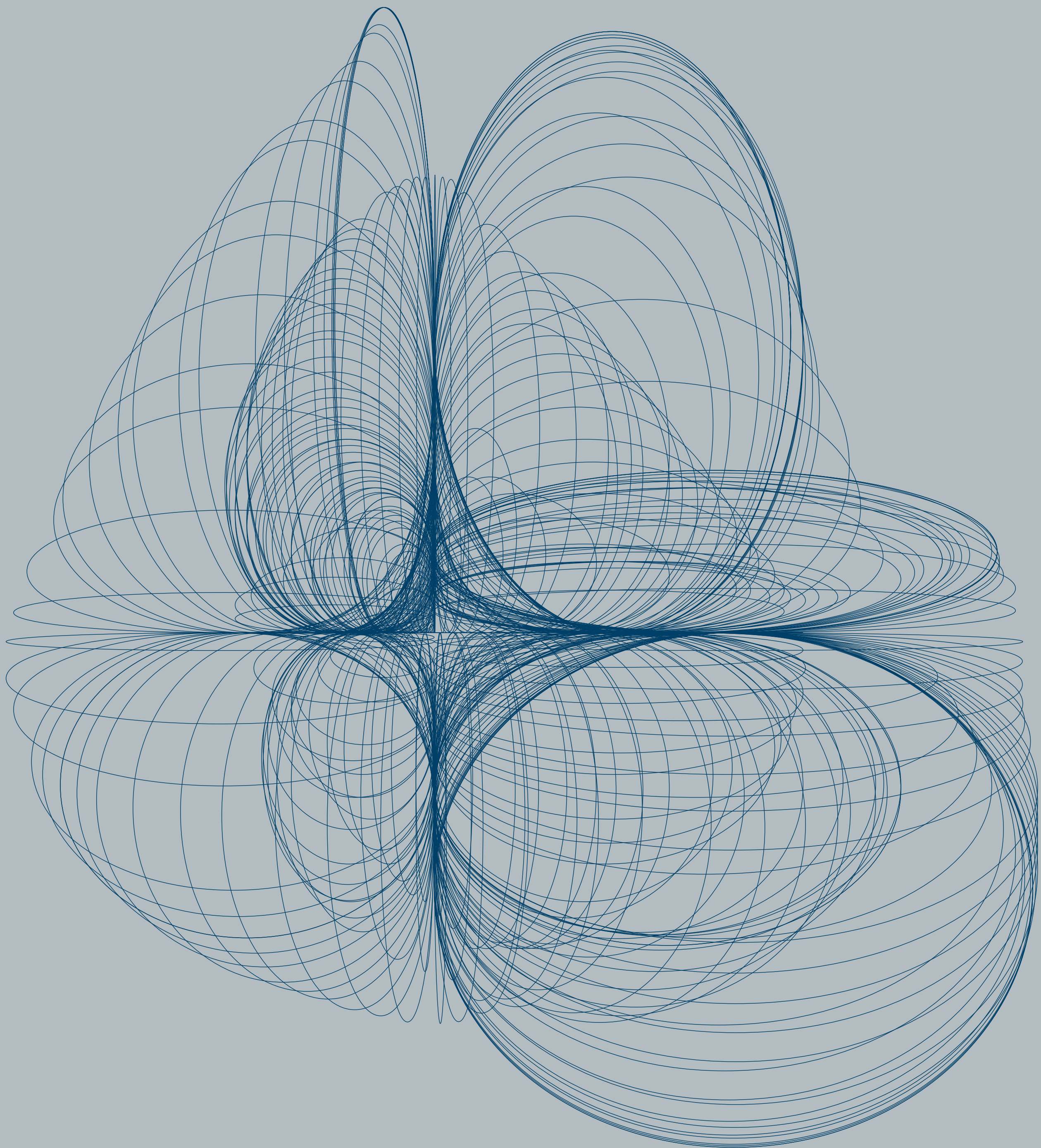
Valuology



THE PATH TO GLOBAL VALUATION STANDARDS

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AMBITION AND REALITY

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1 / INTRODUCTION

Profiles of the valuation profession in over 100 jurisdictions[1] have been developed by Valuology and are available on the Valuology website (www.valuology.org). The profiles are not a complete or exhaustive assessment of local rules and regulations within a jurisdiction. They are intended to provide an understanding of the different approaches to valuation regulation and practice and the diversity of standards in use. In particular, the profiles illustrate progress towards wider adoption of the International Valuation Standards (IVS) as published by the IVSC.

