24 August 2017

International Valuation Standards Council
41 Moorgate
London
EC2R 6PP

Re: IVSC Agenda Consultation 2017

Dear Members of the International Valuation Standards Council:

We are responding to your invitation to comment on the IVSC Agenda Consultation 2017 on behalf of PricewaterhouseCoopers.

Following consultation with several members of the PricewaterhouseCoopers network of firms, this response summarizes their views. "PricewaterhouseCoopers" refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

PricewaterhouseCoopers appreciates the efforts of the International Valuation Standards Council (IVSC) to advance an integrated set of valuation standards and welcomes the opportunity to provide comments on the agenda consultation. We appreciate that the IVSC is taking time to consult with stakeholders regarding future standard-setting activities, particularly after completing a significant revision of the standards in early 2017.

Our key comments are set out below, while the Appendix includes responses to the questions for respondents:

- We generally find that the topics included in the agenda consultation are areas of valuation in which we observe diversity in practice and believe that standard-setting by the IVSC could be beneficial. We support the general objective of the IVSC to ensure its standards are applicable to valuations performed for a variety of purposes and we believe that these topics are appropriate in that context. With that said, some of these topics are areas of particular interest for certain valuation purposes. For example, in recent communications related to a post-implementation review of their standard on fair value, the International Accounting Standards Board is also seeking input regarding the accounting for biological assets and discount rates. We encourage the IVSC to reach out to other standard setters as part of its outreach on these potential projects.

- The topics included in the agenda consultation range from extremely broad topics that could have wide-ranging impacts to specialized topics that are likely to be of great importance to a smaller number of IVSC's stakeholders. We believe that each type of project presents unique challenges and warrant different approaches to the standard-setting process.

    - Most IVSC board members are unlikely to have extensive expertise in specialized topics, such as biological assets and extractive industries. As such, we encourage the IVSC to form a working group or advisory council to assist in the identification of issues and the drafting of the new standards. For that working group, the IVSC should seek out the expertise of professionals specializing in those areas and representatives from professional organizations, industry associations, and local standard-setters with an interest in the topics. We believe that such an advisory group would be important to ensure the standards meet stakeholders' needs. In addition, a significant number of volunteers for the group would be further evidence that there is a market need for such standards.

  - We believe the IVSC board members likely have significant experience in broad topical areas, such as discount rates and non-financial liabilities. However, standard-setting activities in such areas may be of interest to more stakeholders than those who typically follow the IVSC's activities. We encourage the IVSC to expand outreach activities related to these types of projects. This should include contacting investor groups, industry organizations, and regulators to get additional perspectives. On broad topics, we also encourage the IVSC to consider extending the length of the public comment period (longer than the typical 90 days) and to hold public round-table discussions of the proposed standards during the public comment period.

- We acknowledge that the IVSC has undertaken significant outreach activities related to the identification of potential areas for standard-setting activities (the "IVS Gap Analysis"). We believe that these ongoing outreach activities are an important part of the standard-setting process. However, we also consider it to be a standard-setting best practice to have an ongoing project to monitor adoption and implementation issues with existing standards. The IVS should establish a mechanism for stakeholders to submit questions and suggestions related to the existing standards. From observations of other standard-setters, these questions and suggestions often lead to minor updates to the wording of existing standards (sometimes referred to as "technical corrections") that improve the clarity and usability of the standards. These edits should not be used to change the meaning/intent of the standards; rather, they should be used only when stakeholders are having difficulty understanding/interpreting the existing language in the standards.

If you have any questions on the content of this letter, please do not hesitate to contact Helen Mallovy-Hicks, Global Valuations Leader (+1 416 814 5739), or Adam Smith (+1 646 471 6249).

Yours faithfully,

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Appendix A – Questions for respondents

IVS Gap Analysis

Question 1: *Do you agree with the current categorization and timings of the topics contained in the gap analysis and if not why?*

We generally agree with the categorization and timing of the topics. However, we have the following comments on the existing categorization:

- Generally, we believe the IVSC should be issuing clear standards that can be understood and followed without additional "guidance notes." The Invitation to Comment states that guidance notes would be issued by valuation professional organizations or national standard setters rather than the IVSC. It is unclear what the IVSC's involvement would be in the development of such guidance notes and why topics expected to be addressed in guidance notes would remain on the IVSC's technical agenda/gap analysis.

