

Association of Certified Appraisers in Bosnia and Herzegovina

**Standards Act on the conditions of acquiring the Certificate of
Certified Appraiser**

Banja Luka, May 2011

Based on the Statute of Association of Certified Appraisers in Bosnia and Herzegovina, Managing Board of Association of Certified Appraisers in Bosnia and Herzegovina at its session held on May 23 rd 2011 established

Standards Act on the conditions of acquiring the Certificate of Certified Appraiser

Article 1

This Standards Act defines the conditions and procedures for obtaining a certificate of Certified Appraiser of the economic value of legal entities, assets, liabilities, as well as their rights and duties when in possession of license of certified appraiser.

Article 2

Estimation of economic value is determining the fair value of legal entities, assets, liabilities and equity by applying specific methodological standards and ethical rules in accordance with the standards and principles of valuation (International Valuation Standards – IVS, established by the Committee of International Valuation Standards).

Article 3

Estimation of economic value of legal entities, assets, liabilities and capital in the preceding article are made by a certified appraiser.

Appraisers in paragraph 1 of this Article are professionally trained and certified persons who have adequate powers and professional associations to apply International Valuation Standards.

Appraisers must have:

- the appropriate level of expertise and relevant experience and expertise in appraisal
- the obligation to pursue continuing professional education programs
- the obligation to adopt ethical principles of the IVSC Code of Conduct.

Article 4

The certificate of certified appraiser is awarded by the Association of Certified Appraisers in Bosnia and Herzegovina, as a professional Association, after verification of knowledge, expertise and meeting other requirements of candidates in accordance with this Standards Act.

Article 5

If the appraisal is carried out in the joint effort by domestic and foreign entity, the report of company valuation must be signed by domestic and foreign professionals.

Estimation of economic value from the Article 1 and 2, can be carried out only in accordance with the Article 2 of this Standards Act.

Article 6

Certificate of certified appraiser of company value may be issued to a professional who meets the following criteria:

- to be a citizen of RS/BiH
- to have a university degree (economic, legal or technical field and at least five years of relevant experience)
- has not been convicted of a criminal offense, due to which a person cannot be legally and morally fit for the exercise of companies valuation
- to sign a statement that he / she would conscientiously and professionally perform valuations of companies
- to accept the provisions of code of ethics for certified appraisers.

Article 7

Managing Board prepares a list a persons who may be in examination committee for obtaining the title of certified appraiser (hereinafter examiners).
Professionals from previous paragraph are lecturers and professionals with certificate of certified appraiser.

Article 8

Based on the list from the previous Article Managing Board shall form a Committee for acquiring the title of certified appraiser. Committee under the preceding paragraph has three members (Chairman of the Committe and two members).
The Committee shall be established for each test run. If necessary it is possible to establish more than one Committee for a test run.

Article 9

The Chairman and member of the Committee may have deputies.

Article 10

The Chairman of the Committee determines the scorer on the assessment of knowledge (hereinafer examination) and his deputy.

Article 11

The exam is usually taken at the headquarters of the Association. Notwithstanding the preceding paragraph, with the approval of President of Association, exam can be taken outside the headquarteres of Association.
Chairman of the Committee determines the time of examination.

Article 12

A candidate who has passed training for certified appraiser of economic value according to the Curriculum (approved by Managing Board) has the right to take the exam.

The exam for obtaining the title of certified appraiser consists of: written assessment of legal entity value and an oral defense of that value-report.

The exam for obtaining the title of certified appraiser shall be taken according to syllabus approved by the Assembly of the Association and is an integral part of this Standards Act.

The Association shall keep and permanently record the examination of certified appraisers, as well as register of issued certificates.

Article 13

A candidate for Association of Certified Appraisers is required to submit a report on the value of a specific legal entity prepared in accordance with Article 2 no later than ten days before the deadline for the examination.

Report from preceding paragraph shall not be older than three months.

Article 14

By handing the written assessment of the economic value of legal entity – the report, a candidate takes an oral exam and oral assessment of this appraisal.

Article 15

Based on written assessment of company valuation, oral exam and oral defense of valuation, "satisfactory" or "unsatisfactory" grade is determined.

Article 16

If the candidate fails to defend its report, he / she is entitled twice to take oral exam and defend this report.

Article 17

If the candidate from the preceding Article again does not defend his / hers report and oral exam he / she will lose the right to further examination.

Article 18

Commenced examination may be deferred (oral defense) if the applicant due to illness or other justifiable reason is unable to take the exam. Committee decides on the postponement of the exam by majority vote.

Article 19

A candidate may continue deferred examination no later than 30 days from the date of the decision to postpone the examination.

If the candidate within the preceding paragraph does not take the exam within this deadline, it will be considered that he / she did not take the exam.

