



# NEWS RELEASE

FOR IMMEDIATE RELEASE (6 August 2003)

## **‘SEEKING INTERNATIONAL CONSENSUS ON THE VALUATION OF OWNER-OCCUPIED PROPERTY’**

Property assets are a significant item on the balance sheet of many companies. A large number of companies around the world are moving to prepare their accounts in accordance with International Accounting Standards (now referred to as International Financial Reporting Standards -IFRS). It is vital that where property assets are carried at fair value in such accounts, they are measured on a basis that is internationally consistent and comparable.

The International Valuation Standards Committee (IVSC) has today – 6 August 2003 – issued a Consultation Paper seeking to clarify guidance on the valuation of owner-occupied property under International Accounting Standard, IAS 16, Property, Plant and Equipment.

John Edge, Chairman of the International Valuation Standards Committee (IVSC) said, “Although IAS 16 allows property to be carried at fair value in the accounts, it has no guidance on how to arrive at that fair value. Yet the national accounting and valuation standards in those countries that currently permit revaluation of assets, have some significant differences. For example, ‘depreciated replacement cost’ is defined differently in different countries. Or, in some countries owner-occupied property is valued as if vacant; in others, it is valued on the basis of a capitalised notional lease. This can lead to differing valuation conclusions although all will be reported as ‘fair value’.”

Mr Edge continued, “The IVSC has a responsibility to ensure that when property is valued to be reported at ‘fair value’ under IFRS, it is done so on a basis that produces a consistent and comparable valuation conclusion.”

The Consultation Paper can be viewed on the IVSC web site – [www.ivsc.org](http://www.ivsc.org). Printed copies will also be available shortly.

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## NOTES TO EDITORS

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2. For further details on the IVSC or to obtain a copy of the 2003 edition of International Valuation Standards, please contact the IVSC Executive Director (see above) or visit the IVSC web site – [www.ivsc.org](http://www.ivsc.org)