



21 June 2016

Mr Steven J Sherman  
Chairman  
The International Valuation Standards Council Standards Board  
1 King Street  
London EC2V 8AU  
UNITED KINGDOM

Submitted to: [commentletters@ivsc.org](mailto:commentletters@ivsc.org)

Dear Mr Sherman

**Exposure Draft IVS 104 Bases of Value**

The External Reporting Board (XRB) of New Zealand is pleased to have the opportunity to comment on the International Valuation Standards Council (IVSC) Standards Board's exposure draft of IVS 104 *Bases of Value* (IVS 104).

The XRB is an independent Crown Entity responsible for financial reporting strategy and the development and issue of accounting, auditing and assurance standards in New Zealand.

We commend the IVSC Standards Board for reviewing the International Valuation Standards (IVS) to expand their quality and depth and ensure they are fit for purpose.

In response to question (a) in the exposure draft IVS 104, we agree that valuers should be responsible for choosing the appropriate basis (bases) of value according to the terms and purpose of the valuation assignment, and support the acknowledgement that such bases may be other than those defined by the IVSC.

Market value as described in the exposure draft IVS 104 appears to be similar to fair value under International Financial Reporting Standards (IFRS). However, there is no discussion of the differences (if any) between market value and fair value under IFRS. Given that IFRS is an international set of standards used in many countries around the world and valuers frequently undertake valuations under IFRS, to avoid any confusion between these two bases of value, we suggest that the IVSC Standards Board consider developing explanatory guidance on the differences (if any) between market value under IVS and fair value under IFRS. We consider that such guidance would be helpful for those valuers that undertake valuations for financial reporting purposes.

In developing any such guidance, we recommend that the IVSC Standards Board consult with the International Accounting Standards Board. The work of valuers is extremely important for financial reporting purposes. It is also important for the International Accounting Standards

Board to be aware of any issues that are being encountered by valuers in undertaking valuations in accordance with its standards.

If you have any queries or require clarification of any matters in this submission, please contact Aimy Luu Huynh ([aimy.luuhyunh@xrb.govt.nz](mailto:aimy.luuhyunh@xrb.govt.nz)) or me.

Yours sincerely

A handwritten signature in blue ink that reads "Graeme R Mitchell". The signature is written in a cursive style with a large, stylized initial 'G'.

Graeme R Mitchell  
Chairman  
External Reporting Board