

# NETHERLANDS COUNCIL FOR REAL ESTATE ASSESSMENT

IVSC Standards Board  
1 King Street  
LONDON EC2V8AU  
United Kingdom

our ref.  
16.2348 BB

att.  
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date  
31 august 2016

about: Consultation IVS

Dear mr. Sherman,

Again with great interest we have read the exposure draft for IVS 101, IVS 102, IVS 103, IVS 200, IVS 300, IVS 400, IVS 410 and IVS 500.

Attached you find our responses to the questions asked in the exposure draft. Because the valuation of Business and Business Interests and the valuation of Financial Instruments both fall outside our field of work, we have not included a response on these matters.

Kind regards,

mr. J.G.E. Gieskes

secretary-director

**Attachment 1: Reaction to IVS exposure draft**

**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?*

Yes, we do. In some cases a valuation is used for purposes that logically would not require or allow a written scope of work for each individual valuation. This is for instance the case with portfolio valuations that are done over a larger period of time and with valuations for taxation purposes. In these cases a *standing engagement* will

**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.

(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 300 Plant and Equipment**

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

We agree.

(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?*

We believe this standard is both comprehensive and in general is clear. Under 20.5 however the text is a little bit confusion. We believe it is indeed good to distinct between plant and equipment that are connected to the building and are being valued as part of the real interest and equipment that are not. However the distinction between equipment that contributes to the regular functioning of the building (gas, electricity, heating, cooling, elevators etc.) and the equipment that services the production process could in our eyes clarify the text.

### **IVS 400 Real Property Interests**

(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?

We agree.

(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?*

In general we do. However some guidance on how to describe this extent would be useful.

(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?*

We agree.

(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?*

We would like to add to 20.6 that another much used assumptions are:

- that an interest is being valued without taking into account other existing interests, or
- that the owner holds all possible rights