



# LETTER OF COMMENT NO. 15

Technical Director Financial Accounting Standards Board

File Reference Number 1520-100 Valuation Guidance for Financial Reporting

We appreciate the opportunity to respond to this invitation to comment on valuation guidance for financial reporting. We are a private manufacturing company that is subject to FASB 107.

## Question 1

Yes, we believe there is a need for valuation guidance for financial reporting as we will explain in our responses below.

## Ouestion 1a

We believe valuation guidance should involve a combination of conceptual and detailed implementation guidance. We firmly believe determining the value for a specific asset or liability depends on the facts of the transaction that could widely vary between transactions. Any guidance issued should also involve flexibility to allow for management's assessment of the value of the asset or liability.

## Question 1b

We believe the work of any valuation guidance setting activities should be of a limited duration because we feel the needs of companies will be addressed with this invitation to comment and resulting FSP.

#### Question 2

We believe existing appraisal organizations should act as an advisor due to their expertise in the area and wide variety of fact patterns they have been exposed to. This will ensure most issues are addressed this first round so that the work can be of a limited duration as mentioned in Question 2.

#### Ouestion 3

We believe the process should involve representatives from interested parties to identify possible issues and recommend guidance due to their expertise mentioned in Question 2. Since we believe this body would be for a limited duration, we believe the FASB Board would ratify all their consensuses. The Board is best to tie the consensuses into the overall conceptual framework.

We believe it would be important for representatives from both public and private companies be represented as well as we feel there could be separate guidance that could potentially result for public versus private companies due to the different risks involved and users of the financial statements.

We believe representatives from private companies can be a voice as to when outside experts are required versus when management's assessment can be used in conjunction with valuation guidance. The use of outside experts drives costs up both to perform the valuation and to have the valuation analysis reviewed through the audit process. There still must be some level of reliance on the opinion and estimates of management whom are closest to the business. The accounting world has been and will continue to become more complex and complicated. Where feasible, we need to keep potential additional processes such as valuation simple, concise, and clear. This will also help in not driving up additional outside consulting fees and costs.

## Question 4

We believe the FASB and IASB need to continue to converge accounting standards and as such the valuation guidance should be on an international level. Many companies today operate an entity overseas or are looking to acquire an entity overseas and thus consistency is important to understand financial statements.

Sincerely,

Sam Iogha

Corporate Controller Pella Corporation