

# IVS2016 – Standards Setting Process

Steve Sherman (Standards Board Chair)

Adam M Smith

Alexander Aronsohn

Peter Melvin



**INTERNATIONAL VALUATION STANDARDS COUNCIL**

## Agenda

- Introduction from Standards Board Chair
- Goal / Vision
- Standards Setting Process
- Potential IVS Structure
- Gap Analysis
- Discussion / Questions



**INTERNATIONAL VALUATION STANDARDS COUNCIL**

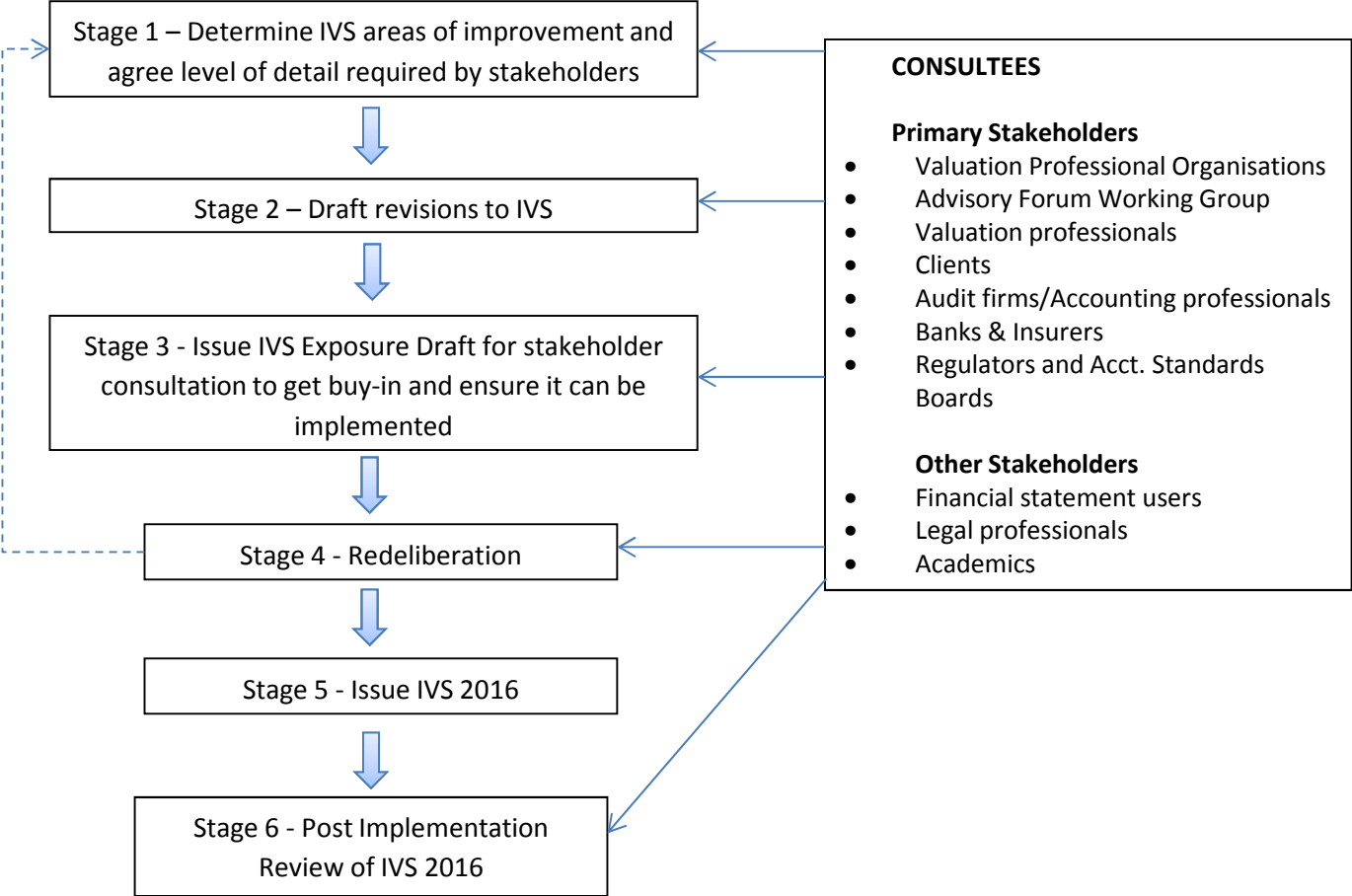
## Goal/Vision

Priority is to expand the depth of International Valuations Standards and ensure they are fit for purpose and provide much needed clarity and market efficiency.