FOR EACH JURISDICTION OR TERRITORY THE FOLLOWING INFORMATION HAS BEEN COLLATED

- Whether there are laws restricting who may provide certain types of valuation and if so what types of valuation are subject to these restrictions;
- Whether there is a legally recognised body responsible for certifying or approving valuers;
- Whether there is a legal or regulatory requirement to use the IVS; and
- Whether the government or a government approved body issues or endorses the issue of valuation standards and, if so, what they are called.

A LIST OF VALUATION PROFESSION ORGANISATIONS (VPOS) WITHIN EACH JURISDICTION IS PROVIDED TOGETHER WITH ANSWERS TO THE FOLLOWING

- Are they a member of the International Valuation Standards Council (IVSC)?
- Do members have to follow IVS?
- Does the organisation issue its own standards?
- If so, do these include, replace or extend IVS?

WE HAVE REVIEWED ALL THE PROFILES AND CAN MAKE THE FOLLOWING HIGH-LEVEL OBSERVATIONS

- A majority of the jurisdictions researched regulate the provision of real property valuations (66%). A further 16% also regulate business or intangible asset valuations while the remaining 18% have no statutory regulation of valuers or valuations. However, in some jurisdictions where there is no legal regulation there are strong self-regulating VPOs.

[1] In this paper, jurisdiction refers to any country or self-governing territory.

- Although there is a positive trend in the influence of the IVS on valuation practice globally, very few jurisdictions have a legal or regulatory requirement for the use of the IVS. Of the 63 jurisdictions that have valuation standards, either issued by government bodies or VPOs, only 29 either fully adopt or make reference to IVS.
- The number of VPOs or organisations within a jurisdiction whose members provide valuation services varies greatly; some have more than ten VPOs but others none at all. Of the 233 VPOs identified in the profiles, less than 50% are IVSC members.

This paper provides comments and recommendations based on our analysis of the information assembled and our analysis of the profiles. We hope it will assist towards achieving the goal of consistent global valuation standards by identifying some of the obstacles that lie in the way and recommending action to overcome them.

2 / BACKGROUND TO THE IVSC

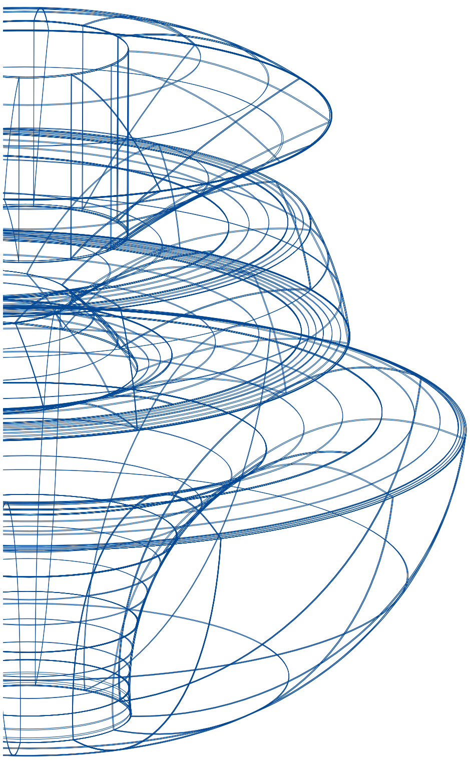
THE DEVELOPMENT OF THE IVSC

The history of the IVSC extends for forty years. The genesis of the move towards international valuation standards starts in 1981 when a few of the largest valuation professional organisations around the world came together to support the formation of The International Assets Valuation Standards Committee (TIAVSC). Its principal objective at the time was restricted to publishing valuation standards and procedural guidance for the valuation of tangible fixed assets for use in financial statements. This was the only purpose for which valuation standards were then considered necessary and for which international accounting standards were also being promulgated.

The ambition of the TIAVSC was to **harmonise** standards among the world's states and to identify and make disclosures of differences in statements and/or applications of standards as they occur. Almost the first task that the TIAVSC set for itself was to arrive at an international consensus for the definition of market value. This was clearly more difficult than it may have first appeared as achieving a common definition acceptable to all was not achieved until 1993.

By the early 1990s pressure was growing for harmonisation of valuations for other purposes, most notably bank lending and later for intangible assets and business valuation to be included. This was reflected in the change of name of the Committee in 1994 to the International Valuation Standards Committee (IVSC).

