



IVSC Agenda Consultation 2017 Feedback form

4. IVS Gap Analysis -Questions for Respondents	
Question 1: Do you agree with the current categorisation and timings of the topics contained in the gap analysis and if not why?	
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, categorisation and timing for any proposed additional topics).	
5. Chapter 1 – Non-Financial Liabilities -Questions for Respondents	
Question 1.1: Is the valuation of non-financial liabilities a critical area that should be addressed by the IVSC? Please explain why.	
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?	



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



<p>Question 1.6: Of the potential Standard Alternatives outlined above (A, B, C), which do you prefer and why?</p>	
<p>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.</p>	
<p>6. Chapter 2 – Discount Rates -Questions for Respondents</p>	
<p>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.</p>	
<p>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.</p>	



<p>Question 2.3: Which inputs have you observed to have diversity in practice that would benefit from additional guidance in IVS and why?</p>	
<p>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?</p>	
<p>Question 2.5: Of the potential Standard Alternatives outlined above (A, B, C), which do you prefer and why?</p>	
<p>7. Chapter 3 – Early Stage Company Valuation -Questions for Respondents</p>	
<p>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.</p>	<p>#</p>



<p>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.</p>	
<p>Question 3.3: Of the potential Standard Alternatives outlined above (A, B, C), which do you prefer and why?</p>	
<p>8. Chapter 4 – Biological Assets - Questions for Respondents</p>	
<p>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?</p>	
<p>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</p>	



have the greatest diversity in practice?	
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?	
Question 4.4 Is the valuation of Biological Assets critical area that should be addressed by the IVSC? Please explain why.	
Question 4.5: Does the separation of value between the agricultural produce and its bearer plants cause issues within your market? Please explain why.	
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.	



<p>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.</p>	
<p>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.</p>	
<p>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?</p>	
<p>9. Chapter 5 – Extractive Industries - Questions for Respondents</p>	
<p>Question 5.1: Should IVSC produce combined standards and guidance for Extractive Industries</p>	



<p>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.</p>	
<p>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.</p>	
<p>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.</p>	



<p>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?</p>	
<p>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?</p>	
<p>Question 5.6: Please identify any intangible assets that are normally separately identified and valued; i. In transactions between</p>	



<p>entities in the Extractive Industries and ii. When accounting for the acquisition of a business in the Extractive Industries.</p>	
<p>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.</p>	
<p>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.</p>	
<p>10. Chapter 6 – Inventory - Questions for Respondents</p>	



<p>Question 6.1: Should IVS provide separate standards for valuing inventory? Please explain why</p>	
<p>Question 6.2: What methods for the valuation of inventory do you most commonly see used in practice?</p>	
<p>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.</p>	