- "Price vs. Value" (currently listed among the "critical" topics) is already addressed by IVS 104, *Basis of Value*. Some bases of value require the use of a "price" (e.g., the most likely price that would be received on a given date), while others require the use of value (e.g., the value to a particular investor). As valuers are already required to select an appropriate basis of value and understand all of the associated context and interpretive guidance, it is unclear what additional issues related to this topic the IVSC intends to address or that require clarification. If there are unclear or unresolved areas related to price vs. value, we do not believe that they would be "critical" and therefore this topic could be moved to a lower-priority category.

- We are unsure what practice issues the topic "Recovery and Resolution" is intended to address. Given this lack of clarity, we encourage the IVSC to include the topic in a future agenda consultation document to provide additional insights into the Board's perspective and to solicit input feedback.

Question 2: *Are there any other topics which you believe should be included or deleted from the IVS gap analysis and if so why? (Please state the relevant specialism, categorization and timing for any proposed additional topics).*

We appreciate the IVSC's transparency related to the gap analysis and its ongoing outreach activities related to the contents and prioritization of those topics. We appreciate that those activities and their transparency allows for consultation on the gap analysis even outside of this agenda consultation.

We suggest a number of additional topics be considered:

- Valuation of tangible asset-intensive businesses – The value of certain businesses and their tangible assets are inherently linked. Standards related to the valuation of such businesses and the associated tangible assets would be helpful.

- Some valuation engagements call for a point estimate of value while others call for a range of value. We believe that the IVSC should address whether an engagement resulting in a range of value can meet the requirements of IVS. Currently, the standards seem to be written assuming the engagement results in a point estimate. For example, IVS 103, *Reporting*, requires the report to include the "conclusion(s) of value." If an engagement resulting in a range of value can meet the requirements of IVS, the IVSC should consider:

- whether the intent of a "range of value" should be defined by IVS (for example, a range representing a confidence level that a certain percentage of transactions would be expected to take place at amounts within that range based on levels of valuation assurance, where a smaller range or point value represented the highest level of valuation assurance and a larger range represented a lower level of valuation assurance. For reference on same see Canadian Institute of Chartered Business Valuators valuation standards) and

- whether a valuation resulting in a range of value should be subject to different or additional reporting/disclosure requirements.

Non-Financial Liabilities

Question 1.1: *Is the valuation of non-financial liabilities a critical area that should be addressed by the IVSC? Please explain why.*

We agree that the valuation of non-financial liabilities is a critical area in which the IVSC's standard-setting activities could benefit stakeholders. To our knowledge, this is a topic that has not been meaningfully addressed by other standard setters or valuation professional organizations, resulting in diversity in practice in how liabilities are valued. For example, diversity exists in how noncash or opportunity costs are considered in the valuation of obligations related to deferred revenue and how entrepreneurial profit/incentive to take on a liability vs. an entity's own cost to fulfil an obligation should be considered.

In addition, we note that the Appraisal Foundation in the US has developed a guide specific to the valuation of contingent consideration. We believe any future IVSC standard on non-financial liabilities should be consistent with the principles of the Appraisal Foundation guide with regard to contingent consideration.

Question 1.2: *Should IVS provide a separate definition of liabilities? If yes, do you agree with the definitions provided by the FASB and IASB, please explain why?*

We believe that the IVSC should avoid defining basic terms like "liability" and "asset" and support the statement in the IVS Glossary that the IVS "does not attempt to define basic valuation, accounting or finance terms, as valuers are assumed to have an understanding of such."

Question 1.3: *What non-financial liabilities do you observe in practice? For each liability, what valuation methods do you most commonly see used? Which of the non-financial liabilities you listed have the greatest diversity of valuation in practice?*

We regularly see valuations of all of the non-financial liabilities listed in chapter one of the invitation to comment. The valuation methods are usually variations of the income approach. Diversity in practice usually results more from inputs and assumptions than the type of liability.

Question 1.4: *Do you agree with the decision to exclude financial liabilities from this ITC? If yes, do you think IVSC should add financial liabilities as a possible project(s) in the future?*

We agree with the decision to address non-financial liabilities separately. We understand that the IVSC is in the process of establishing a board that will focus on standards related to financial instruments and encourage that board to address financial liabilities if standard-setting in that area is deemed necessary by that board.