The Asian financial crisis and the growing development and use of international accounting standards in the late 1990s was the spur to major developments at the IVSC. The original idea behind the IVSC was to be a vehicle through which "Best Practices" could be agreed by the major global professional bodies and then shared with countries which did not have their own standards. However, against the backdrop of rapid globalisation the objective of the IVSC became more ambitious - to produce a single set of global valuation standards. The first set of comprehensive standards was published by the IVSC in 2000 and regularly updated over the following seven years.



Achieving this aspiration and obtaining wider recognition of the IVS, particularly by key national regulators in the financial sector, was being frustrated by the perception that the IVSC was purely a representative body for VPOs and, furthermore, was dominated by real estate valuers. The threat to the IVSC if it failed to make changes to its structure was becoming apparent. Other national, regional or international bodies, or indeed governmental bodies and regulators, were likely to emerge to fill the gap in response to market pressures and become the de facto global or regional valuation standard setter.

In January 2007 the IVSC published proposals for a radical restructuring to transform the IVSC from a committee of representatives of its member valuation organisations into an independent body. The organisation would remain a membership based organisation but the criteria for membership would be broadened beyond VPOs to include valuation firms, national standard setters, users of valuations, academics and others. The debate on the restructuring proposals was vigorous with many VPOs reluctant to cede control of the organisation but in January 2009 the restructured IVSC, renamed the International Valuation Standards Council, became operational. It consisted of three main bodies:

- An independent Board of Trustees responsible for the strategic direction and funding of the IVSC and for appointments to the Standards Board and Professional Board;
- A Standards Board with autonomy over its agenda and the creation and revision of valuation standards; and
- A Professional Board to promote the development of the profession around the world through producing professional and educational material in support of the standards.

An Advisory Forum Working Group was also established to provide VPOs an opportunity to provide advice and counsel to the Boards.

Michel Prada, former Chair of the *Autorité des Marchés Financiers* (AMF), France and a former chair of the Executive Committee of the International Organisation of Securities Commissions (IOSCO) was appointed as the first chair of the Board of Trustees.

A further evolution in 2015 saw the Standards Board replaced by three subject matter expertise boards with an overarching Standards Review Board and the Professional Board replaced by a Membership and Standards Recognition Board.

3 / PROGRESS TOWARDS IVS ADOPTION

3/1 The adoption of the International Valuation Standards (IVS) is seen by the IVSC as critical to greater transparency, consistency and professionalism in valuation and, hence, greater confidence in valuation. Although there is growing evidence to suggest that IVS and the role played by IVSC is gaining in support and awareness, this rarely translates into full adoption of the IVS. In many cases local standards are issued which contain some of the definitions and principles in the IVS but this is not the same as adoption.

Recent claims that "around 130 organisations in over 150 countries, as well as many financial institutions and investors, have adopted the valuation standards" or that "International Valuation Standards (IVS) are being used by professional valuers in more than 100 countries" appear optimistic. Larger VPOs with valuation standards based on the IVS and with members spread around the world does not translate into the IVS being recognised or adopted by regulatory authorities in those countries.

3/2 There have been a number of attempts in the last 17 years to encourage adoption of the IVS, two of which we highlight below:

I _ SEEKING CONVERGENCE WITH UNIFORM STANDARDS OF APPRAISAL PRACTICE (USPAP)

Four of the main appraisal organisations in the USA signed a Memorandum of Understanding in May 2003 to recognise and support the International Valuation Standards and to support the Appraisal Foundation in its efforts to coordinate their standards with the IVS. In 2006 the Madison Agreement was signed between the IVSC and the Appraisal Foundation with the goal of harmonising the

IVS and the Uniform Standards of Professional Appraisal Practice (USPAP). This was updated in 2014 when the IVSC signed a further MoU with the Foundation. Both organisations renewed the commitment to cooperate on standard setting and setting out a pathway to eliminate the few remaining material differences between USPAP and the IVS over the next three years.

Notwithstanding these earlier commitments, a further attempt to harmonise USPAP, the IVS and the Canadian Uniform Standards of Professional Appraisal (CUSPAP) issued by the Appraisal Institute of Canada, emerged in 2019. A consultation draft was issued "Core Principles of Valuation Standards & Core Principles of Valuation". This begs the question as to how these correspond to the IVS which themselves are described as fundamental principles and concepts.

