

Loop Capital Financial Consulting Services

Below is the reprint of a recent article I authored for the International Valuation Standards Council that you may find of interest. It provides an update on the recent rollout of IVS 2017 that has been well received across the global valuation and investment community. Our expectations are that it will materially improve the quality of our profession across all geographies.

Best regards,

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International Valuation Standards Council

**The IVSC's work to improve standards for the valuation profession -
enhancing understanding across the global economy**

By Steven J. Sherman Former Chair of IVSC Standards Board

Valuations are relied upon in financial and other markets - it is no understatement to say they underpin the global economy. Investors therefore face enormous risks if businesses and real estate are incorrectly valued.

Standards to guide how assets should be valued have existed for many years and they have been very helpful in advancing the quality underlying our profession.

However, regulators from multiple jurisdictions have raised concerns about the confusion resulting from a large number of valuation professional organizations developing their own standards. Many independently developed sets of valuation standards exist across the globe. This evolution has led to a number of questions: Isn't it counterproductive for investors to navigate through different standards? Whose standards are best? Whose should be used?

The logical step, then, is to harmonize valuation standards across all geographies. Without consistent and robust standards, businesses, lenders and investors are at greater risk from improper interpretation and understanding of valuations. This concern is of significance across all asset classes including business entities, real estate, equipment, intangible assets, and financial instruments.

The IVSC is well positioned as the global standards setter for the valuation profession as most valuation professional organizations are our sponsors or members. However, when Sir David Tweedie, former Chairman of the International Accounting Standards Board, became Chair of IVSC's Board of Trustees, he organized an Independent Assessment to review the structure of the IVSC as well as the depth and quality of International Valuation Standards. This independent assessment determined that International Valuation Standards were a solid foundation but lacked detail in certain areas. This lack of detail was hindering the valuation profession's ability to develop further.

As a result of the independent assessment's recommendations, the Standards Board, which I chaired, took on a major project in early 2016 to overhaul and expand International Valuation Standards.

This project resulted in the Board issuing a set Exposure Drafts, which simplified much of the Standards, while expanding certain chapters, such as basis of value, intangible assets and valuation methods. Expanding these three chapters was strongly encouraged by the major accounting and valuation firms. Doing so would better position the Standards to be used as a basis to audit Fair Value measurements as well as reduce confusion by various regulators focused on financial reporting, tax oversight and litigation matters.

The Exposure Drafts were released for public consultation in mid-2016. We received over 100 Comment Letters during the consultation process reflecting viewpoints from most major accounting and valuation organizations worldwide as well as many small and medium sized firms.

This incredibly valuable input was integrated into further revisions to the Standards, which were finalized at the end of 2016. In January 2017 we published IVS 2017, the culmination of our work to revised and improve International Valuation Standards.

IVS 2017 now serves as the key guidance for valuation professionals globally and will underpin greater consistency, transparency and confidence in our profession. We are confident IVS 2017 will prove instrumental in improving valuation practice, will bring greater efficiency to capital markets and will be a catalyst to further harmonize the global valuation profession.

The Standards Board concluded its work in January 2017 after the successful completion and publishing of IVS 2017. A new Board structure is now in place (www.ivsc.org) to further enhance International Valuation Standards in the coming years.

All Members and Sponsors of IVSC have been given a complementary soft copy of IVS 2017.

Significant sponsors (\$25,000+) have been given free access to [IVSonline, IVSC's newly launched portal for the Standards.](#)

If you don't belong to any of IVSC's Members or Sponsors, you can access IVS 2017 by subscribing to IVSonline.

Hard copies are available from [IVSC's bookshop - click here to access.](#)

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