatory nature of this section and to avoid repeating certain guidance throughout the IVS? If not, why?

Yes

- (c) Do you agree with the Board’s decision to remove the section on Valuation Approaches from the IVS Framework and produce a single chapter on valuation approaches and methodologies in order to clarify the mandatory nature of this section and to avoid repeating certain guidance throughout the IVS? If not, why?

Yes

- (d) Do you agree with the IVS definition of Exceptions and Departures? If not, why?

Yes

If the IVSC Standards Board would find it useful, we remain available for any further questions.

Yours sincerely,

Le Président

Gilles de Courcel