



International Valuation Standards Committee

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Developing global valuation standards

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Restructuring the IVSC

The IVSC restructuring proposals will be debated at a meeting open to all interested parties and potential stakeholders to be held on 15 April 2007 in San Francisco. Register your interest in attending the meeting on the IVSC website as soon as possible.

IVSC Work Programme

Eighth edition International Valuation Standards: *To be published Q2 2007*

Revised IVS 2 - Valuation Bases other than Market Value: *Early publication on website Q1 2007*

Revised IVA 2 - Valuation for Lending Purposes: *Early publication on website Q1 2007*

New IVA 3 - Valuation for Financial Reporting of Public Sector Assets: *Early publication on website Q2 2007*

New GN - Valuation of Historic Property: *Early publication on website Q1 2007*

Proposed Revisions to GN 8 - The Cost Approach for Financial Reporting: *Consultation draft issued Nov 2006*

Proposed Revisions to GN 9 - Discounted Cash Flow Analysis: *Consultation draft to be issued Q1 2007*

The Valuation of Intangible Assets for IFRS Reporting Purposes: *Exposure draft to be issued Q2 2007*

Proposed revisions to GN8 released

International Valuation Guidance Note 8 - The Cost Approach for Financial Reporting was substantially revised prior to the current edition of the International Valuation Standards, published in 2005.

Although these revisions were the culmination of a significant period of consultation that commenced in 2002, because of the need to have the revised guidance in place for the beginning of 2005 when IFRS were being adopted in the European Union and other countries, there was no time to issue an exposure draft detailing the Board's conclusions. Subsequently representations have been received requesting clarification or suggesting minor improvements. The proposed revisions to GN 8 have been posted on the IVSC website and comments are requested by 31 December 2006.

UK Financial Services Authority (FSA) consults on amendments to prospectus rules

The FSA is consulting on a proposed change to its prospectus rules. Property companies incorporated in the UK, the Channel Islands or Isle of Man would have to provide valuation reports prepared in accordance with the RICS standards. However, for all other property companies the FSA is proposing that valuation reports be prepared either in accordance with RICS standards or the standards issued by the International Valuation Standards Committee. This, according to the FSA, clarifies the standards which valuation reports need to meet, while providing companies with a choice of standards and not restricting them to standards which originate from the UK. The requirements would also apply to a valuation report for a property collective investment undertaking.

The proposals are available on the FSA website www.fsa.gov.uk

Auditor's use of specialists

At its October 5, 2006, meeting, the Standing Advisory Group of the US Public Company Accounting Oversight Board met to review the PCAOB's standard-setting priorities for 2007. A new project will examine the use of specialists including the use of specialists in fair value measurements.

In his comments to the Standing Advisory Group (SAG), PCAOB Chief Auditor Thomas Ray explained:

- In this project, we would reevaluate the auditor's use of specialists, either when a company engages or employs a specialist and the auditor uses that specialist's work as evidential matter in performing an audit, or when the auditor engages a specialist and uses that specialist's work as evidential matter.
- Specialists are used in determining valuations including fair value measurements used in financial statements, determining the physical characteristics relating to quantity of assets on hand or their condition, determining amounts by using specialized techniques or methods, and interpreting technical requirements, regulations, or agreements. Earlier this year, the SAG discussed issues relating to specialists.
- Based on that feedback, and given the increased use of fair value measurements in financial reporting, we are planning to undertake a separate project to reevaluate the auditor's use of specialists. Additionally, the PCAOB is evaluating the need for revisions to or guidance on existing auditing standards on auditing estimates, auditing fair values, and using the work of specialists — all of which are pertinent to the audit of fair value measurements-in light of FASB Statement No. 157 Fair Value Measurements.

The PCAOB is monitoring the work of the International Auditing and Assurance Standards Board who also has a project in process on the use of specialists and is expected to issue an exposure draft second quarter 2007.