



6 February 2013

To: **Members of the Hong Kong Institute of CPAs**
All other interested parties

INVITATION TO COMMENT ON IVSC DISCUSSION PAPER *VALUATION OF LIABILITIES*

Responses to be received by 28 March 2013

The Hong Kong Institute of Certified Public Accountants' (Institute) Financial Reporting Standards Committee (FRSC) is seeking comments from constituents on the International Valuation Standards Council (IVSC) Discussion Paper *Valuation of Liabilities* which can be downloaded from the Institute's website at:

<http://www.hkicpa.org.hk/en/standards-and-regulations/standards/financial-reporting/exposure-drafts/>.

As stated in the introduction to the Discussion Paper, preliminary investigations have established a lack of guidance specifically relating to the valuation of liabilities. Within the field of financial reporting, the IASB's IFRS 13 *Fair Value Measurement* specifically includes liabilities within its scope, but stipulates that specific assumptions be made that are directed at achieving a consistent accounting measurement of liabilities. Some of these assumptions, for example when a transfer has to be assumed even where fulfilment or cancellation are more likely or that in the absence of quoted prices a liability is to be valued from the perspective of the counterparty holding the corresponding asset, may or may not be appropriate when establishing the value of a liability for purposes other than financial reporting. The IVSC therefore considers that there is a need for standards or guidance on the valuation of liabilities in a wider context.

This Discussion Paper is the first stage of the project. It sets out a number of issues that the IVSC has identified and invites responses from all those with an interest in valuation of liabilities, including, valuation providers, liability holders, investor groups, professional bodies and those with a regulatory role that is impacted by valuation.

The FRSC invites your comments on the proposals. Comments should be supported by specific reasoning and should be submitted in written form. To allow your comments to be considered, in developing its response to the IVSC, the FRSC requests your comments to be received by the Institute on or before **28 March 2013**.

Comments may be sent by mail, fax or e-mail to:

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Comments may be made available for public review unless otherwise requested by the contributor.