

OFICIO N° 0014-A&A-DO-16
Riobamba, 31st of August 2016

Dear Madam/Sir.

International Valuation Standards Council

1 King Street,
LONDON
EC2V 8AU,
United Kingdom.-

According to the Invitation to Comment on the International Valuation 2017 - IVS 101,102, 103; 200; 300;400; 410; 500 EXPOSURE DRAFT- we are pleased to send you attached our answers for DRAFT questions. The attachment has been analysed and discussed with our General Manager and in house valuers and we hope they may be useful on public benefit.

We have found very hard to do valuation by using a professional and useful instrument such us the International Valuation Standards in our area as in many countries in South America there ´s a lack of knowledge upon the importance of having a worldwide quality reference for valuations. Therefore not taken seriously valuations are still being seeing like a price fixing rather than a useful technical estimation of an asset value which either needs to be regulated nor having quality standards in the public benefit.

We also must show our satisfaction upon knowing that IVS are evolving into a more serious and useful quality reference for Valuers. It might be worth also to include a prescriptive Standard dedicated to minimum valuation process to perform and in-put quality requirements for each approach, especially if the intention for IVSC is to make the standards global. This is especially for nations with no knowledge of standards or regulations at all, in order to provide valuations according to a worldwide recognized standard setter.

Due to the very important role played by Valuers within an economic system and the lessons learnt from 2008 crisis which consequences are still in front of us. It is imperative to contribute to an organization such IVSC upon its aim as standard setter to develop and up to date global instruments for valuation and the profession itself.

We see a good progress from IVSC on this draft. However, we believe it might be worth (especially if the purpose of the board is to promote Global Standards for Valuation) to develop and / or include standards for the following assets and purposes:

- Environmental Assets Standards.
- Minimum requirements for Valuation process.
- Valuation Standards for social purposes.

Kind regards



Javier Ayala Hidalgo
OPERATIONS DIRECTOR
Mobile: 00593998517867

Email: d.operaciones@aconultores.org

Questions for respondents

IVS 101 SCOPE OF WORK

- a. Do you agree that it is the valuer's responsibility to communicate the scope of the assignment to all parties to the valuation engagement? If not, why?

No, it should be the parties who request the valuation to declare first what the valuation purpose is. This is in order for the valuer to be able to use the proper base and approach for that valuation. However, it should be the valuer's responsibility to state the requested valuation following to its purpose to all parties.

- b. Do you agree that a written scope of work for each valuation engagement is not always possible or necessary? If not, why?

No, we do believe it is possible but not completely in all countries. This is because of the lack of knowledge - users and valuers- upon the importance of using standards for quality purposes in some areas. A very demanding high speed valuation processes from some users.

IVS 102 INVESTIGATIONS AND COMPLIANCE

- c. Do you agree that a valuer must perform sufficient investigations and procedures to assess the appropriateness of all inputs and assumptions? If not, why?

Yes, we do. Although most of the time this is not possible in some areas and with some clients, because of the very demanding need for speed in valuation processes from customers and the lack of understanding of the importance of valuation work.

- d. Do you agree that significant limitations that impair a valuer's ability to assess the appropriateness of the inputs and assumptions should result in a valuation not being in compliance with IVS? If not, why?

Yes, we do.

IVS 103 REPORTING

- e. Do you agree with moving from a prescriptive to a principle-based reporting format? If not, why?

Yes, we do. This is because some customer's processing systems eg. (banks). However, we do believe that the conditions and minimum requirements should be prescriptive.

- f. Do you accept that a report can take any form providing it sets out a clear and accurate description of the scope of the assignment, its purpose and intended use and discloses of significant inputs assumptions? If not, why?

Yes, we do.

