

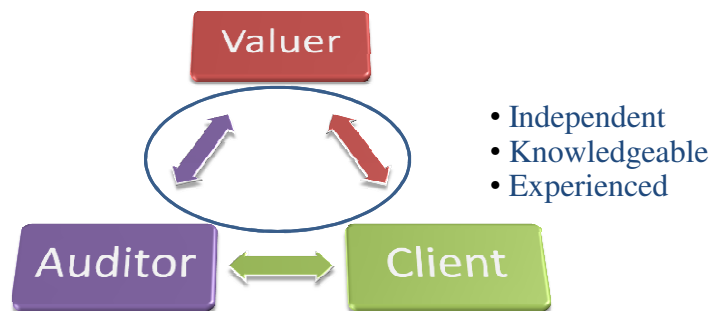


7th IFRS Regional Policy Forum
Panel Session 5: Valuation for Financial Reporting
Presented by Brett Shadbolt

The Role of the Valuer

- Is Warren Buffett's Approach Correct?
 - If you believe that Warren Buffett and value investing is a valid investment approach then by default you believe that market prices do not necessarily reflect true value
- As valuers we will always be wrong, the objective is to be less wrong than anyone else
 - Our role is to filter out the noise and try to pinpoint value from a dataset of prices and other information

Inter-Dependent Relationships



Challenges From Client

1. Clients often have an expected outcome and want valuers to validate this
2. Forecasts are often presented to accomplish the 'target' valuation and may not be supportable
3. Understanding of the valuation process and/or methods are not well understood

Valuers need to educate clients about the role of valuation and ensure they preserve their independence and objectivity throughout the process

Challenges From Auditor

1. Auditors may also have an expected outcome and they expect valuers to arrive at the same conclusion
2. Auditors are very process driven and often pressure valuers to adopt a specific method which may not yield the most reliable result
3. Valuers need to cooperate and respond to auditors requests while not compromising the effectiveness of the audit

Valuers need to be able to effectively employ valuation methodologies in a financial reporting context while managing competing forces from client and auditor.

What Can Valuers Do to Enhance the Process

- Ensure independence from Both Client and Auditor
 - Take a neutral position
 - Keep an open mind but not be unduly influenced
- Ensure they are up to date with latest valuation standards and practice
 - Valuers must be knowledgeable and capable of employing the correct methods in the most efficient manner
- Ensure they are up to date with the valuation aspects of IFRS (and others)
 - Valuers need to understand how valuation must be performed for financial reporting
 - Need to be able to translate valuation results into formats acceptable and understandable by Auditors

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