Question 1.5: *Do you think IVSC should add financial instruments, pension liabilities, and insurance liabilities as a possible project(s) in the future?*

We believe that the financial instruments board should gather feedback and assess stakeholder needs associated with financial instruments before deciding if standard setting is warranted.

We are not aware of a stakeholder need for additional standards related to pension and insurance liabilities, as those topics seem to be adequately covered by existing actuarial standards.

Question 1.6: *Of the potential Standard Alternatives outlined above (A, B, C), which do you prefer and why?*

We generally think that the IVS should remain principles-based in nature rather than rules-based. As such, we support Standard Alternative A.

We believe that commonly applied and accepted methodologies for the valuation of specific non-financial liabilities should generally be consistent with principles-based standards. When liability-specific valuation approaches have developed in practice, we find that the methodology usually has a good conceptual basis. In the deferred revenue example, we believe consideration of the timing and amounts of the costs required to fulfil the obligation and a hypothetical profit margin that a market participant would expect on those costs is a reasonable estimate of what an entity would have to pay a market participant to assume the liability.

Question 1.7: *Are there methodologies and best practices utilised by the insurance industry that the Boards should consider for inclusion in future standards? If so, please discuss.*

We believe this question is best addressed by those in the insurance industry.

Discount Rates

Question 2.1: *Are additional standards related to the derivation of discount rates a critical area that should be addressed by the IVSC? Please explain why.*

We acknowledge that standards could help reduce the current diversity in practice related to discount rate derivation. However, we note that while the CAPM model is widely used in the valuation of businesses, it seems more common to utilize market-observed discount rates in the valuation of real estate and financial instruments. Even within business valuation, it is not uncommon to use discount rates based on alternative approaches, such as observed required rates of return for market participants (e.g., private equity and venture capital rates of return).

The scope of any standard on discount rates should be clearly defined to limit unintended consequences. If the intent is to address only the CAPM model, the standard should be clear that the IVS does not express a preference for that model, and that the standard is only applicable when the CAPM model is determined to be the most appropriate approach to deriving a discount rate.

With that said, we would support standards related to the selection of appropriate methods/models for discount rate derivation. For example, the IVSC could choose to mirror the language of IVS 105 related to selection of valuation approaches and provide circumstances when a particular discount rate model *should* be used versus when that model *may* be used.

Question 2.2: *Given the extensive use of the CAPM for derivation of discount rates used in business enterprise and asset valuations, do you agree with the Boards proposal to issue new standards to target diversity in practice related to discount rate derivation? Please explain why.*

We generally support standard-setting related to discount rates. However, we believe that the IVS should continue to be principles-based and should not be too prescriptive or formulaic in attempts to reduce diversity in practice. If the IVSC focuses on the CAPM model, we encourage them to consider the theoretical and academic basis for the model – considering what "risks" the discount rate is meant to reflect and the nature of cash flows to which it is intended to be applied.

We agree that there is diversity of practice in the application of the CAPM model, particularly in the following areas:

- Inclusion and support for company-specific risks ("alpha"). Some valuers are comfortable with the application of largely subjective adjustments for company-specific factors. Others believe that if a company-specific risk factor is included, it should be quantitatively supported. Still others believe the CAPM model prohibits the inclusion of an "alpha," noting that investors should not be compensated for diversifiable risk. In addition, company-specific risk premiums appear to be commonly used as a way to compensate for overly-optimistic forecasts.

- When multi-scenario cash flow models are used, there is diversity regarding how to treat risk that is considered part of the cash flow forecasts and probability-weighting versus risk reflected in the discount rate.

- Diversity in practice around size premiums includes whether they should be based on total equity value or total invested capital and whether the valuation of a portion of a business should reflect a size premium based on the size of the portion or the size of the overall business.

- In the current low-interest rate environment, various models to "normalize" rates of return to more long-term levels have been developed. These include adjustments to the risk-free rate, adjustments to equity risk premiums, and sometimes include the use of separate adjustment factors.

Question 2.3: *Which inputs have you observed to have diversity in practice that would benefit from additional guidance in IVS and why?*

See our response to Question 2.2.

Question 2.4: *What other methods of deriving discount rates for business enterprise valuation do you commonly observe in practice? For each method, do you commonly observe diversity in practice in its application?*

CAPM is the most frequently used method in the valuation of businesses, but other observed methods include:

- Build-up
- “Bonds plus” applied to government-backed infrastructure projects
- Market-based observations of required rates of return (particularly in venture capital and private equity investments)

The income approach is commonly used across all asset types. As such, we would prefer a standard on discount rates that would be applicable to all asset types, rather than limited to business valuations.