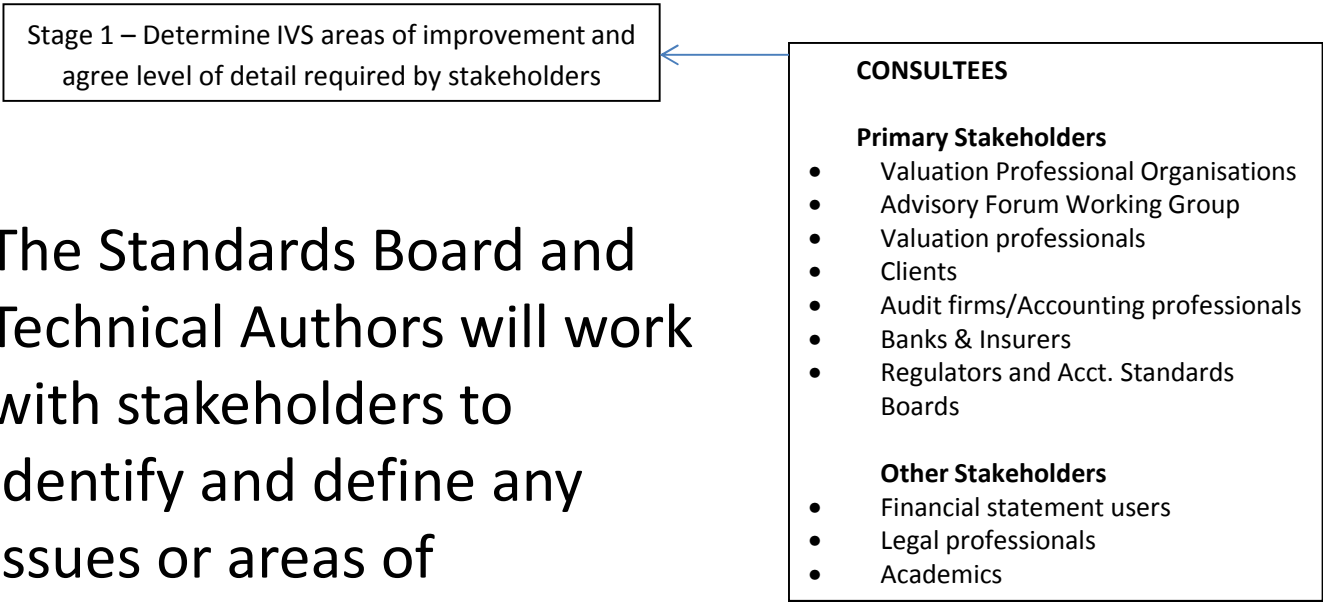
**INTERNATIONAL VALUATION STANDARDS COUNCIL**

# Standards Setting Process



**INTERNATIONAL VALUATION STANDARDS COUNCIL**

# Standards Setting Process – Stage 1



The Standards Board and Technical Authors will work with stakeholders to identify and define any issues or areas of improvement within IVS and to agree the depth and focus needed for IVS.



## Standards Setting Process – Stage 2

Stage 2 – Draft revisions to IVS

This is the drafting stage where the Technical Authors are to work with the relevant specialism related standards board and stakeholders to revise IVS and to prepare a consultation document and questions.

**CONSULTEES**

**Primary Stakeholders**

- Valuation Professional Organisations
- Advisory Forum Working Group
- Valuation professionals
- Clients
- Audit firms/Accounting professionals
- Banks & Insurers
- Regulators and Acct. Standards Boards

**Other Stakeholders**

- Financial statement users
- Legal professionals
- Academics



## Standards Setting Process – Stage 3

Stage 3 - Issue IVS Exposure Draft for stakeholder consultation to get buy-in and ensure it can be implemented

This is the consultation stage, where IVSC will proactively consult and engage with VPOs and other primary and secondary stakeholders to gain their buy-in and ensure changes are practical to implement.

### CONSULTEES

#### Primary Stakeholders

- Valuation Professional Organisations
- Advisory Forum Working Group
- Valuation professionals
- Clients
- Audit firms/Accounting professionals
- Banks & Insurers
- Regulators and Acct. Standards Boards

#### Other Stakeholders

- Financial statement users
- Legal professionals
- Academics



**INTERNATIONAL VALUATION STANDARDS COUNCIL**

## Standards Setting Process – Stage 4

Stage 4 - Redeliberation

At this stage the comments received from the consultation stage will be reviewed and the Standards Board will decide whether a secondary consultation stage is necessary prior to the issue of the revised standard (potential return to Stage 1).