II _ THE MULTI-LATERAL MoU

By 2014, there was a growing recognition that adoption of the IVS was not as straightforward as had been envisaged. The main drivers of adoption - the major VPOs in each country - often had to comply with national regulations or had their own membership rules which they would not outsource to a third party. After significant negotiation with the various VPOs in membership of the IVSC, a Memorandum of Understanding (MoU) was signed in 2014 between the IVSC and 22 leading VPOs. This allowed VPOs to either "adopt" or "comply" with the IVSs, with a clear definition of what each entailed[2]. Those signatories that were issuing standards which were not compliant with IVS agreed to make them compliant by the end of 2017 or to retire them and adopt the IVS instead. However, our survey has found little evidence of the actions agreed in the MoU having been taken.

Indeed, more recently the IVSC seems to have reverted to the position of seeking unconditional adoption of the IVS rather than pursuing the alternative of compliance. For example, in the 2017/18 IVSC Annual Report a former chair of the Trustees, Sir David Tweedie stated:

"From my point of view, and incidentally that of the International Accounting Standards Board (IASB), which I chaired for the first 10 years of its existence..., the meaning of adoption is

[2]An organisation Adopts or has Adopted the IVSs by:

i. requiring its members to use the IVSs as published by the IVSC and,

ii. at its discretion, issuing Additional or Supplementary Valuation Standards provided these are consistent with any relevant principles in the IVSs except to the extent that may be necessary to comply with local law or regulation.

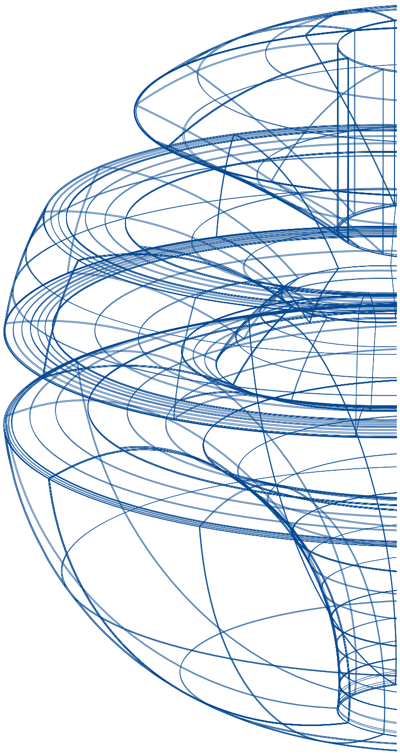
To Comply or be Compliant with the IVSs the organisation's standards shall:

i. contain requirements that are equivalent to, consistent with or more stringent than the Requirements in the IVSs, except to the extent necessary to comply with local law or regulation,

ii. ensure that any words or terms used that appear in the list of Definitions in the IVSs are defined using the IVS definition,

iii. ensure that any guidance or other supporting information contained within or issued in conjunction with the organisation's standards shall be consistent with the Requirements except to the extent necessary to comply with local law or regulation.

simple. International standards are only adopted when they are applied in their entirety and word for word. Only then can the users and providers of these standards have confidence that the outputs are consistent and comparable on a like-for-like basis. Adopting only parts of an international standard, or adopting principles that are close to the standard but not actually the same, only serves to add further risk and confusion."



3/3 FALSE COMPARISONS WITH IFRS

We would argue that comparison with the International Financial Reporting Standards (IFRS) issued by the IASB is inappropriate. The IFRS relate to a single, closely defined product, i.e. an entity's published financial statements. In most jurisdictions companies are regulated by law so governments are in a position to require or permit the use of IFRS. In contrast, valuation is a discipline covering a vast range of different types of assets, markets and purposes. Some types of valuation activity are regulated in some jurisdictions, but most are not. When Sir David Tweedie spoke of "adoption meaning word for word reproduction of the international standards" he was reflecting his experience in the world of financial reporting rather than the far more diverse world of valuation. For valuation the scope of matters that can be applied consistently and accepted as applicable on a global basis is much more limited than the detail required for the consistent composition of a set of financial statements. Additionally, the fact that the degree of legislative oversight is not only limited but inconsistent between jurisdictions means that different and more flexible models are necessary to achieve a set of valuation standards that can be applicable across as many markets and jurisdictions as possible.