Question 2.5: *Of the potential Standard Alternatives outlined above (A, B, C), which do you prefer and why?*

We prefer Standard Alternative B, particularly because CAPM is not widely used outside of business valuations.

Early-Stage Company Valuation

Question 3.1: *Are additional standards for the valuation of early-stage companies a critical area that should be addressed by the IVSC? Please explain why.*

We agree that the valuation of early-stage businesses presents unique challenges and support standard-setting activity in this area. We believe the standard should address complexities that are unique to early-stage companies, such as how valuations should reflect:

- the high-risk nature of early-stage companies, including their higher rate of failure;
- the lack of liquidity/infrequent transactions in the market for investments in early-stage companies;
- the “conditional” nature of many cash flow forecasts for early-stage companies;
- differences in the identification and perspectives of participants/market participants; and
- the usage of and/or reliance upon implied “pre-money” and “post-money” values from transactions.

As noted in the ITC, the definition of “early-stage company” can be broad and further divided into various stages of development. We encourage the IVSC to consider standards that relate broadly to the valuation of early-stage companies, as well as considerations that are limited to only certain types of companies. For example, the valuation of a pre-revenue company should generally differ from a valuation of a profitable company in a growth stage.

We also encourage the IVSC to consider the work being done by the AICPA in development of a guide related to valuations for Private Equity and Venture Capital investments.

Question 3.2: *In which areas of the valuation of early-stage companies do you see the greatest diversity in practice? Are there additional areas of concern not noted above in this ITC? If so, please discuss.*

There are a number of areas where we observe diversity in practice, including:

- Application of a wide range of valuation methods (discounted cash flow methods with high discount rates to reflect greater risk, option pricing methods, probability-weighted methods, "calibration" to rounds of financing)
- Whether factors such as lack of marketability and/or lack of control are reflected in discount rates/expected rates of return or separately accounted for as a "discount"
- The use of models that assume a "normal" distribution of outcomes (such as Black-Scholes Option Pricing Method) when the expected outcomes for early-stage companies are often more binary in nature (failure or success)
- More frequent use of "conditional" cash flows rather than expected cash flows
- Differing views on the "time horizon" for the investment. For example, some valuers consider only the time until the next required financing round while others consider the time horizon until an ultimate sale/exit from the investment.
- The treatment of future equity issuances (options or rounds of financing) and the resulting dilution

Question 3.3: *Of the potential Standard Alternatives outlined above (A, B, C), which do you prefer and why?*

We support undertaking Standard Alternative B prior to writing a new standard (Standard Alternative C). Given the amount of diversity in practice, we believe stakeholders would benefit from standards in this area.

Biological Assets

Question 4.1: *Should IVS provide a standard of Biological Assets? If yes, do you agree with the title of this standard and the distinction provided by the FASB and IASB between Biological Assets and Agricultural Produce, please explain why?*

We support standard-setting related to the valuation of biological assets. Any standard in this area should address living plants and animals ("biological assets"), the finished products of those living plants and animals ("agricultural produce"), and agricultural produce that is still growing ("growing agricultural produce"). We believe the title "Biological Assets" is appropriate.

For clarity, the IVSC should consider whether living assets, such as bacterial cultures (which are not considered either plant or animal) should be included in the scope of the standard.

Question 4.2: *Do you observe a significant variation in valuation practice for Biological Assets? For each type of Biological Asset, what methods do you most commonly see used? Which type of the Biological Asset you listed have the greatest diversity in practice?*

For biological assets, we observe diversity in practice related to:

- Estimation of harvest volumes
- Adjustment for climatic variation and water availability
- Allowance for contributory assets (particularly land and water)
- Allowance for tax net or gross of applicable rural allowances
- Sporadic use or availability of transaction evidence
- Estimation of crop pricing and exchange rates
- Valuation of growing agricultural produce
- Consideration of phenology of biological assets

Question 4.3: *Do you observe a significant variation in valuation practice for Agricultural produce? For each type of Agricultural Produce, what methods do you most commonly see used? Which type of the Agricultural Produce you listed have the greatest diversity in practice?*

We have not observed significant diversity in practice related to agricultural produce, as those valuations generally seem to be straightforward, generally considering the commodity price/selling price of the produce and the costs of transportation and other selling costs necessary to achieve that price.

