



Fédération Française des
Experts en Evaluation

**IVSC
IVSC Standards Board**

1 King Street,
EC2V 8AU
London
United Kingdom

Paris,
31 August 2016

- **Response to the IVSC Standards Board consultation - Comment on IVS 101 Scope of Work, IVS 102 Investigation and Compliance and IVS 103 Reporting, IVS 200 Businesses and Business Interests, IVS 300 Plant and Equipment, IVS 400 Real Property Interests, IVS 410 Development Property, IVS 500 Financial Instruments Exposure Drafts**

The Fédération Française des Experts en Evaluation (FFEE)¹ welcomes the opportunity provided by the IVSC Standards Board to comment on the consultation on IVS 101 Scope of Work, IVS 102 Investigation and Compliance and IVS 103 Reporting, IVS 200 Businesses and Business Interests, IVS 300 Plant and Equipment, IVS 400 Real Property Interests, IVS 410 Development Property, IVS 500 Financial Instruments Exposure Drafts

Questions

IVS 2017: Exposure Draft

- a) In IVS 2013, all substantive portions of the standards were labelled as “commentary” (except for scope and effective date). This label seems to have created some confusion amongst stakeholders as to whether the standards were mandatory. The Board’s position is that all aspects of IVS 2017 should be mandatory and this exposure draft has removed the “commentary” label for clarity. Do you agree with the removal of the commentary label?

We agree

¹ The Fédération Française des Experts en Evaluation (FFEE) is a Professional Body Organisation that brings together the most representatives French professional organisations in the three areas of activity of the IVSC - Real estate, Business valuation, Financial instrument. Our Federation consists of 12 national organisations that are all representatives of at least one of the three areas of activity.



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- b) Do you agree with the Board's decision to remove the section on Bases of Value from the IVS Framework and produce a single chapter on Bases of Value in order to clarify the mandatory nature of this section and to avoid repeating certain guidance throughout the IVS? If not, why?

We agree

- c) Do you agree with the Board's decision to remove the section on Valuation Approaches from the IVS Framework and produce a single chapter on valuation approaches and methodologies in order to clarify the mandatory nature of this section and to avoid repeating certain guidance throughout the IVS? If not, why?

We agree

- d) Do you agree with the IVS definition of Exceptions and Departures? If not, why?

We agree

IVS 101 102 103

IVS 101 Scope of Work

- (a) Do you agree that it is the valuer's responsibility to communicate the scope of the assignment to all parties to the valuation engagement? If not, why?

We agree

- (b) Do you agree that a written scope of work for each valuation engagement is not always possible or necessary? If not, why?

We agree

IVS 102 Investigations and Compliance

- (c) Do you agree that a valuer must perform sufficient investigations and procedures to assess the appropriateness of all inputs and assumptions? If not, why?

We agree

- (d) Do you agree that significant limitations that impair a valuer's ability to assess the appropriateness of the inputs and assumptions should result in a valuation not being in compliance with IVS? If not, why?

We agree

IVS 103 Reporting

- (e) Do you agree with moving from a prescriptive to a principle-based reporting format? If not, why?

We agree



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(f) Do you accept that a report can take any form providing it sets out a clear and accurate description of the scope of the assignment, its purpose and intended use and discloses of significant inputs assumptions? If not, why?

We agree

IVS 200: Business and Business Interests - Exposure Draft

a) In IVS 2013, all substantive portions of IVS 200 *Business and Business Interests* were labelled as “commentary” (except for scope and effective date). This label seems to have created some confusion amongst stakeholders as to whether the standard was mandatory. The Board’s position is that all aspects of IVS 2017 should be mandatory and this Exposure Draft has removed the “commentary” label for clarity. Do you agree with the removal of the commentary label?

We agree

b) The Board believes that the standard presented in this Exposure Draft can be applied in the valuation of business and business interests regardless of the purpose of the valuation (acquisitions, mergers and sales of businesses, taxation, litigation, insolvency proceedings and financial reporting). Do you agree? If not, for what purpose(s) do you believe this standard cannot be applied? Why?

The standard presented in the exposure draft can be used regardless the purpose of the valuation as being the IVSC rules. The context of the valuation could nevertheless influence the parameters of the valuation (ie risk premium in case of distressed assets in case of insolvency proceedings, premiums in case of take-over, etc.). It has to be explained.

In case of tax considerations or recommendations from tax authorities it has to be admitted that these recommendations could not comply with IVSC rules.

c) Are there any further topics or special considerations that you feel the Board should add or remove from IVS 200 Business and Business Interests? If so, what are they and what is your rationale?

See (b)

IVS 300: Plant and Equipment - Exposure Draft

a) In IVS 2013, all substantive portions of IVS 220 *Plant and Equipment* were labelled as “commentary” (except for scope and effective date). This label seems to have created some confusion amongst stakeholders as to whether the standard was mandatory. The Board’s position is that all aspects of IVS 2017 should be mandatory and this Exposure Draft has removed the “commentary” label for clarity. Do you agree with the removal of the commentary label?