Article 20

Proceedings of the examination will be recorded, particularly: composition of the committee, date and place of examination, name of the candidate, exam questions, the assessment of success of the candidates.

Minutes of the preceding paragraph shall be signed by the Committee and the scorer. Minutes also contain candidate`s application for the examination, as well as rules and written assignment (appraisal by the candidate).

Article 21

Association takes care of the administrative-technical affairs for the Committee as well as register of certified professionals who have taken the exam.

Article 22

After a successful assessments and fulfilling conditions prescribed in Article 6, President of the Association shall issue a certificate of a certified appraiser of the companies value in the form of written document. This certificate includes: name, father`s name and surname of the appraiser, date and place of issuing authority, number from the register and the signature of the Association`s President.

Article 23

Before receiving a certificate, certified appraiser must sign the following statement which declares: " I solemnly declare that I will perform my work of certified appraiser of economic value of legal entities, assets, liabilities and capital honorably and with due professional care and that I will construct statements, opinions and findings accurately, fully, impartially and in accordance with international standards and generally accepted standards and principles of valuation, and in my work I will uphold the reputation of appraisers."

Article 24

License of certified appraisers is granted to persons who have acquired the certificate of certified appraiser. The license is issued for two years.

The license under the preceding paragraph shall be extended if a person meets the requirements of Continuing Professional Education Program.

Article 25

(1) The Association shall keep a register containing:

- (a) the name, father`s name, surname, identity number, photograph, gender and contact details (number and business phone number, fax number, email and address)
- (b) information on obtaining certificates and licenses (the date of examination, number and date of the certificate of certified appraiser, number and date of issuance of certified appraiser license and expiration date of the license of certified appraiser
- (c) data on education (type and level of education, name of the institution in which individual obtained a title
- (d) information on conducted assessment (individual assessment reports)
- (e) information on measures taken by the Association towards such person
- (f) information on measures taken by other users of appraisal report towards such person
- (g) information on measures taken by other state agencies or institutions
- (h) decision to revoke the license of a certified appraiser.

Article 26

- (1) Extract from the register of certified appraisers shall be published on the web site of the Association
- (2) Every person has the right to inspect the register of certified appraisers, upon the written request submitted to the Association
- (3) At the request of any person and with the payment of prescribed fee, the Association will issue an extract from the register of certified appraisers.

Article 27

Certified appraiser is required to prepare reports on the appraisal in accordance with applicable and generally accepted standards and principles.

Article 28

Appraisal report must have a stamp showing that the appraiser has the authority with a specified number in the register of the Association and the license grant date.

Article 29

Appraiser license is revoked if:

- a) professional fails to perform his/hers duties conscientiously and impartially, and if in violation of international standards and other generally accepted appraisal standards and principles.
- b) if found guilty of economic offense or a criminal offense due to which he/she is not anymore morally fit for appraisers.

Article 30

- (1) The decision on revocation is delivered to a certified appraiser.
- (2) Decision on the preceding paragraph may be appealed within 15 days from delivering to the Managing Board of the Association.

- (3) Management Board shall render a final decision within 30 days from receipt of the appeal.

Article 31

- (1) Appraisal of the company and assets value shall be based on the contract.
- (2) The contract is concluded between company and other entity that requires appraisal and appraiser.

Article 32

- (1) The appraiser has the right to negotiate fee for his work. This fee must be borne on the company or other entity that requires appraisal.
- (2) Fee of the appraisal cannot exceed 5 % of accounting value of the company according to the latest annual or semi-annual calculation.
- (3) If in the opinion of the appraiser company value is significantly different from its real value, the amount of the fee is determined by direct negotiation.

Article 33

A copy of the appraiser`s report on the company valuation is delivered to the Association.

Article 34

- (1) The certificate of the appraisal is recognized without assessment of knowledge of PhD professionals with the university selection of subjects of business finance, accounting, and auditing recognized and accepted by the professional associations and PhD professionals who do not have university selection if the theme of their doctoral dissertation is in the field of accounting and auditing and have at least ten years of experience in these areas in the workplace with special authorization and responsibilities.
- (2) Professionals with PhD in economics that do not meet the requirements under paragraph may take the examination without professional training.
- (3) The right to recognition of certificates without examination have professionals who have obtained the license of certified appraiser in accordance with the Standards Act on the process of licensing of certified appraisers of the company and other asset value ("Official Gazette of the Republic of Srpska" No. 20/96).
- (4) The recognition of certificates of professionals referred to in paragraph (2) of this Article may be exercised within one year from the date of enactment of this Standard Act.
- (5) The right to the title recognition have the professionals from paragraph 3 with prior training of 20 hours, without the obligation of taking the exam.

Article 35

This Standards Act shall enter into force eight days after the adoption.

Date: May 23 rd 2011
Number 03/11

President of the Managing Board
Branimir Kovacevic, B.Sc. in Econom.