While we do not observe significant diversity in practice related to agricultural produce, we believe covering these assets in a "complete" standard would be easier for stakeholders to understand and interpret.

Question 4.4*: Is the valuation of Biological Assets critical area that should be addressed by the IVSC? Please explain why.*

We believe the valuation of biological assets is a narrow topic that is likely of great importance to a small but growing subset of the IVSC's stakeholders. It is unlikely that the IVSC's board members or technical staff have significant experience in the valuation of biological assets. As such, we encourage the IVSC to identify stakeholders specializing in biological assets to assist in the identification of issues and the drafting of the new standards. This would allow the board members and technical staff to focus on areas affecting a broader range of stakeholders while still addressing the needs of a niche area of valuation.

We further note that as part of their post-implementation review of their fair value standard (IFRS 13), the IASB is considering whether accounting guidance related to biological assets is clear. To the extent possible, we encourage the IVSC to work with the IASB to identify issues that might relate to accounting (and should be addressed by the IASB) and issues that relate more to valuation (and should be addressed by the IVSC).

Question 4.5: *Does the separation of value between the agricultural produce and its bearer plants cause issues within your market? Please explain why.*

Generally, we have not experienced significant challenges with regard to bearer plants and completed/harvested agricultural produce. However, the separation of value between bearer plants and still growing agricultural produce poses challenges. There is diversity in practice particularly related to when the growing agricultural produce begins to gain value and the pattern of value growth (e.g., straight line, exponential).

Question 4.6: *Do you feel that there is conceptual Issue in allocating components of Fair Value? Please explain why together with your recommendations for resolving these issues.*

We acknowledge that there are conceptual issues related to biological assets and the “contributory assets” needed to produce them (land, water rights, farming equipment, etc.). In transactions, biological assets and related contributory assets often trade in a single transaction, so we note that the separation of value between biological assets, land, water rights, and other contributory assets is often an accounting exercise that market participants do not perform absent regulatory requirements.

When the purpose of a valuation requires the value of biological assets to be separated from the contributory assets, it is our view that the value of the various assets should each be analysed independently and any “assemblage value” or value associated with operational efficiencies should not be allocated to the individual assets.

Question 4.7: *Do you think that potential alternative uses should be considered when valuing land as part of a Biological Asset valuation? Please explain why.*

The value of land should reflect the appropriate assumptions for the basis of value. For bases of value that require consideration of “highest and best use,” we believe alternative uses must be considered. However, when that highest and best use conflicts with the existing use, the costs of transitioning should consider any loss in value of the biological assets on the land. In addition, the valuation of the biological assets should not be performed under a premise that conflicts with the highest and best use of the land. For example, if forest land is valued assuming redevelopment is the highest and best use, the trees should not be valued assuming additional years of growth on that property.

Question 4.8: *Do you think that there are four basic sampling and measurement techniques for the valuation of Biological Assets? If not, please explain what sampling techniques have seen used in practice.*

We agree with the list of basic sampling techniques. We note that new technologies like drone/satellite/aerial photography have revolutionized the time and expense associated with sampling techniques for certain biological assets.

Question 4.9: *Do you think that there are four basic sampling and measurement techniques for the valuation of Biological Assets? Do you think that the inclusion of information on generally accepted sampling and measurement techniques would substantially reduce diversity of valuation practice and if so, how?*

Sampling and measurement techniques are a key component of many valuations of biological assets. As such, we support principles-based standards related to sampling best practices. However, the extent and nature of sampling is highly dependent on the purpose of a valuation engagement. Since some valuations may require less accuracy/exactness than others, the IVSC should avoid requiring a particular level of sampling/measurement for all valuations.

Extractive Industries

Question 5.1: *Should IVSC produce combined standards and guidance for Extractive Industries or produce separate pronouncements for mining and for oil and gas? If you believe the latter, please indicate the reasons why you consider separate guidance is appropriate.*

We believe that a single standard covering all extractive industries would be appropriate. Consistent with other IVSC standards, any issues that are specific to mining, oil, or gas could be addressed in a "special topics" section of the standard.

To the extent a single standard is produced, the IVSC should take care to ensure terminology is clearly explained, as the various subsectors often have different terminology when referring to similar concepts.

