

International Association of Consultants, Valuators and Analysts

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30 August 2013

Technical Director
Financial Accounting Standards Board
401 Merritt 7, PO Box 5116
Norwalk, CT 06856-5116
File Reference No. 2013-230
By email: director@fasb.org

Ladies and Gentlemen,

This letter of comment is submitted on behalf of the International Association of Consultants, Valuators and Analysts (IACVA), a member of the International Valuation Standards Council (IVSC) as well as the World Association of Valuation Organizations (WAVO). We are a knowledge transfer and credentialing organization with Charters covering 55 countries, listed in the appendix, serving about 10,000 members who are mainly involved in business valuation and fraud deterrence.

As a worldwide organization, we are extremely concerned with the development of guidance and standards related to valuation both under International Financial Reporting Standards (IFRS), which are used in Canada where we are incorporated, as well as Generally Accepted Accounting Principles (GAAP), applied in the United States, where, at present, a majority of our members resides.

We appreciate the opportunity to comment on the Exposure Draft "*Presentation of Financial Statements (Topic 205), Reporting Discontinued Operations*". Our responses to the specific questions are as follows:

Question 1: Do you agree with the proposed definition of discontinued operations? Is it understandable and operable?

We agree with the definition but would suggest that the Board adopt the provisions of IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, especially the very useful and easily understandable concept of "cash generating units" (CGU) rather than dealing with components or groups of components.

Question 2: Do you agree that the continuing involvement criterion in the existing definition should be eliminated? Why or why not?

We find that, in practice, whether or not there is continuing involvement depends mainly on the attitude of the buyer and can only be determined when a sale takes place. Therefore, it should be eliminated.

Question 3: Do you agree with the scope of the amendments in this proposed Update? Do you agree that disposals of equity method investments and oil and gas properties that are accounted for using the full-cost method of accounting should be eligible for discontinued operations presentation if they meet the criteria to be reported in discontinued operations?

We feel that once management has decided to sell a CGU or group of CGUs, they should be immediately entitled to be treated as "discontinued operations" and that there be no other criteria.

Question 4: U.S. GAAP and the amendments in this proposed Update do not specify whether an entity should reclassify the assets and liabilities of a discontinued operation classified as held for sale in the statement of financial position for periods before reclassification. Should an entity be required to reclassify the assets and liabilities of a discontinued operation classified as held for sale in the statement of financial position for periods before reclassification? Why or why not?

We do not consider reclassification of prior periods either appropriate or desirable as this would be rewriting history.

Question 5: Do you agree with the disclosures required for disposals of individually material components of an entity? If not, which disclosure or disclosures would you eliminate or add and why?

Our comments on the various revised clauses 205-20-50:

- 1. Agree with changed wording.
- 1A Eliminate criteria 205-20-45-1A(a) entirely. Replace items (a) to (g) with separate for each discontinued operation, separate and consolidating financial statements (Operations, financial Position, Cash Flows) both for such entities as a group. The reported shareholder's equity will add up to the expected net proceeds. On the face of the Financial Statements show only the Consolidated Operating results of the Discontinued Operations as a group and the expected net proceeds (Fair Value Less Costs to Sell).
- 1B Revise to reflect our views for 1A.
- 1C Agree

Question 6: Do you agree that businesses held for sale on acquisition should be excluded from certain disclosure requirements? Why or why not?

We do not think that any business held for sale should be excluded from disclosure requirements. In fact, we believe they should have more as set in the answer to Question 5, so that the reader understands what is actually happening.

Question 7: Do you agree with the prospective application transition method? Why or why not?

We concur with the prospective application transition method.

Question 8: How much time do you think will be needed to prepare for and implement the amendments in this proposed Update?

We would expect the period to be about 12 months.

Question 9: Do the modified disclosures for nonpublic entities provide the right level of disclosure? If not, how should the proposed Update be modified for nonpublic entities?

We believe the modified disclosures for non-public entities are reasonable and therefore acceptable.

Should a Board or staff member wish to discuss this matter further, they may contact me during normal business hours (Eastern Time) at 416-865-9766.

Respectfully submitted on behalf of IACVA Per

for P. Cots

James P. Catty, MA, CA•CBV, CPA/ABV, CVA, CFA, CGMA, CFE Chair

Appendix

IACVA List of Countries

Americas

Bahamas Thailand Canada Grenadine Islands India Guatemala

United States

Mexico Puerto Rico Argentina Brazil

Africa

Ghana Kenya Nigeria South Africa Uganda

Europe

Austria Germany Netherlands Switzerland Romania Ireland

United Kingdom

Asia/Pacifica

China Taiwan Japan South Korea Hong Kong Singapore

Malaysia Australia

Middle East

Lebanon Egypt Syria Jordan Kuwait

United Arab Emirates

Saudi Arabia Israel

Commonwealth of Independent

States

Bahrain

Armenia Azerbaijan

The Republic of Belarus

Kazakhstan Kyrgyzstan Moldova Russia Tajikistan Turkmenistan Ukrain

Uzbekistan Georgia Estonia Latvia Lithuania