



## **International Association of Consultants, Valuators and Analysts**

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20 April 2011

Financial Accounting Standards Board  
401 Merritt 7, PO Box 5116  
Norwalk, Connecticut 06856-5116  
Submitted to [director@fasb.org](mailto:director@fasb.org)

Ladies and Gentlemen,

This letter of comment is submitted on behalf of the IFRS Committee of the International Association of Consultants, Valuators and Analysts (IACVA), a member of the International Valuation Standards Council (IVSC) and the World Association of Valuation Organizations (WAVO). We are a knowledge transfer and credentialing organization with Charters, issued or pending, in Canada, China, Egypt, Germany, Ghana, India, Indonesia, Jordan, Kuwait, Lebanon, Mexico, Nigeria, Philippines, Russia, Saudi Arabia, South Korea, Taiwan, Thailand, United Arab Emirates, United States (National Association of Certified Valuation Analysts – NACVA and the Institute of Business Appraisers – IBA) and Vietnam. The organization has nearly 10,000 members, who are mainly involved in business valuation and fraud deterrence.

As a worldwide organization, our members are extremely concerned with the development of the valuation provision in International Financial Reporting Standards (IFRS), as well as Generally Accepted Accounting Principles in the United States (GAAP). They are especially worried by the trend in the convergence activities that seems to result in IFRS moving towards GAAP rather than the process correcting the many practical deficiencies and complexities of the recent codification, especially its excessive rules.

We appreciate the opportunity to comment on the *Proposed Accounting Standards Update Balance Sheet (Topic 210) Offsetting*. In general, the Committee is pleased with the proposals.

Our detailed observations to the questions for respondents in this ED are as follows:

### Offsetting Criteria—Unconditional Right and Intention to Settle Net or Simultaneously

**Question 1:** The proposals would require an entity to offset a recognized eligible asset and a recognized eligible liability when the entity has an unconditional and legally enforceable right to setoff the eligible asset and eligible liability and intends either:

1. To settle the eligible asset and eligible liability on a net basis
2. To realize the eligible asset and settle the eligible liability simultaneously.

Do you agree with this proposed requirement? If not, why? What criteria would you propose instead and why?

We do not believe in offsetting under any circumstances but, as a practical expedient, would allow it under the described circumstances.

### Unconditional Right of Offset Must Be Enforceable in All Circumstances

**Question 2:** Under the proposals, eligible assets and eligible liabilities must be offset if, and only if, they are subject to an unconditional and legally enforceable right of setoff. The proposals specify that an unconditional and legally enforceable right of setoff is enforceable in all circumstances (that is, it is enforceable in the normal course of business and on the default, insolvency, or bankruptcy of a counterparty) and its exercisability is not contingent on a future event. Do you agree with this proposed requirement? If not, why? What would you propose instead and why?

The right of offsetting must be irrevocable.

### Multilateral Setoff Arrangements

**Question 3:** The proposals would require offsetting for both bilateral and multilateral setoff arrangements that meet the offsetting criteria. Do you agree that the offsetting criteria should be applied to both bilateral and multilateral setoff arrangements? If not, why? What would you propose instead, and why? What are some of the common situations in which a multilateral right of setoff may be present?

We accept only bilateral offsetting.

### Disclosures

**Question 4:** Do you agree with the proposed disclosure requirements in paragraphs 11–15? If not, why? How would you propose to amend those requirements and why?

The disclosures appear satisfactory.

## Effective Date and Transition

**Question 5:** Do you agree with the proposed transition requirements in Appendix A? If not, why? How would you propose to amend those requirements and why? Please provide an estimate of how long an entity would reasonably require to implement the proposed requirements.

No transition arrangements are needed.

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

Respectfully submitted on behalf of the IFRS Committee of IACVA  
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A handwritten signature in black ink, appearing to read "James P. Catty". The signature is written in a cursive style with a horizontal line underneath.

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