

21 April 2014

International Valuation Standards Council
1 King Street
London EC2V 8AU
United Kingdom

Dear Sirs

Proposed amendments to IVS 230 and IVS 300

The Malaysian Accounting Standards Board welcomes the opportunity to provide comments on the International Valuation Standards Council's ("IVSC") Proposed Amendments to IVS 230 *Real Property Interest* and IVS 300 *Financial Reporting*.

We commend the IVSC's efforts to develop and revise its standards to enhance the quality and consistency of valuations. We have reviewed the proposed amendments which are relevant to financial reporting and generally we support the said proposals.

Our detailed responses are enclosed in the Appendix of this letter. If you need further clarification or have any queries regarding this letter, please contact Ms Christine Lau at +603 2240 9200 or by email at christine@masb.org.my.

Yours sincerely



Dato' Mohammad Faiz Azmi
Chairman

Question 10

IVS 300 Para 11 Where the effect on value of any assumption made is material, the effect of that assumption shall be disclosed in the report.

It is proposed to delete the words “the effect of” from the reporting requirements in Para 11 on the grounds that the effect of an assumption made during the valuation process is not always known or capable of estimation.

Do you agree with this amendment? If not please explain why.

We agree with the rationale for the proposed deletion. However if sensitivity analysis is required by other standards it will be useful to perform the sensitivity analysis on these assumptions.

Question 11

It is proposed to modify Para G5 to provide stronger guidance that a report that complies with the IVSs should contain sufficient information to enable the reporting entity to determine the level in the input hierarchy in IFRS 13, by virtue of the requirements in IVS 103 5(I) and IVS 300 (10). It would be an exceptional case for a report that complied with these requirements not to contain sufficient information to determine which level of the hierarchy is applicable.

Do you agree with the change?

We agree. The proposed amendment will provide a clear mandate to include sufficient relevant information on the valuation inputs used.

Question 12

Para G18–G24 have been introduced to provide guidance on the definition, accounting treatment and valuation requirements in IAS 40 at a similar level to the guidance provided for other valuation measurements required in different parts of the IFRSs. The Board does not consider that outside of financial reporting there is any need to have a definition of investment property. As elsewhere in the guidance section of IVS 300, the intention is not to reproduce the accounting standard in detail but to highlight some key provisions and direct readers to IAS 40.

Do you agree with this change?

We agree with the IVSC’s approach to include only key provisions of IAS 40 in IVS 300.

Question 13

Do you consider that the proposed new section includes all matters that a valuer of investment property needs to know in order to produce a valuation suitable for inclusion in financial statements?

Para 22 currently reads as “if the entity adopts the cost model, it shall measure all its investment property in accordance with the cost model in IAS 16. However, if the cost model is adopted for measuring the amount at which the investment property is recognized, the entity is still required to disclose the fair value.”

We believe this paragraph can be further expanded to include Para 79 (e) of IAS 40, which reads as follows: “In the exceptional case when an entity cannot determine the fair value of the investment property reliably, it shall disclose the description of the investment property, an explanation of why fair value cannot be determined reliably and if possible, the range of estimates within which fair value is highly likely to lie”. We believe the inclusion of this additional paragraph will enhance the quality of the valuation for financial reporting purposes.