

## Comments of “**IVS 104 Bases of Value**”

I absolutely agree with the formulation of term “basis of value” in the par 10.1:

“Bases of value (sometimes called standards of value) are statements of the fundamental measurement assumptions of a valuation. They describe the fundamental assumptions on which the reported values will be based (eg, the nature of the hypothetical transaction, the relationship and motivation of the parties, the extent to which the asset is exposed to the market, and the unit of account for the valuation)”

Consequently, we need several basis of value classifications which must be as exhaustive as possible and cover all possible cases met in practice and legislation.

A very successful example of such classification against possible “**relationship and motivation of the parties**” was formulated in IVSC 2013 - three main categories of basis of value. It seems to me that this classification must be remained in the new addition

Assumption concerning nature of the transaction is not fruitful. Even assuming hypothetical transaction, valuer shall estimate value as most probable price of a real one. Otherwise, additional definition of the term “**hypothetical transaction**” will be needed. Therefore par 10.4 can cause misunderstanding and must be omitted.

In addition we need only two more classification against:

**“the extent to which the asset is exposed to the market” and**

**“the unit of account for the valuation”**

The first one is well known. Terms “**Orderly sale**” and “**forced sale**” are enough for this classification.

The second one is more complex question. Here we have definite objective contradictions between the highest and best use versus units of accounting, from the point of view of asset aggregation. It seems to me that this question cannot be clearly classified ecause of a great variety of practical cases. To this end the only rational demand can be mentioned in standards is concerning not only assumptions but definite research of extent of aggregation.

So we have the following clear basis of value classification which don’t need any additional terms like “**Equitable Value**”:

<b>Against parties</b>	<b>Against market exposition</b>	
Undefined typicall parties	Ordinary transaction	
Known parties	Forced transaction	
Value to a particular owner		

All known basis of value definitions met in the legislation and common practice fall into these classifications and valuer can easily put any assessment task into categories mentioned with additional assumptions and research concerning the extent of asset aggregation.

To this end “**IVS 104 Bases of Value**” can be shortened and simplified

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