3/4 THE CURRENT INITIATIVE

The IVSC Advisory Forum Working Group (AFWG) released a discussion paper for consultation in December 2019 entitled "Position Paper – Adoption 2020". This discussion paper recommended that IVSC member organisations strive to complete the process of adopting the IVS by the end of 2020. The paper accepts that there has been confusion about what exactly 'adoption' is and acknowledges that there has been adaption to varying degrees rather than adoption, where IVS has been incorporated in part, or in an amended form. The paper seeks to clarify the position by stating that adoption means:

1_ *To incorporate IVS, word-for-word, in the standards issued by a VPO, or*

2_ *To issue IVS, word-for-word, in the absence of already published national valuation standards, or*

3_ *To use the same wording as the IVS within national standards, which might themselves also include additional information or guidance relating to local legislation or practices, so long as these local practices do not contradict the principles contained in IVS, or are within the definition of 'Departures' (IVS Framework Section 60) which prescribes for practices outside IVS which are "pursuant to legislative, regulatory or other authoritative requirements".*

This discussion paper includes the statement "if the technical standards writers of IVS, USPAP and CUSPAP can agree on a single set of IVS that are able to be adopted then this will greatly assist global adoption". This illustrates the confusion which exists. Prominent USA based VPOs were among the founding members of TIAVSC. They have remained involved ever since and contributed to the development of the IVS over that time. However, they continue to issue their own standards which may be similar to but are not the IVS. The suggestion that an agreement between a statutory standard setter in the USA, a Canadian real estate VPO and the IVSC will greatly assist global adoption is contradicted by the repeated failure of similar previous agreements to have any significant effect. Furthermore, this initiative could actually impede wider global adoption or use of the IVS if other nations perceive that North American organisations have had an undue influence on IVS development.

Given no update has been made publicly available on the outcome of this discussion paper, there is no evidence of IVSC member organisations moving to adopt IVS during the past twelve months. Indeed, the reality is that more than thirty years after the IVSC came into existence, most of its principal members and supporters continue to produce their own standards for their members. It is clear that it was unrealistic to expect VPOs with established standards to give them up and/or forego sovereignty over their creation in the short term if ever.

4 / COMMITMENT TO THE INTERNATIONAL VALUATION STANDARDS

While many VPOs may have made a commitment to global valuation standards, most maintain national standards that are said to be "based on" , "complementary to", "similar to" or "converged with" IVS. Our research found that valuation standards that either include or make reference to the IVS are in use in 29 jurisdictions. Among the descriptors used to refer to the relationship with the IVS are:

- *National standards are a regional supplement;*
- *National standards provide further details on implementation of IVS,*
- *National standards are partly adapted from IVS 2017;*
- *National standards implement IVS and considered complementary additions to IVS at regional level;*
- *IVS adopted as basis;*
- *National standards adopt and apply the IVSs setting out specific requirements and additional guidance re practical implementation;*
- *National standards use references from other valuation standards;*
- *National standards developed on basis of IVS and European Valuation Standards (EVS);*
- *National standards follow IVS;*
- *National standards based on IVS and USPAP;*
- *National standards incorporate IVS 2017;*
- *National standards include IVS, EVS and local standards; or*
- *National standards have regard to IVS*

While in most cases the result is clearly not "IVS as issued by the IVSC", adherence to other national standards could lead to concurrent compliance with IVS.

Valuology has not reviewed the various national standards to ascertain compliance with the IVS but it knows the RICS Valuation - Global Standards (the Red Book) well. RICS is the largest VPO in membership of the IVSC and it includes both the IVS as published and its own parallel rules for members in the "Red Book". One of its rules is that members must comply with the IVS. However, RICS has written its own versions of most of the IVS requirements, often with variations in the wording or status. An example is that some material in the IVS designated as mandatory is described in the RICS version as advisory. It is questionable whether the Red Book can be said to be "compliant" with the IVS as they are now written.

One repercussion of the lack of clarity over the relationship of many national standards to the IVS is confusion flowing through into statements appearing in valuation reports. Some statements clearly contain inaccuracies; others are examples of valuers referencing a variety of valuation standards with no attempt to disclose any differences between those standards and thus potentially falsely asserting compliance with IVS.

