



ANNUAL REPORT 2016-17

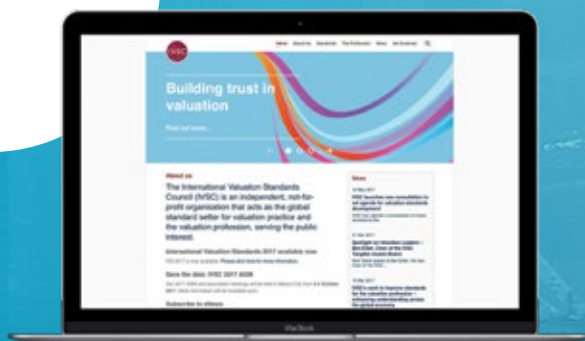
BUILDING TRUST IN VALUATIONS THROUGH INTERNATIONAL PARTNERSHIPS



THE INTERNATIONAL VALUATION STANDARDS COUNCIL (IVSC) IS THE GLOBAL STANDARD SETTER FOR VALUATION PRACTICE AND THE VALUATION PROFESSION.

WE SERVE THE PUBLIC INTEREST BY PROMOTING CONSISTENT COMPLIANCE WITH, AND IMPLEMENTATION OF, HIGH-QUALITY, INTERNATIONALLY ACCEPTED STANDARDS IN THE PREPARATION AND PRESENTATION OF VALUATIONS AROUND THE WORLD.

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REPORT FROM THE CHAIR, IVSC BOARD OF TRUSTEES



“Valuations are crucial to foster financial stability and sustainable economic growth.”

Sir David Tweedie
Chair, IVSC Board of Trustees

In last year’s report I noted the agreement of the AGM to the Trustees strategy document, the appointment of our new CEO, Nick Talbot, and the invaluable work of the Professional Board and the Standards Board in completing their work programmes.

Nick’s report which follows gives a succinct summary of the year’s activities but I would just like to highlight a few features of note.

Since the AGM in October 2016 the work of the Trustees has been to ensure that the new boards proposed in the strategy document were populated by representative groups of experts and the progress envisioned by the strategy document continued. The Trustees set up two Nominating Committees, both chaired by Lee Hackett, a former Trustee. In addition to Lee, the first consisted of two existing Trustees (Vice-Chair Ethiopis Tafara, and Mark Gerold) and five members drawn from VPOs worldwide. Initially, the remit of this Committee was to fill the places on two technical boards, the Tangible Assets and Business Valuation Boards, as well as the Standards Review Board, which will issue the International Valuation Standards drafted by the technical boards. We are very grateful to Lee in particular and his colleagues for their diligence in interviewing so many candidates and in selecting such highly competent specialist boards with outstanding Chairs, namely Ben Elder (Tangible Assets), Andreas Ohl (Business Valuation) and Mark Zyla (Standards Review Board).

Nick Talbot and I met the technical boards at their first meeting and we were hugely impressed with both the intellectual firepower of the members and their enthusiasm. We await with anticipation the standards emanating from their deliberations.

The new boards were, of course, greatly helped by the former Standards Board, under the inspired leadership of Steve Sherman, which completed its work programme and issued IVS 2017 early this year. The Standards Board’s hard work was supported by three outstanding technical directors, Alexander Aronsohn, Peter Melvin and Adam Smith, who, working on secondment, reviewed the existing IVS and actively sought views on the gaps and omissions in these standards.

The excellent reception of IVS 2017 is testament to the skill and diligence of the Board members and the technical specialists. We are grateful to them all in giving the new boards an outstanding base on which to build.

The Nominating Committee will also be charged with populating a Financial Instruments valuation standards board. Following last year’s London meetings of regulators and senior bankers, held to discuss the variation in the valuation of financial instruments, a roundtable was held in New York in April 2017 at which representatives of banks, auditing firms, regulators and valuation firms met to discuss the way forward.

The outcome was an agreement to set up four working parties dealing with major valuation issues identified by the participants, namely: governance, the framework of a financial instrument valuation, data sources and assumptions, and the relationship with accounting standards. The meeting also resulted in an agreement to move towards the formation of the new Financial Instruments valuation standards board mentioned previously.

Lee's Committee also interviewed candidates for the chairmanship of the Membership and Standards Recognition Board. We are delighted that Eric Teo of Singapore agreed to chair the board and that ten member bodies put forward candidates to fill the remaining positions. The function of this Board is to assist the IVSC in meeting its twin objectives of becoming the global valuation standard setter and to create a respected, recognised valuation profession worldwide. The Board is charged with assessing applicants for membership of IVSC and, as its name implies, to encourage adoption of IVS. Its remit of assessing new applicants has been greatly assisted by the sterling work of Greg Forsythe's Professional Board, which disbanded after completing its programme, prior to setting out the obligations of IVSC membership which will spell out the skills and experience required of valuers by their professional organisation. This involves entry requirements, necessary professional skills, ethics, technical knowledge, practical experience, assessment of professional competence, and continuing professional education. We are hugely indebted to the Professional Board and, in particular, to Greg and Mary Jane Andrews for moving the Board's work to its successful completion.

