



## **SUMMARY OF IVSC MEETINGS**

**Madrid, Spain**

**5th – 7th November 2009**

Meetings of the International Valuation Standards Board, the International Valuation Professional Board and the IVSC Board of Trustees, and the 2009 Annual General Meeting of the IVSC took place from 5 – 7 November 2009.

1. The IVSC meetings were preceded by a conference organised by IVSC member – Asociaciyn Profesional de Sociedades de Valoraciyn (ATASA). Among the speakers was IVSC chairman, Michel Prada; Josñ Marñ Roldñ, Director General of Banking Regulation at the Bank of Spain; Santos Gonzñlez, President of the Spanish Mortgage Association; and Fernando Restoy, vice chairman of the Spanish securities regulator, Comisiyn Nacional del Mercado de Valores.
2. The Spanish translation of the International Valuation Standards was launched on the evening of 4 November. Pedro Solbes spoke at the launch. Mr Solbes was Spanish Minister of Economy and Finance from 2004 to 2009 and is currently chair of the Supervisory Board of the European Financial Reporting Advisory Group (EFRAG). In his speech he expressed his support for the work being done by the IVSC stating that he believed the International Valuation Standards “to be the best tool at our disposal for increasing the quality and homogeneity of valuation practices at an international level. The widespread use of IVSC would be a major step forward in enhancing the quality of financial information and market transparency.”

### **International Valuation Standards Board (IVSB)**

3. The IVSB has initiated a major project to improve and update the current edition of the International Valuation Standards (8th edition, 2007). An aim of the project is to ensure that the IVS are not biased toward a single asset type but encompass requirements for the valuation of all assets, liabilities and businesses; another is to improve and structure and drafting. The IVSB received a progress report on the project and gave direction on a number of initial issues that had been identified. The Board anticipates issuing an exposure draft of the revised IVS Q2 2010 with publication of the new edition programmed for Q4 2010.
4. The IVSB approved publication of two guidance notes – revised Guidance Note 4: Valuation of Intangible Assets, and new Guidance Note: The Valuation of Investment Property under Construction. Both will be published early 2010.
5. One of the consequences of the global financial crisis is that the question of valuation certainty has been raised by regulators and investors like. The communiqué from the London meeting of the G20 leaders called for action to address a number of issues, one of which was to develop reporting standards to better convey the degree of certainty or confidence that investors and other users could attach to valuations. The IVSB approved the release of a discussion paper on the subject for release in early 2010 that will examine the need for better communicating the degree of certainty that can be attached to valuation estimates and how this may be achieved.

### **International Valuation Professional Board (IVPB)**

6. There is a clear demand for best practice guidance to support the consistent implementation of the IVS. In response, the IVPB has agreed to review and update the following guidance notes that discuss valuation techniques and methods and will no longer be published as ‘standards’ – GN 7 Hazardous and Toxic Substances, GN 8 The Cost Approach for Financial Reporting (DRC), GN 9 Discounted

Cash Flow, and GN 13 Mass Appraisal for Property Taxation. New best practice guidance is being developed to support the soon to be published GN Valuation of Investment Property under Construction.

7. The IVSB is working with The Appraisal Foundation (TAF) in a collaborative attempt to reduce current diversity in practice in the area of intangible asset valuation for financial reporting. TAF is shortly to publish guidance on *The Identification of Contributory Assets and the Calculation of Economic Rent*. The IVSB has reviewed the paper and will publish an exposure draft of an international version with publication planned for Q22010.
8. As a consequence of the signing of the Memorandum of Understanding between the IVSC and the International Federation of Accountants, the IVPB will begin work on the development of a joint non-authoritative document addressing relevant issues to the auditor's use of an 'expert'. Discussions between the two organizations are likely to include articulation of elements of an agreement needed between the auditor and the valuer, dialogue on issues around independence, a model of agreement letter, reporting and disclosure.
9. The IVPB is developing benchmark standards to improve the standards of valuation education around the world and to promote good ethical practices globally. An exposure draft of a *model Code of Ethics* was approved for publication at the meeting. A discussion paper on the *Definition of a Professional Valuer* will also be issued shortly.

#### **IVSC Board of Trustees**

10. The Board of Trustees debated a draft of the first IVSC Annual Report which will be issued later in the year.
11. The Board confirmed the reappointment of three members of the IVSB whose term of office expired thus ensuring continuity of membership for the IVSB's second year of operation. One change in the membership of the IVPB was approved. The Board has appointed Doug McPhee as a member of the IVPB for a three year period. Mr McPhee is Partner, Corporate Finance, Doha/London; Head of KPMG's Europe, Middle East and Africa Valuation Services division; and Deputy Chair, KPMG's Global Valuation Services division.

#### **Annual General Meeting**

12. The AGM elected the following organisations as members of the IVSC:

##### **as Valuation Professional Organisation Members:**

- .. Association for Protection of Landowners Rights, Georgia
- .. Finnish Association for Real Estate Valuation
- .. Public Institution Auditing, Accounting and Property Valuation Institute of the Republic of Lithuania

##### **as Corporate Members**

- .. Greater China Appraisal Ltd, Hong Kong
- .. Hiro & Reas Network, Japan
- .. Khong & Jaafar, Sdn Bhd, Malaysia

##### **as Institutional Members**

- .. Ministry of Lands and Resettlement, Namibia
- .. National Council for Real Estate Investment Fiduciaries (NCREIF), USA
- .. Price Control Dept, Ministry of Finance, Vietnam

.. South African Council for Property Valuers Profession

These new admissions mean that 48 countries are now represented on the IVSC by 62 organisations.

The AGM received a report from the successful inaugural meeting of the Professional Organisations Advisory Forum. The forum has been established to give professional organisations in membership of the IVSC the opportunity to meet to discuss matters of common interest and to provide advice and counsel to the IVSC Boards. John Martin, representing the Australian Property Institute, was elected as chairman of this first forum. Similar advisory forums are to be established for other IVSC membership groups.