A sample of such statements from some of the 2020 reports we have seen include:

- *Our valuations are in accordance with the European Valuation Standards which is turn have been drawn up in accordance with the International Valuation Standards.*
- *In our work we adhere to the following key standards:*
  The Federal Law "About valuation activity in the Russian Federation" (Federal Law № 135, issued on 29 July, 1998)
  RICS Valuation Standards
  International Valuation Standards, 2013
- *The valuation is prepared in accordance with the practice standards contained in the Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors (RICS) or in accordance with International Valuation Standards published by the International Valuation Standards Council.*
- *redacted) Valuations operates in accordance to the three General Standards as laid down by the International Valuation Standards Council, these being IVS 101 Scope of Work, IVS 102 Implementation and IVS 103 Reporting.*
- *The Valuation Reports carried out for international clients conform to the International Valuation Standards issued by the International Valuation Standards Council of Royal Institution of Chartered Surveyors (RICS).*
- *Appraisal methods used by appraisers are compliant with international standards and guidelines as defined by RICS, IVSC (International Valuation Standards Council) and FSIF (Fédération des Sociétés Immobilières et Foncières).*

- *Investment property is appraised in accordance with SLFRS 13, LKAS 40 and the 8th edition[3] of International Valuation Standards published by the International Valuation Standards Committee (IVSC), by the independent valuers.*

5 / CHALLENGES FACING THE IVSC

The challenges facing the IVSC as it seeks wider adoption of the IVSC remain considerable. We highlight two that have become evident from our findings:

5/1 THE REGULATORY ENVIRONMENT

I_ The regulatory environment for real estate valuation is generally well established with 66% of jurisdictions surveyed having statutory regulation. However, outside North America there are few professional bodies that accredit and regulate intangible asset and business valuers. These specialisms have evolved from different professional backgrounds and these valuations are routinely undertaken by business advisors, financial analysts, merger and acquisition specialists and particularly by members of the accounting profession. Although the number of accounting professional organisations seeking membership of the IVSC has grown slowly since the 2008 restructure it still stands at only twelve. To put this into context, membership of the International Federation of Accountants consists of more than 170 professional accountancy organisations, a number of whom issue valuation standards or guidance for their members.

II_ In the majority of jurisdictions that have valuation standards, these are set or approved by national governments or government approved bodies. However, again the majority of these standards relate to real estate valuation and only a handful specify use of IVS. In a smaller number of jurisdictions valuation standards are set for their members by private VPOs. But in some there are multiple VPOs and some VPOs have members in many jurisdictions. Additionally, of the 233 VPOs identified in the jurisdiction profiles, less than 50% are IVSC members.

Against this regulatory background, it is clear that relying on the support of current VPO members of the IVSC to extend adoption of the IVS is insufficient. What is needed is multi-stakeholder support from international policy-makers and regulatory organisations, as well as leaders from government, academia, and business.

[3] The 8th edition of IVS was published in 2007.

5/2 COMPETING STANDARDS

The IVSC faces challenges arising from competing standards both within and across international boundaries:

- *Within a single country there may well be different standards issued by different VPOs with members operating in different markets. These standards may have more differences between each other than they do with the IVS.*
- *At least one major VPO in membership of the IVSC issues standards intended for global application. RICS claims that there are two recognised global standards for valuation: RICS Valuation – Global Standards (the Red Book) and the IVS, which it publishes together in the same book.*
- *Other VPOs, for example the American Institute of CPAs (AICPA) issue standards which are widely recognised and used globally for activities such as business and intangible asset valuation.*
- *Other international organisations are setting valuation standards and guidance for specific purposes or asset types. Some examples are:*
    - *The IASB - comprehensive guidance of the valuation of assets for inclusion in financial statements in IFRS 13;*
    - *the International Organisation for Standardisation - ISO 10668 Brand Valuation;*
    - *the OECD - the valuation of intangible assets for transfer pricing purposes;*
    - *the Licensing Executives Society International – development of standards for IP Valuation;*
    - *the Marketing Accountability Standards Board – brand investment and valuation;*
    - *The International Institute of Sustainable Development, funded by many governments around the world, has developed the Sustainable Asset Valuation (SAVi), a methodology for conducting financial valuations of infrastructure assets that incorporates environmental, social, and governance risks and externalities;*
    - *European Banking Authority - regulatory technical standards specifying the criteria relating to the methodology for assessing the value of assets and liabilities of institutions or entities.*

- *Regional standards such as the European Valuation Standards (EVS) set by The European Group of Valuers' Associations (TEGOVA) are also gaining recognition. The latest edition of the EVS issued in 2020 makes no reference to the IVS. The release of the 1st edition of the European Business Valuation Standards, also in 2020, may further increase the influence of TEGOVA.*

6 / RECOMMENDATIONS

To help the IVSC to prosper and succeed in growing both influence and acceptance of the IVS, we offer the following recommendations to meet the identified challenges.

