

Your Latest Newsletter From Valuology



Valuology

Struggling to keep up to date with what is happening in the world of valuation? We provide a quick overview of a few recent changes or proposed changes to valuation standards along with some recent work we have been doing which may be of interest.

New help for valuers

During our work with valuers and those who rely on valuations we see a number of common problems and misunderstandings about requirements in valuation and other standards. Often there is a lack of accessible guidance on practical solutions that the valuer can adopt to deal with client requests in a way that provides the client with the advice they need and which complies with the standards in question.

To help fill this gap we are pleased to launch our short series of “Valuers’ Briefings”. These are written by valuers for valuers. They are not academic studies but focus on key matters of which a valuer needs to be aware and practical ways of dealing with them. The first of these is on dealing with requests to provide a value based on a restricted sales period. We also expect to be issuing shortly a briefing on valuing tangible assets under IFRS with a supplement looking at the similarities and differences that arise under UK accounting standards. These briefings are free. All you need to do is sign up

as a subscriber on our website at www.valuology.org.

valuations360

Built by EG for valuers facing shorter deadlines, squeezed margins and increased regulation, valuations360 is a single end-to-end solution that saves valuers significant time, optimises processes, creates efficiencies and improves profitability. Valuations360 facilitates the creation of valuation reports by integrating templates, document automation, a firm's own data sources and those provided by Radius. EG realised that it was important for firms to continue to report in their preferred style and firms subscribing to valuations360 have hitherto had to supply their own templates for uploading to the platform. However, while this flexibility of style and content is an important feature of the product, EG also found that many firms wanted to review or revise their templates before signing up to ensure compliance with current RICS and other requirements, and this was creating an obstacle to their adopting the product.

We are pleased to say that we have been working with EG to produce a suite of "off the shelf" templates for terms of engagement and reports which will be available to subscribers when an updated version of valuations360 is launched this autumn. These templates can still be customised by subscribers to suit their preferred style and the type of work undertaken, but it provides a starting point which many will find helpful and speed up the transition to the system.

All change in the Caucasus

Last year we reported on Chris's appointment to advise on the development of a new law to regulate valuation and valuers in Georgia, as part of an USAID funded project, Governing for Growth in Georgia. This involved initially meeting with different government ministries and agencies and with local and international firms currently providing valuation services in the country in order to understand the problems the new law would need to address and the solutions that would be workable. This led to a detailed recommendations report which was further discussed with the various stakeholders. Chris then liaised with a Georgian lawyer to produce a recommended draft law which is scheduled to be brought before parliament for approval. This has been followed by advice on the development of the professional infrastructure needed to implement the new law including developing professional organisations with the structure, governance, membership requirements, membership monitoring and certification pathways based on IVSC criteria. We are currently in discussion with agencies in two other countries interested in

enhancing their regulation and governance around valuation and aligning this with IVSC norms.

IVS 2019 - or not?

The IVSC issued a new version of the IVSs in July. If you are a member of a member organisation of IVSC, such as RICS, you should be able to access this through your organisation's website, or else you can download from the IVSC's website at a cost of £80 per annum for a single user. Previous editions have always had the year of publication in the title, eg IVS 2017, but in line with the IVSC's aspiration to produce more frequent updates, all future editions will simply be the IVS, with the effective date also shown, in this case 31 January 2020. The major changes in this version were mainly signalled in two earlier exposure drafts. The first issued in July 2018 proposed many of the changes that have been made and second in issued in January 2019 dealt specifically with the new standard on "Non-Financial Liabilities". A further Exposure Draft of Technical Revisions to IVS 2017 was issued in April with a closing date for comments of 29 June, but nevertheless some of the changes proposed in that document have also appeared in this version. This Newsletter is not the place for a detailed commentary on the changes. Of most concern to practitioners will be new prescriptive rules on the use of DCF and on the valuation of development property. We have prepared a detailed review of the changes which can be [viewed here](#).

RICS - tell them what you think

RICS has just issued two new consultations. The first is on proposed changes to the Global Red Book. Some of these are a consequence of the changes made a few weeks ago to the IVSs, see above. However, the RICS is also proposing some other changes. At first sight, none of these seem potentially controversial but the devil is often in the detail. [The proposals can be viewed here](#), but only a very limited period is being allowed for comments, which have to be with RICS by 11 October.

The second consultation is on a revised Guidance Note on the valuation of intellectual property rights. [The consultation draft can be viewed here](#).

We will be reviewing both these documents in detail and will be posting our comments to RICS on our website in due course.

Conflicts and Takeovers

Last autumn the UK Takeover Panel consulted on a proposed new Rule 29 on Asset Valuations. Following our response, the Panel asked for a further conversation with us on two issues that we raised – the problem of “retrospective” conflicts of interest and the use of special assumptions. In its [response statement](#) the panel accepted wording we suggested about the use of special assumptions. It also accepted that situations could arise where the valuer who had provided a valuation within the past twelve months could find themselves conflicted in subsequent takeover proceedings, for example if the acquiring party was also a client. The Code Committee clarified that the valuer who confirms or updates a valuation for the purposes of Rule 29 does not have to be the same as the valuer who gave the original valuation, and that any guidance on the handling of conflicts in such a situation is a matter for the appropriate professional bodies. We understand that RICS is considering this issue, but in the meantime firms need to be alert to the possibility that asset valuations undertaken for a corporate client may be required to be disclosed in any subsequent takeover proceedings within the next twelve months and the effect this may have on their terms of engagement and conflict checking procedures. The new Rule 29 became effective in April 2019.

In brief

Brand valuation

The International Organisation for Standardisation (ISO) has published a new standard – Brand evaluation: Principles and fundamentals. This complements an earlier standard – Brand valuation : Requirements for monetary brand valuation. Both standards are available either from the ISO or from national standard setting agencies.

Intellectual Property Assets

To help businesses navigate this increasingly important area, the International Chamber of Commerce has issued a *Handbook on the Valuation of Intellectual Property Assets* to provide a practical overview of the main aspects in IP valuation and to serve as a common knowledge base for the different parties involved in the valuation process. The handbook was developed with the help of a 30-strong group of experts in different domains (such as tax, accountancy, customs, and intellectual property) from 15 countries to ensure a multidisciplinary and international approach.

[ICC Handbook on the Valuation of Intellectual Property Assets](#)

Reporting of Intangibles

In February, the UK Financial Reporting Council launched a consultation on

possible improvements to the reporting of intangible assets. The paper considered the case for radical change to the accounting for intangible assets and the likelihood of such change being made in the near future. Although the FRC has yet to publish on its website the result of the consultation, a summary of comments received was provided to the July meeting of the IFRS Accounting Standards Advisory Forum and is available on the website:

[View the FRC Paper](#)

Reporting of Public Sector Assets

A consultation paper from the International Public Sector Accounting Standards Board lays out proposed guidance for measurement bases for assets and liabilities most commonly used by public sector entities when applying IPSAS. The deadline for comments is **30 September 2019**.

[View the IPSAS Consultation Paper on Public Sector Assets](#)

Please Get in Touch

We help firms and organisations maximise valuation quality and minimise risk. We can review your current procedures for undertaking or commissioning valuations, update templates for your valuation documents or run internal seminars on a range of valuation topics, such as report writing. If you would like to discuss how we might be able to help you please do not hesitate to contact us, either via our website or simply by replying to this email. You can also follow us on Twitter or LinkedIn, and follow our Blog on www.valuology.org.

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