



# International Valuation Standards Council E-Newsletter

November 2013: Issue 59

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## Report from IVSC Tokyo Meetings

### Welcome to new members

The following organisations were elected as members at the 2013 IVSC AGM on 9 November:

#### Valuation Professional Organisation Member

- American Institute of Certified Public Accountants (AICPA), USA

#### Institutional Members

- Bureau for Court Expertise, Republic of Macedonia
- Institute of Valuers and Appraisers of Singapore
- The Appraisal Foundation, USA

#### Academic Members

- Leventhal School of Accounting, University of Southern California, USA
- Ankara University, Real Estate Development Department, Turkey

#### Provisional Valuation Professional Organisation Member

- Institute of Chartered Valuers, Bangladesh

This brings the number of IVSC members to **85**, representing **58** countries.

Sir David Tweedie, Chairman of the IVSC Board of Trustees, comments:

*"In today's uncertain financial world, the development of global valuation standards has never been more relevant. We are encouraged by the number of leading organisations that share the belief that raising standards of international valuation practice benefits the capital markets, contributes to the growth of strong economies around the world and leads to improved confidence of investors and users of valuation services."*

*"Our members are greatly valued. Not only do they provide financial support but they play an integral part in achieving the IVSC's vision, taking an active role in the organisation and ensuring standards are set which have global applicability and credibility."*

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### New Board member

Mr Ragveer (Raj) Brar was appointed as a member of the IVSC Standards Board by the Board of

Trustees, effective as from the date of the 2013 AGM.

Currently working at the heart of financial regulation in the UK as Manager of the Valuation & Controls Team at the Bank of England, Raj is also a member of the ICAEW's Valuation Group Committee and brings a wealth of experience to the role.

Originally qualifying as a chartered accountant with PwC, Raj also spent time at HSBC, reviewing capital markets activities around the world as a Senior Audit Executive in the Investment Banking and Markets division and at Lehman Brothers as a Senior Auditor from 2003 to 2005 before becoming a Technical Specialist in the Market Risk Team for the Financial Services Authority (FSA).

Raj founded the FSA's Valuations and Product Control Team to build the regulatory capacity to challenge firms' valuations and controls around finance, including the investigation of rogue trader incidents. Raj has developed the prudent valuation regime for fair valued assets, where he is now playing a leading role in the development of the European Banking Authority's Regulatory Technical Standard on prudent valuation. Raj's remit was subsequently expanded to include internal audit and the general control environment around trading businesses including front office controls, which lead to him taking up his current position heading up the FSA's Valuation & Controls Team, which transferred into the Bank of England in 2013 as part of changes to UK regulation.

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## Report on Board and Advisory Forum meetings

### Standards Board

Among the highlights of the recent Standards Board meeting was the approval of TIP 4 *Valuation Uncertainty*. This is now going into production and should be available before the end of the year, both in hard copy and through IVSonline. Watch for further announcements. The Board also approved the publication of Exposure Drafts on *Credit and Debit Valuation Adjustments* and of proposed changes to IVS 230 and IVS 300 to reflect issues arising from the Investment Property project. It also approved an Exposure Draft of a proposed new TIP on *Development Property*, which will eventually replace the existing IVS 233. These drafts will be published before the end of November, with a comment period until the end of February 2014.

### Professional Board

The Professional Board finalised the *Valuers Guide to the Audit Process*. This has changed significantly from the Exposure Draft released last year and now more directly addresses that practical issues of which a professional valuer needs to be aware when preparing valuations that will be included in audited financial statements. This is now in production and is expected to be available early in 2014. The Board also approved an Exposure Draft of the first in a series of Illustrative Examples to assist professional valuers in understanding and correctly applying the principles in the IVSs in different situations. The first chapter covers Bases of Value and will be published for comment shortly. The Board spent time considering the initial responses to its recent Discussion Paper on developing International Professional Valuation Standards and is in dialogue with the Advisory Forum on how best to take forward some the initiatives identified in the paper.

### Advisory Forum

The IVSC Advisory Forum met on 8 and 9 November. The meeting of Valuation Professional Organisations (VPOs) from around the globe explored the challenges facing the valuation profession today. The meeting of over 30 VPOs from both developed and developing economies had representatives from every continent.

The meeting explored the challenges facing valuers in each country and identified key common challenges which included access to reliable data, the need for greater recognition by governments and regulators of the need for International Valuation Standards (IVSs) and access to appropriate education and training. The debate was vibrant and good humoured but seriously addressed the issues that face the valuation profession.

## Thanks

The IVSC thanks the Japan Association of Real Estate Appraisers and the Tokyo Association of Real Estate Appraisers for their support in making meeting rooms available to the IVSC. The IVSC would also like to thank Aki Watanabe, a member of the IVSC Board of Trustees, and his staff at GCA Savvian Corporation, who worked so hard to ensure the success of the meetings.

### Dates for the diary

#### 27 March 2014

– Professional Board Meeting, *London*

#### 28 March 2014

– Standards Board Meeting, *London*

#### 26 June 2014

– Professional Board Meeting, *London*

#### 30 June 2014

– Standards Board Meeting, *London*

#### 20-24 October 2014 , *Toronto*

– Annual General Meeting

– Advisory Forum

– Professional Board

– Standards Board

Meetings of the Professional Board and Standards Board are open to observers subject to prior registration. Registrations can be made via the IVSC website a month in advance of the meetings and are subject to space being available.

Forward this email  
to others who may be interested.

Please feel free to contact us with any queries you may have.

### IVSC Professional Board Chairman Greg Forsythe points to increasing marketplace concerns regarding reliability of goodwill analytics and disclosures in his paper "*Minimizing goodwill impairment differences globally: No fast or easy solution*"

Greg Forsythe, Chairman of the IVSC's Professional Board, and The Center of Valuation Excellence leader at Deloitte Financial Advisory Services LLP, discusses how the lack of consistent practices in assessing goodwill impairment for financial reporting purposes is increasingly apparent as companies operate globally.

He illustrates that inaccurate goodwill accounting and disclosures can:

- Distort financial reporting, potentially leading investors and analysts to lose confidence in the company;
- Cause a company's stock price to plummet, and;
- Expose the company and its executives to potential legal, regulatory, and reputational risks.

Read Greg's paper in full [here](#).