6/1 CLARITY OF OBJECTIVE

The IVSC needs to be clear as to what it is seeking to achieve. Is it 'word for word' adoption of the IVS; is it convergence; is it compliance? These matters were debated at length six or seven years ago by most of the major VPOs in membership. A consensus was agreed to in the 2014 memorandum of agreement but that consensus is certainly not reflected in the IVSs issued since then.

We believe that "adoption" in accordance with the definition in the 2014 memorandum between the IVSC and over twenty VPOs may be the best solution for any organisation that is looking to introduce valuation standards for the first time or which considers its existing standards to be inadequate. However, for many more "compliance" as defined in that document is more appropriate (see para 3.2 II).

6/2 REDOUBLE EFFORTS TO PERSUADE INFLUENCERS

Much of the IVSC efforts regarding IVS adoption appear to be focused on its member VPOs. However, the country profiles have shown that many of these member organisations do not have direct responsibility for the setting of standards. Additionally many VPOs in various jurisdictions are not members of the IVSC. Efforts to extend IVS adoption need to be equally, if not more, focused on multiple stakeholders. Examples include oversight authorities, financial sector regulators, other professional organisations and regional economic communities. Leaders from academia, and business can also help build the influence of the IVS. It is worth remembering that it was the decision by the European Union in 2002 to adopt IFRS as the required financial reporting standard for all European companies listed on a regulated market in Europe that reinforced the IASB's role as the focal point for the convergence of international accounting standards. This led other countries to follow suit. By February 2005, 41 countries in addition to the EU member states had decided to require the use of IFRS for domestically-listed companies and/or publicly accountable entities.

The need for IVSC to extend its influence beyond the VPOs is underlined by two recent events:

1_ *The IASB is currently discussing the content of a Request for Information prior to undertaking a public consultation on its work plan for the next five years. It has recently decided to omit a proposed project to "Converge IFRS 13 Fair Value Measurement with International Valuation Standards" as it did not receive sufficient support to be included. Given the original purpose of the IVSC and the significant collaboration between the two organisations during the development of IFRS 13 this is an unfortunate outcome.*

2_ *The Cayman Islands is one of the world's largest financial centres. Despite recommendations received during a consultation, the Cayman Islands Monetary Authority did not include a reference to the IVSC as it updated its Rule on Calculation of Asset Values for Regulated Mutual Funds.*

6/3 DISTINGUISH MANDATORY MATTERS FROM OTHER CONTENT

The IVSC certainly has a role as the only global body representing valuation professionals from many different markets in developing and promoting best practice. However, this must be clearly distinguished from its standard setting role. Most professional standards find it necessary to support the basic rules with explanatory and illustrative content. While some of the methods used to achieve a clear distinction between the mandatory and non-mandatory may not be readily transferable to the IVS, this is far from an unprecedented concept.

The 2014 memorandum of agreement cited earlier confirmed that an organisation issuing its own standards could claim compliance with IVS provided these standards had provisions that were consistent with the "Requirements" in the IVS. These Requirements were concise statements intended to be mandatory and clearly separated from accompanying explanatory or illustrative text.

However, the 2017 and later editions of the IVS appear to have rejected the need for clear separation between high level principles that can be mandatory for most valuations and supporting material or best practice guidance. Indeed, content which had, in previous editions, been clearly designated as non-mandatory was redesignated as mandatory. Other supporting guidance was designated as "presumptively mandatory". This has greatly extended the regulatory implications for any organisation wishing to adopt the IVS. In so doing it has greatly narrowed the field of potential users who may find them relevant to their market.

If it is to extend recognition and usage of the IVS, the IVSC should reduce the mandatory content of the IVS to the minimum needed to produce and report valuations consistently across the widest range of markets possible. Content which supports the mandatory statements with examples illustrating how the mandatory requirement can be complied with for different assets and in different situations should be clearly distinguished, not labelled as a mandatory or presumptively mandatory part of the standards.

6/4 REFOCUS THE IVS ON PRINCIPLES

To maximise their relevance and coverage the mandatory requirements should be high level principles. Some argue that unless detailed requirements are specified it allows too much scope for variation and makes it difficult to determine whether or not any valuation is actually compliant. We disagree. A well drafted principle that makes its required objective clear while allowing for different ways of achieving it is a more robust form of regulating behaviour than a standard which prescribes detailed steps that cannot be applied to all situations. A detailed list also encourages "tick box" compliance, where a valuer can check specific actions have been taken without ever considering the overall picture or whether the objective of the rule has been met.