### CONSULTEES

#### Primary Stakeholders

- Valuation Professional Organisations
- Advisory Forum Working Group
- Valuation professionals
- Clients
- Audit firms/Accounting professionals
- Banks & Insurers
- Regulators and Acct. Standards Boards

#### Other Stakeholders

- Financial statement users
- Legal professionals
- Academics



**INTERNATIONAL VALUATION STANDARDS COUNCIL**



## Standards Setting Process – Stage 5

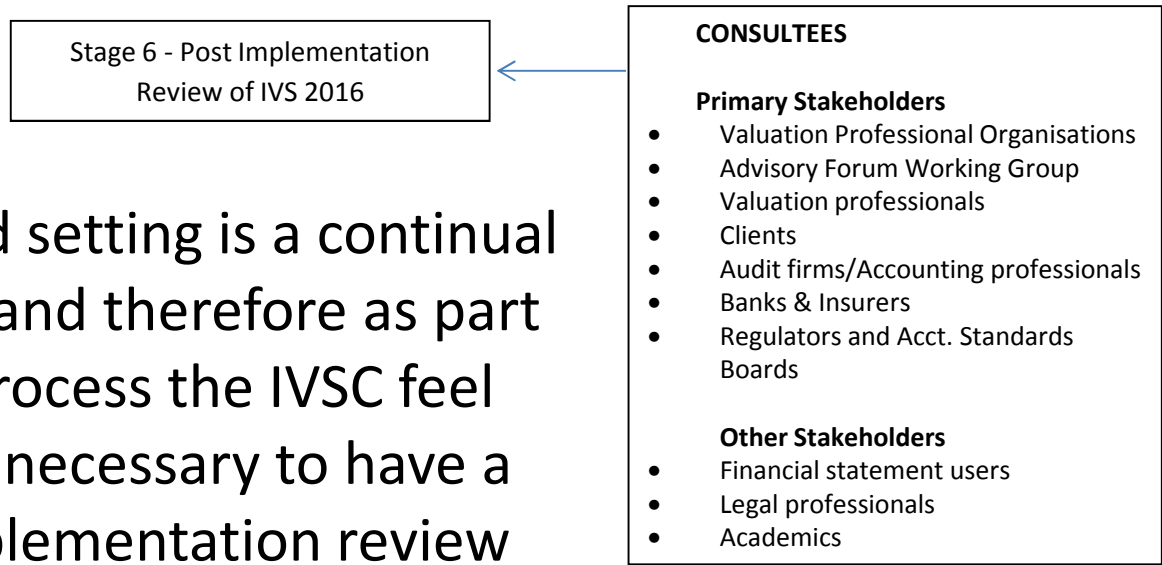
Stage 5 - Issue IVS 2016

This is the final stage, where IVSC will issue IVS with an agreed effective date after the issue of the standards so members have the opportunity to embed the revised standards in their business practices.