Question 5.2: *Should the standards focus just on the valuation of reserves and resources or should it extend to other assets employed in the industry and to entire businesses in the sector? Please provide reasons for your answer.*

We believe stakeholders would most benefit from a standard addressing reserves, other assets employed, and businesses. We note that the relevance of this question differs across the maturity of the development. In our view, the standards should deal with all three to reflect the issues that exist at each stage of mine or field development.

Question 5.3: *Which classification code or codes are most commonly used in your industry / sector? Which code do you normally use or rely on? Are you aware of differences across your / industry sector on the classification codes used? If so please indicate whether these differences cause problems in undertaking or understanding valuations.*

Because classification codes vary by jurisdiction, we do not believe the IVSC should adopt or endorse a particular set of classifications. Rather, we believe any proposed standards should focus more conceptually on the valuation of various types of reserves.

Question 5.4: *When valuing with a discounted cashflow do you use internal production forecasts developed by the entity's own geological and engineering specialists, external forecasts, or a combination of both and you adjust the production forecasts for risk by reserve category?*

The answer generally depends on the purpose and scope of the valuation engagement. Internal production forecasts adjusted for risk by resource category are likely the most commonly used source of forecasts. However, in some cases, further diligence is warranted, such as opinions from consulting geologists and engineers.

Question 5.5: *Please indicate what methods you use or are familiar with that fall under the Cost Approach and that are used in valuing assets in the Extractive Industries. Please indicate in your experience how the cost of an equivalent asset is determined and please indicate the three most common adjustments that are made in your experience to reflect physical, functional or economic obsolescence, and what metrics are used to determine these adjustments?*

The assets that are most commonly valued using variants of the cost approach include mining information, plant and equipment (particularly when fixed or difficult to move), and the void for open pits.

Physical obsolescence is typically measured with regard to the evolution of the mine plan, functional obsolescence is measured with respect to either modern equivalent capacity measures or differential costs. Economic obsolescence is measured with respect to the value of the mine itself, or scrap/surplus sale values.

Question 5.6: *Please identify any intangible assets that are normally separately identified and valued; i. In transactions between entities in the Extractive Industries and ii. When accounting for the acquisition of a business in the Extractive Industries.*

Mining information is commonly valued. Other types of intellectual property are less frequently valued (e.g., proprietary technology used to develop a resource).

Question 5.7: *In your experience what, if any, value is attributed to components of goodwill, eg an assembled skilled workforce, in corporate transactions in the Extractive Industries. Please briefly indicate any valuation techniques used to establish the value of goodwill in such circumstances.*

Occasionally, workforce is recognized as goodwill, but in most cases, the value of goodwill is solely related to tax balances generated due to differences between the book and tax bases of acquired assets. However, the practice of many miners is to include all residual value in the value of reserves and resources to recognize the wasting nature of the resource itself and require amortization accordingly.

Question 5.8: *Please provide any examples of which you are aware of significant differences between the value of otherwise similar resources arising solely from different Governmental policies. Please indicate how "country risk" factors are reflected in the way in which you price or value extractive assets.*

The main issues relate to tax, resource reversion, rehabilitation standards, and royalty policy, but an allowance for country risk is common. Taxes, resource reversion, rehabilitation and royalties are usually incorporated in cash flow estimates but country risk is usually incorporated in the estimate of the discount rate.

Inventory

Question 6.1: *Should IVS provide separate standards for valuing inventory? Please explain why.*

We believe standards on the valuation of inventory would be helpful given our observation of diversity in practice.

Question 6.2: *What methods for the valuation of inventory do you most commonly see used in practice?*

We most commonly observe valuation methods that consider the expected selling price for the inventory and the expected costs of completion (if it is WIP) and disposal (selling, marketing, etc.). There is some diversity in practice related to the consideration of disposal costs as well as whether inventory should be "charged for" certain intellectual property (trade names, technology, etc.). We also observe the use of a cost-based methods that consider the acquisition cost of the inventory plus any value subsequently added.

Question 6.3: *Do you agree with the decision to focus on the application of the Comparative Sales Method? If not, please discuss the other methods that should be included in the performance framework.*

While a standard on the comparative sales method could be helpful, we believe that a broader standard covering more than just the comparative sales method would be more widely applicable to a variety of circumstances and valuation purposes.