An example from the existing IVS of a clear principle can be found in the first paragraph of IVS 103 Reporting:

> *It is essential that the valuation report communicates the information necessary for proper understanding of the valuation or valuation review. A report must provide the intended users with a clear understanding of the valuation.*

While the standard goes on to list the minimum contents that are expected in a report this is no more than a list of subject headings. It is accepted that reports can take many forms. What is necessary to provide the intended user with a proper understanding will vary significantly for different types of asset or purposes for which the valuation is prepared. The test of "information for proper understanding" is an all-encompassing test and one which is virtually impossible to refute. On the other hand, a prescriptive list of detailed report contents will inevitably include material which is not applicable to every valuation type. This leads to the need for disclosures of non-compliance which are viewed as unhelpful by users or, more likely, to the IVS not being seen as relevant in their entirety.

The important thing to focus on at a global level is the outcome of applying different standards. Different standards can produce the same result using different words arranged in different ways. If a principle is globally accepted then it is desirable that national standard setters are free to choose the way of complying with that principle that is most effective in their language and any requirements specific to their jurisdiction. The alternative of trying to achieve global consistency by enforcing complete uniformity of language runs the risk of misinterpretation and misapplication in practice because of legal and cultural differences.

6/5 IVS SHOULD BE A SPECIFICATION FOR VALUATION

A problem which has repeatedly raised its head over the history of the IVS is where they purport to instruct what the individual valuer should do. This creates conflicts with the role of those VPOs that regulate the conduct of their members. The IVS between 2010 and 2017 addressed only what needed to be done to provide a compliant valuation service. While some of the expected qualities of the person or firm providing the valuation were mentioned in the non-mandatory introductory Framework, none of the mandatory requirements were expressed as an action that must be taken by the valuer. Instead, what was needed to be done or included in a compliant valuation assignment was specified, not who must do it.

This brought the composition and purpose of the standards into sharper focus and avoided giving the impression the IVS was a set of rules governing the conduct of valuation professional which could conflict with those of established VPOs. A comparison can be made with the IFRS, which only specify what an "entity" should include in a set of financial statements. Nowhere is "the accountant" told what they should do. Qualified accountants are subject to the rules of the professional body to which they belong and there has never been any confusion between the actions they should take and what should be included in a set of IFRS compliant accounts.

The most recent editions of the IVS have not only reverted to instructing the valuer what to do but even included a definition of "the valuer". This is again confusing the message as to the objective and focus of the IVS and also acts a further obstacle to their adoption.

7/ CONCLUSION

This paper, and the national profiles on which it is based, have highlighted the obstacles facing the IVSC if it wishes to achieve its ambition of global adoption of the IVS as currently drafted. Valuation is a discipline covering many diverse asset types; valuations are also required for a wide range of purposes with varying degrees of regulation in different markets. It is hardly surprising that, in spite of over twenty years of trying, the IVSC has not yet found a formula that can overcome these obstacles and produce a set of standards that are accepted and used across many more markets and countries than they are at present.

Is it time to recognise that the goal of "word for word" adoption of IVS in a majority of markets around the world is not just ambitious but unachievable? For example, it is surely unrealistic to expect over 75 different countries with laws regulating real estate valuations to repeal these in favour of using a set of standards that contain much which is irrelevant to their markets but that fail to address problems that do arise. In short, it has surely become clear that one size does not fit all.

What appears to be happening is that different organisations that require standards, whether they be a self-governing VPO or a government financial regulator often consult the IVS and adopt certain definitions and concepts which they can use in their own standards. This helps produce a set of standards that are based on accepted international principles but that also reflect the relevant national regulations and issues that are faced by valuers the relevant market.

This suggests that while there is widespread support for the idea of cross border and cross market consistency in valuation practice, an insistence that users of IVS can only adopt them by following them word for word regardless of the relevance of some of the content is acting as a deterrent to many. This can lead to convoluted explanations in local standards of the status of the IVS which confuse valuers and those who rely on valuations alike.

Is it not better that the IVSC recognise the most useful service it can provide to valuation users and providers around the world is to produce a set of common principles and definitions for accepting, undertaking and reporting valuations? These tenets should be capable of use as a standalone document or being integrated into standards that are produced to reflect the requirements of the diverse markets that exist around the word. The current IVSC policy of trying to achieve global consistency by insisting on complete uniformity of language runs the risk of misinterpretation and misapplication because of legal and cultural differences.

It has been nearly fifteen years since the last in depth fundamental strategic review was undertaken by the IVSC - perhaps it is time for another.