**INTERNATIONAL VALUATION STANDARDS COUNCIL**

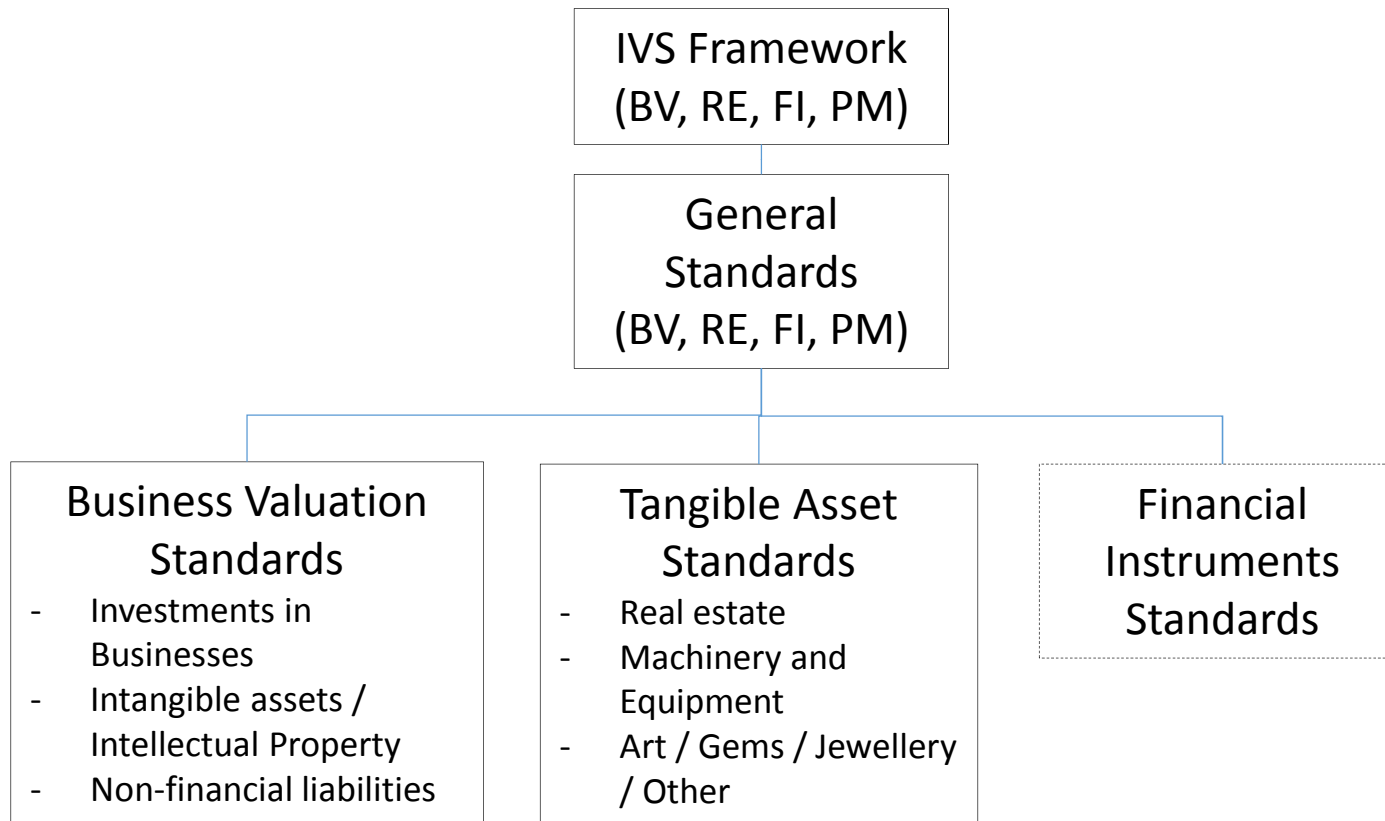
## Standards Setting Process – Stage 6



Standard setting is a continual process and therefore as part of this process the IVSC feel that it is necessary to have a post implementation review to identify future areas for further standards development and to check that IVS meets market needs.



# Potential IVS Structure



**INTERNATIONAL VALUATION STANDARDS COUNCIL**

# Review of Existing IVS and Gap Analysis

The following are areas that have been identified as part of an IVS gap analysis.

- Analysis of Commercial Lease Transactions
- Bases Of Value and Valuation
- Contracts
- Depreciated Replacement Cost Method of Valuation for Financial Reporting
- Discounts and Premia
- Early Stage/Development Stage Valuations
- Expected Cash Flow
- Inspections and Material Considerations
- International/Multinational Valuations
- Liabilities
- Use of Observable vs. Unobservable Inputs
- Valuation of Individual Trade-Related Properties
- Valuation in Markets Susceptible to Change: Certainty and Uncertainty
- Valuation of Personal Property including Art and Antiques.
- Valuation of Portfolios, Collections, and Groups of Properties / Assemblage Value
- Valuation of Residential Properties
- Valuations for Taxation purposes including taxes and tax flow-through Entities



## Example: Proposed Revision of Existing Standard

### IVS 210 Intangible Assets

- Very high level
- Identifies some types of intangible assets and several methods, but not comprehensive

### TIP 3 – The Valuation of Intangible Assets

- Includes additional information on types of intangible assets, valuation methodologies, and special considerations in intangible asset valuation

Recommendation: Incorporate relevant aspects of TIP 3 into IVS 210. Include additional detail and depth to the topics covered at a high level in existing guidance.



**INTERNATIONAL VALUATION STANDARDS COUNCIL**

# Discussion / Questions



**INTERNATIONAL VALUATION STANDARDS COUNCIL**