Supporting all of the technical boards is the Advisory Forum so ably led by its enthusiastic Chair, John Martin, and consisting of 14 VPO representatives. The Forum is actively promoting the adoption of IVS and has surveyed our members to discover what obstacles to adoption exist and how these could be removed. The intention is that the results of the investigation will be considered by the Standards Boards with the objective of widespread adoption of the next comprehensive set of IVS in two or three years' time.

Assisting us in the aim of increased IVS adoption has been the most helpful support of our friends in the World Association of Valuation Organisations (WAVO). It was a great pleasure to attend the WAVO conference last year and to sign a Memorandum of Understanding with its dynamic President, Dr Lim, whereby WAVO promotes IVS through its training and education. We look forward to ever increasing cooperation between our two organisations in the years ahead.

It will be no surprise that I have long been a supporter of global standards and firmly believe that IVS should be the gold standard taking the best ideas from around the world. I am very conscious that there is always a natural resistance to change, the cost of change and, probably most importantly, loss of control to a supranational standard setter.

It is for those reasons that our technical boards will consult with national standard setters to ensure that the move to international standards is seen as a partnership. In that respect, where a VPO believes its standard is better than the equivalent IVS the national and international boards should debate the issue and, if necessary, expose both views to seek a global consensus on the superior standard.

Further issues arise when considering the level at which the Standards should be pitched. While I have long been a supporter of principle-based standards, it must be remembered that not every VPO has its own standards. Consequently, IVS must contain enough guidance to enable the principles to be operationalised but should avoid delving into unnecessary detail. Above all, the international standard setter must leave the VPOs to deal with their national issues and, where appropriate, add their own guidance to IVS. It is never easy to get the balance right but our partnership structure and goodwill on both sides should assist us in coming to an appropriate consensus.

The second Nominating Committee was tasked with the role of finding respected replacements for long serving retiring Trustees, namely, our two vice-chairs, Nicholas Brooke and Roel Campos, and our other colleagues, Malcolm Knight, Jens Roder and John Smith. We are extremely sorry to see our friends depart and are very grateful to them for their continued support and offers to assist in the future, which we were quick to accept. In their place, we were delighted to welcome such well-known international professionals as Kathy Casey, a former SEC Commissioner and HSBC director, Anton Colella, the Chair of the Global Accounting Alliance and CEO of the world's oldest accountancy institute, Alan Johnson, who brings a global business perspective, and Jay Fishman, a long-experienced valuer.

Finally, while we have been blessed with support from many sources this year, may I thank some of those whom have devoted a great deal of their time to assisting IVSC in achieving its objectives. First, to the departing Trustees of last year and this year's retiree, Frank Vettese, my thanks for their friendship, and dedication. We are also sorry to lose the services of Steve Sherman and Greg Forsythe and their board members who stayed on after their terms were over to ensure their Boards finished the work programmes.

To the VPOs and sponsors, we have appreciated not only your financial support but your encouragement throughout the year. We are particularly indebted to the Office Bearers and CEOs of the VPOs who have allowed their members to serve on our boards and for our lively and constructive discussions at our various meetings. We are also indebted to the volunteers who have agreed to join our boards and take on the tasks of producing sound and widely accepted Standards and encouraging the development of a respected valuation profession.

May I also thank my highly talented colleagues on the Board of Trustees for their sound advice and constant backing for the "IVSC Project", Nick Talbot for the superb job he is doing in increasing our membership and greatly strengthening our finances and Danuta Wojtowicz for single-handedly, and very efficiently, running our administration.

Finally, Janet, my PA for more years than I care to remember, sadly, but deservedly, retired this summer. As everyone who has had a long-serving PA, who anticipated your every request and went beyond the call of duty, will know - I'm in trouble! Thank you Janet for your dedication and many kindnesses - you will be sorely missed.

REPORT FROM THE CHIEF EXECUTIVE OFFICER, IVSC



“Increased consultation and engagement will ensure we are in a position to evolve valuation standards to address key market issues around the world.”

Nick Talbot

Chief Executive Officer, IVSC

Following my return from my charity Everest expedition last year, I was delighted to be offered the role as CEO of IVSC, taking over from Christian Mouillon who had kindly acted as interim CEO.

I strongly believe that IVSC, working with our sponsors and members, can have a positive and significant impact on our global financial system if we work together to develop International Valuation Standards and continue to strive for quality professionalism by working with the VPOs, as well as the important corporate stakeholders who either provide or in some way use valuation services.

The key areas of focus have been engagement with many different stakeholder groups as well as implementing the strategy which Sir David and I outlined at the 2015 AGM in Paris when I was interim part-time CEO, as well as ensuring the continued financial stability of IVSC to enable us to better fulfil our remit.