We agree

b) The Board believes that the standard presented in this Exposure Draft can be applied in the valuation of plant and equipment regardless of the purpose of the valuation (secured lending, sales of plant and equipment, taxation, litigation, insolvency proceedings and



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financial reporting etc.). Do you agree? If not, for what purpose(s) do you believe this standard cannot be applied? Why?

The standard presented in the exposure draft can be used regardless the purpose of the valuation as being the IVSC rules. The context of the valuation could nevertheless influence the parameters of the valuation (ie liquidity, size, insolvency proceedings). It has to be explained.

In case of tax considerations, recommendations from tax authorities or insolvency proceedings it has to be admitted that these recommendations could not comply with IVSC rules.

c) Are there any further topics that you feel the Board should add or remove from IVS 300 Plant and Equipment? If so, what are they and what is your rationale?

See (b)

IVS 400: Real Property Interests - Exposure Draft

- a) In IVS 2013, all substantive portions of IVS 230 *Real Property Interests* were labelled as “commentary” (except for scope and effective date). This label seems to have created some confusion amongst stakeholders as to whether the standard was mandatory. The Board’s position is that all aspects of IVS 2017 should be mandatory and this Exposure Draft has removed the “commentary” label for clarity. Do you agree with the removal of the commentary label?
- b) Do you agree with Section 20.5, which states it is the valuers responsibility to state the extent of the investigation and source of the information to be relied on? If not, why not?
- c) The Board believes that the standard presented in this Exposure Draft can be applied in the valuation of real property interests regardless of the purpose of the valuation (secured lending, sales of real property, taxation, litigation, insolvency proceedings and financial reporting. etc). Do you agree? If not, for what purpose(s) do you not believe this standard can be applied? Why?
- d) Are there any further topics that you feel the Board should add or remove from IVS 400 *Real Property Interests*? If so, what are they and what is your rationale?

No comment from the FFEE on those points as we did not have the answers from the real-estate organisation members of the FFEE. However a large number of those organisations are affiliated to TEGOVA and their members are also, for a large part, member of the RICS.

IVS 410: Development Property - Exposure Draft

- a) In IVS 2013, all substantive portions of IVS 233 *Investment Property Under Construction* were labelled as “commentary” (except for scope and effective date). This label seems to have created some confusion amongst stakeholders as to whether the standard was mandatory. The Board’s position is that all aspects of IVS 2017 should be mandatory and this Exposure Draft has removed the “commentary” label for clarity. Do you agree with the removal of the commentary label?
- b) The Board believes that the standard presented in this Exposure Draft can be applied in the valuation of both commercial and residential development property regardless of the purpose of the valuation (ie. establishing whether proposed projects are economically viable, loan security, acquisition, taxation, litigation, financial reporting etc.). Do you agree? If not, for what purpose(s) do you not believe this standard can be applied? Why?



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- c) Are there any further topics that you feel the Board should add or remove from IVS 410 *Development Property*? If so, what are they and what is your rationale?

No comment from the FFEE on those points as we did not have the answers from the real-estate organisation members of the FFEE. However a large number of those organisations are affiliated to TEGOVA and their members are also, for a large part, member of the RICS.

IVS 500: Financial Instruments - Exposure Draft

- a) In IVS 2013, all substantive portions of IVS 500 *Financial Instruments* were labelled as “commentary” (except for scope and effective date). This label seems to have created some confusion amongst stakeholders as to whether the standard was mandatory. The Board’s position is that all aspects of IVS 2017 should be mandatory and this Exposure Draft has removed the “commentary” label for clarity. Do you agree with the removal of the commentary label?

We agree

- b) The Board believes that the standard presented in this Exposure Draft can be applied in the valuation of financial instruments regardless of the purpose of the valuation (acquisitions, mergers and sales of businesses or parts of businesses, financial reporting, regulatory requirements, internal risk and compliance procedures and regulatory requirements). Do you agree? If not, for what purpose(s) do you believe this standard can not be applied? Why?

The standard presented in the exposure draft can be used regardless the purpose of the valuation as being the IVSC rules. The context of the valuation could nevertheless influence the parameters of the valuation. It has to be explained.

However, it has to be admitted that these recommendations could not comply with IVSC rules when taking into consideration the recommendations from the regulators, IAS or US GAAPs standard setters.

- c) Are there any further topics that you feel the Board should add or remove from IVS 500 *Financial Instruments*? If so, what are they and what is your rationale?

See (b)

If the IVSC Standards Board would find it useful, we remain available for any further questions.

Yours sincerely,

Le Président

Gilles de Courcel

Le Délégué général

Amaury Catrice