IVS 200 BUSINESS AND BUSINESS INTERESTS

- a. In IVS 2013, all substantive portions of IVS 200 *Business and Business Interests* 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, we do. If a commentary were to be necessary upon an specific standard, it might be worth, in order to avoid confusion, to release a separate booklet on this specific. Perhaps something like TIP's

- b. The Board believes that the standard presented in this Exposure Draft can be applied in the valuation of business and business interests regardless of the purpose of the valuation (acquisitions, mergers and sales of businesses, taxation,

litigation, insolvency proceedings and financial reporting). Do you agree? If not, for what purpose(s) do you believe this standard cannot be applied? Why?.

Yes, We agree. Although certain amount of work is to be done from VPO 's in some areas alongside IVSC, in order to make sure there 's the best compliance with it.

- c. Are there any further topics or special considerations that you feel the Board should add or remove from IV IVS 200 Business and Business Interests? If so, what are they and what is your rationale?

Not really. In some areas we are still trying to see the effects of adopting standards against its not adoption.

IVS 300: PLANT AND EQUIPMENT

- a. In IVS 2013, all substantive portions of IVS 220 *Plant and Equipment* 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, we do. It reduces confusion.

- b. The Board believes that the standard presented in this Exposure Draft can be applied in the valuation of plant and equipment regardless of the purpose of the valuation (secured lending, sales of plant and equipment, taxation, litigation, insolvency proceedings and financial reporting etc.). Do you agree? If not, for what purpose(s) do you believe this standard cannot be applied? Why?.

Yes, we do.

- c. Are there any further topics that you feel the Board should add or remove from IVS 300 *Plant and Equipment*? If so, what are they and what is your rationale?

The extent of investigations as there should be areas where the accomplishment with existing laws regarding illegal asset transactions might be compromised.

IVS 400: REAL PROPERTY INTERESTS

- a. In IVS 2013, all substantive portions of IVS 230 *Real Property Interests* were labelled 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, we do. It reduces confusion.

- b. Do you agree with Section 20.5, which states it is the valuers responsibility to state the extent of the investigation and source of the information to be relied on? If not, why not?

Yes, we do.

- c. The Board believes that the standard presented in this Exposure Draft can be applied in the valuation of real property interests regardless of the purpose of the valuation (secured lending, sales of real property, taxation, litigation, insolvency proceedings and financial reporting. etc). Do you agree? If not, for what purpose(s) do you not believe this standard can be applied? Why?

Yes, we do.

- d. Are there any further topics that you feel the Board should add or remove from IVS 400 *Real Property Interests*? If so, what are they and what is your rationale?

Not for now. However, experience is to be gained through the years of implementation in developing countries.

IVS 410: DEVELOPMENT PROPERTY

- a. In IVS 2013, all substantive portions of IVS 233 *Investment Property Under Construction* 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, we do.

- b. The Board believes that the standard presented in this Exposure Draft can be applied in the valuation of both commercial and residential development property regardless of the purpose of the valuation (ie. establishing whether proposed projects are economically viable, loan security, acquisition, taxation, litigation, financial reporting etc.). Do you agree? If not, for what purpose(s) do you not believe this standard can be applied? Why?

Yes, we do.

- c. Are there any further topics that you feel the Board should add or remove from IVS 410 *Development Property*? If so, what are they and what is your rationale?

Not really. Test to the up to date standards are necessary.

IVS 500: FINANCIAL INSTRUMENTS

- a. In IVS 2013, all substantive portions of IVS 500 *Financial Instruments* 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, we do.

- b. The Board believes that the standard presented in this Exposure Draft can be applied in the valuation of financial instruments regardless of the purpose of the valuation (acquisitions, mergers and sales of businesses or parts of businesses, financial reporting, regulatory requirements, internal risk and compliance procedures and regulatory requirements). Do you agree? If not, for what purpose(s) do you believe this standard cannot be applied? Why?

Yes, we do.

- c. Are there any further topics that you feel the Board should add or remove from IVS 500 *Financial Instruments*? If so, what are they and what is your rationale?

Not really. Test to the up to date standards are necessary.