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Valuation of intangible assets

The IVSC will shortly be issuing two documents for public consultation:

- . Exposure Draft of proposed revised International Valuation Guidance Note, GN 4, *Valuation of Intangible Assets*; and
- . Exposure Draft of proposed new International Valuation Guidance Note, GN 16, *Valuation of Intangible Assets for IFRS Reporting Purposes*

The Exposure Drafts will be available on the IVSC website and comments are requested by 30 April 2009.

Valuation of investment property under construction under IAS 40

The IASB has introduced changes that bring investment property under construction into the scope of IAS 40 *Investment Property*; previously property under construction was carried at cost until completion.

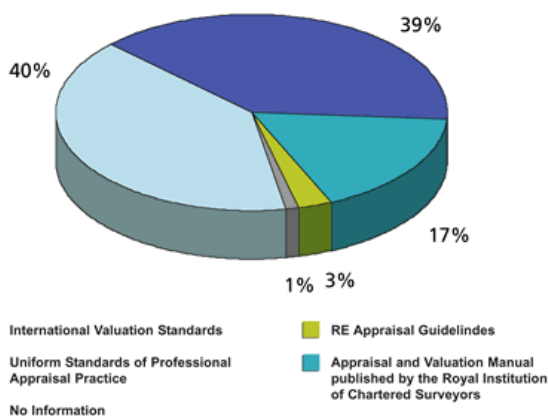
At the request of the European Public Real Estate Association, who were concerned at some diversity in the approach that entities or their advisors are adopting to the valuation of part completed projects, the International Valuation Standards Board (IVSB) has agreed to produce a draft Guidance Note for exposure during early 2009. However, in the light of the need for entities to start reflecting investment property in IFRS statements produced after 1 January 2009, the IVSB will shortly be issuing an interim statement that summarises the major valuation issues and its preliminary view of the valuation principles that should be adopted.

Canada to adopt IVS

The Appraisal Institute of Canada (AIC) currently publishes the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP) to guide its members and protect the public. CUSPAP are similar to USPAP, the standards developed in the United States by The Appraisal Foundation. Canada is due to adopt the International Financial Reporting Standards for Publicly Accountable Entities effective January 1, 2011. The AIC Board has recently directed its standards committee to begin the transition from CUSPAP to the International Valuation Standards (IVS). The objective is to have in place IVS by January 2010, well in advance of the implementation of IFRS the following year. This timing will also align with the prior period reporting requirements under IFRS.

During 2008, RealPac, the Real Property Association of Canada, published research undertaken by McGill University intended to help Canadian real estate companies preparing for IFRS implementation. The study entitled 'Performance Measurement and Recognition of Real Estate Assets: An International Exploration of Reporting Practices adopted in the Real Estate Industry' reviewed the financial statements of 33 leading real estate companies from 16 countries around the world subject to IFRS.

The study examined the disclosure practices of firms with regards to their real estate assets and reviewed whether companies revealed the valuation standards used in the determination of fair values. 60% of the companies surveyed did disclose the standards used, with 39% following the International Valuation Standards. A further 17% of companies stated that they followed The Appraisal and Valuation Manual published by the Royal Institution of Chartered Surveyors that incorporates the International Valuation Standards.



US SEC supports fair value accounting

The US Securities and Exchange Commission has published its Congressionally mandated study on mark-to-market accounting also known as fair value accounting. The SEC had been given the authority by Congress to suspend mark-to-market accounting if the regulator deemed such a move "necessary or appropriate in the public interest". However the SEC has concluded that the suspension of fair value accounting to return to historical cost-based measures would likely increase investor uncertainty. The Commission also tried to rebut the claim that fair value accounting helped accelerate the financial crisis by forcing banks to value assets at unreasonably low prices on their books.

The SEC does consider that additional measures should be taken to improve the application of existing fair value requirements and recommends that FASB work with valuation and appraisal organizations to develop additional valuation guidance and best practice documents. The SEC also recommends that FASB review the role of its Valuation Resource Group on which IVSC is the only non-US organization to be represented. A very short summary of some of the comments provided by IVSC to SEC is included in the report. The report is available on www.sec.gov

New IVSC members

The new structure of the IVSC establishes the independence of the two technical standard setting boards but also seeks to ensure that the work of these boards serves and balances the interests of a wide range of stakeholders - valuers, professional institutes, national standard setting bodies, accountants, auditors, regulators, governments and all those who rely on valuation reports. To help achieve this second ambition the IVSC remains a membership organization with membership open to those with an interest in, and willing to contribute to, the development of international valuation standards.

At the 2008 AGM the following organizations were admitted to membership of the IVSC:

- National Association of Valuers of Serbia
- Auctioneers and Valuers Association of Australia Inc
- Institute of Foresters of Australia
- Expertise Institute for Valuation of Assets of Georgia
- Securities and Exchange Commission of Pakistan
- Sri Lanka Accounting Standards Monitoring Board
- International Association of Consultants, Valuers and Analysts (IACVA)