



International Valuation Standards Committee

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Developing global valuation standards

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New IVSC members

The following institutes were accepted as members of the IVSC at the 2005 AGM:

- Bundesverband der Immobilien-Investment-Sachverständigen e. V. (BIIS)
- The Egyptian Association of Real Estate Appraisers
- Institute of Philippine Real Estate Appraisers (IPREA)
- The Practising Valuers Association of India
- Russian Board of Appraisers

Delegates from Asociación Profesional de Sociedades de Valoración (ATASA) Spain and the Russian Society of Appraisers have become members of the IVSC Management Board. A delegate of the Nigerian Institution of Estate Surveyors and Valuers has become the Developing Country Representative on the Management Board.

What's New on the IVSC Website

The IVSC has published revised International Valuation Guidance Note 3 (GN3) *Valuation of Plant and Equipment*. GN 3 was amended to ensure consistency with revised International Valuation Application 1 (IVA 1) *Valuation for Financial Reporting* published in the 2005 edition of International Valuation Standards. Revisions to IVA 1 were undertaken to reflect the changes made to the International Financial Reporting Standards as part of the IASB Improvements Project.

["Resource Codification, Valuation Standards, and Sustainable Development."](#) Presentation by Trevor R. Ellis, leader IVSC, Extractive



IVSC Chairman

Joseph J. Vella, MAI, CRE, FRICS, has been named chair of the IVSC for two years - 2006/2007.

"The IVSC has made spectacular progress over the last few years, especially in terms of production of high-quality standards, its evolving corporate governance, and its profile among world regulators and international agencies," said Vella. "There remains much to be done, but the cohesion, team spirit and vision of IVSC and its membership will enable it to achieve its end objectives and strategic goals - on behalf of its constituents and to the benefit of the entire profession and users of valuation results worldwide."

As president of Hendricks, Vella, Weber and Williams, a real estate decisions firm located in Tiburon, Calif., Vella has more than 25 years of experience in real estate research, analysis, valuation and consulting. He has been the United States representative to the IVSC since 1999, serving on the Management Board, Standards Board and Editorial Board. Vella has also been an active member of the Appraisal Institute, serving on the Valuation for Financial Reporting Task Force, International Relations Committee and Appraisal Standards Council. In addition, he has received the Appraisal Institute's prestigious national President's Award for his distinguished service to the appraisal industry.

"We are at an important time in the valuation profession as the convergence of accounting and valuation standards at the international level continues to have a significant impact on financial reporting for corporations and public entities," notes John W. Ross, CEO of the Appraisal Institute. "We are pleased that an Appraisal Institute member of the caliber and experience of Joe Vella is at the helm of the International Valuation Standards Committee. The Appraisal Institute is dedicated to working with Mr. Vella and the IVSC to establish uniform standards for valuation of all assets and liabilities throughout the world."

Adoption of IVS Turkey

The 2005 edition of IVS has been translated into Turkish and legislation proposed by the Capital Markets Board of Turkey stipulating the use of the IVS for valuations for both mortgage lending and financial reporting is expected to be

Industries Task Force to meeting of UNECE's Ad Hoc Group of Experts on Harmonization of Reserves and Resources Terminology Geneva, Switzerland, 9-11 November 2005 is published on the IVSC website.

Call for Papers

World Valuation Congress (WVC), Kuala Lumpur, 9-11 May 2006. 'Expanding the Horizon: Re-engineering the Profession through Innovations'. The WVC is an international forum for the discussion of the valuation of real estate. A call for papers can be found at www.worldvaluationcongress.org

23rd Pan Pacific Congress of Real Estate Appraisers, Valuers and Counselors. San Francisco, 16-19 September 2006
'The Valuation Revolution: New Partners, Borderless Markets, Innovative Technology.'

The PPC encourages submissions that focus on cross-border work and the application of the real estate professional's skills in working for multinational companies or for international investors. One of the proposed topic areas is the implementation of IVS. www.appraisalinstitute.org/ppc

passed during January 2006. Details will be published on the CMB website - www.spk.gov.tr - The Chairman of the Capital Markets Board, Doc. Dr. Dogan Cansizlar, welcomed the collaboration with the IVSC which he said would support "our mutual goal of a strong appraisal profession throughout the world to ensure more effective capital and real estate markets".

Philippines

The Institute of Philippine Real Estate Appraisers passed a resolution in September 2005 adopting the IVS for use by its members. The rationale behind the decision was the adoption of IFRS within the Philippines .

Growing awareness of IVS in financial reports

As companies across Europe begin to report under International Financial Reporting Standards, so there is increasing reference to IVS in financial reports. Three that have recently come across the desk are:

CLS HOLDINGS PLC: IFRS TRANSITION REPORT 31 Dec 2004

After initial recognition, investment property is carried at fair value.. These valuations are performed in accordance with the guidance issued by the International Valuation Standards Committee.

SLOUGH ESTATES INTERIM REPORT 2005

Details of external valuation of investment properties at interim reporting date, IAS 40. *The valuation basis is fair value, conforms to international valuation standards and was arrived at by reference to market evidence of the transaction prices for similar properties.*

CITYCON INTERIM REPORT 2005

In the valuation of investment properties according to IAS 40 Citycon has decided to use the fair value model,

which will result in changes in value being posted to the income statement. The valuation of investment properties is assessed in accordance with International Valuation Standards (IVS) at least once a year by an external valuation professional

Measurement Bases for Financial Reporting

The IASB has published for public comment a Discussion Paper **Measurement Bases for Financial Reporting - Measurement on Initial Recognition** . The Discussion Paper, prepared by staff of the Canadian Accounting Standards Board (AcSB), analyses possible bases for measuring assets and liabilities on initial recognition. Neither the IASB nor the AcSB has yet debated the Discussion Paper. Comments are invited by 19 May 2006. The full Discussion Paper and a condensed version are available on the IASB's website.

Of particular importance to the IVSC is the comment in the paper that " *Property valuation is a field of knowledge and expertise apart from traditional financial accounting, and is based on standards that have been developed by a separate body outside the accounting standard setting process. It is proposed that accounting standard setters should obtain a thorough understanding of IVSC standards, and their application, to be in a position to evaluate how and when they may be accepted to meet financial reporting purposes. This paper proposes that a project be undertaken by the IASB and national standard setters with the IVSC to examine the IVSC body of standards and practice in light of financial accounting measurement objectives*".

Green Paper on Mortgage Credit in the EU

The IVSC has responded to the European Commission paper looking at whether and how to develop a European market in mortgages calling on the Commission to consider the introduction of International Valuation Standards. The IVSC is grateful to the RICS whose response was also supportive of the use of IVS. Extracts from the RICS response follow:

*Property valuation is central to mortgage transactions and EU mortgage lending is increasingly funded through international wholesale markets. It is essential that the Commission encourages measures which deliver global transparency and comparability, such as the **use of international property valuation standards** , to promote European markets to the global investors identified in the green paper.*

We note the Commission's intention to look more closely at the funding markets as a way forward for European integration and support this move. It is imperative to the success of these markets that issuers, rating agencies and investors have confidence in the value of the underlying assets they are trading in. Only International Valuation Standards have the capacity to deliver the levels of transparency and comparability that will be key here. profit international standard setter that has developed global valuation standards for the past 25 years, works closely and collaborates with PISCES and OSCRE on this shared area of interest.