We issued IVS 2017 in January 2017 along with a redesign and relaunch of IVSONline which you will hopefully find much easier to access. Many countries have requested to translate IVS 2017 so we will be making these translations available as they are produced.

I am particularly pleased to see the new technical boards in place. This is a real evolution because they give us greater expertise and global representation in Tangible Assets and Business Valuation, and later in 2017 this will also extend to Financial Instruments since we have received increased support in this area. The overarching Standards Review Board is also important in terms of ensuring all of these areas remain connected, for example Real Estate Investment Trusts can require standards and expertise from within each of these areas.

The Standards Directors have been key to driving the standards agenda forward. We are very fortunate in securing agreement to Alex Aronsohn from RICS (Tangible Assets) and Peter Melvin from EY (Financial Instruments) continuing in post on a part-time basis. Thanks also to Adam Smith from PwC who continues as a Technical Advisor but has passed the baton of Business Valuation Director to Kevin Prall from KPMG.

Your engagement and input is vital to enable the Standards Boards to know which the key areas are that need to evolve in the Standards, and to assist the Boards by reviewing and commenting on proposed future valuation standards.

We were pleased with the level of engagement in IVS 2017 and wish to build on this. It is a challenge for skilled professionals to agree on everything but we do look to achieve as much consensus as possible and also provide open and transparent feedback where the Standards Boards disagree with a particular feedback theme. Ultimately the Standards are developed by you and your fellow professionals and hopefully you feel a sense of ownership over them. With this in mind, we made IVS 2017 free of charge to all members and staff of IVSC sponsors and members.

I have been working closely with John Martin, Chair of the Advisory Forum, as well as the VPO leaders who form the Advisory Forum Working Group. We are developing greater interaction with all stakeholders by forming networks focusing on Tangible Assets and Business Valuation which can input and advise on those specialist areas, as well as exchange thoughts and views.

Our AGM and associated meetings are becoming increasingly popular. We are grateful to the Indonesian Ministry of Finance and MAPPI for sponsoring and hosting the 2016 Asia Pacific AGM. This year we are looking forward to going to Mexico City in October 2017 for our Americas AGM, which will be hosted by INDAABIN and the Mexican Government. As in Indonesia there will be a conference held alongside our meetings, and again there is likely to be Ministerial level involvement, demonstrating the importance which the host countries place on valuation and the importance of IVS within their financial system.

We have also established the Membership and Standards Recognition Board, led by Eric Teo. This board has a key focus on engagement with an emphasis on raising awareness and use of IVS from end users of valuations – something which should benefit users in providing a globally consistent and quality approach – and also ultimately benefit the VPO qualified professionals performing work in accordance with these standards.

The Board is also reviewing the requirements for membership taking into account the outputs from the previous Professional Board, and has a role in providing support along with leading VPOs to help countries to further develop professionalism when that is needed.

Our focus in this coming year will be on increased consultation and engagement to ensure that we are in a position where we can continue to evolve our valuation standards to address the key market issues which arise around the world. First and foremost, this includes engagement with our sponsor and member organisations, but also working with you to reach other key market stakeholders such as regulators, international banks, data providers, accounting standard setters, auditors, etc, in order to achieve buy-in from the diverse stakeholder groups who have an interest in valuation. We will be doing more to profile our sponsors as well as member organisations. We will be looking to further embed the new boards to help us achieve this and work collaboratively with new stakeholders. To better reach our aims of quality IVS, increased take-up of the Standards and better global professionalism (by working in partnership with VPOs), we will continue to attract new funding to build a small but effective staff model.

REPORT FROM THE FORMER CHAIR, IVSC STANDARDS BOARD



“IVS 2017 now serves as the key guidance for valuation professionals globally.”

Steve Sherman

Former Chair, IVSC Standards Board

Thanks go to members of the former Standards Board, who were: Steve Sherman (Chair), Chris Stanley (Vice Chair), Raj Brar, Ana Castaneda, Paul Hawkes, Cindy Ma, Leigh Miller and Andreas Ohl.

2016 was the culmination of a significant effort over the past two years for the Standards Board. With a restructured IVSC now in place, it was incredibly gratifying to close our chapter of service by completing and issuing IVS 2017 in January 2017.

IVS 2017 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. In doing so, IVS is now better positioned to be used as a basis to audit fair value measurements as well as reduce confusion by various regulators focused on financial reporting, credit and tax oversight and litigation matters.

Valuations continue to be heavily 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. Prior to issuing IVS 2017, regulators from multiple jurisdictions had raised concerns about the confusion resulting from a large number of valuation professional organisations developing their own standards. The logical step, then, has been to harmonise valuation standards across all geographies. Without consistent and robust standards, businesses, lenders and investors are at greater risk from improper interpretation and a lack of understanding of valuations.

As our project proceeded, Exposure Drafts were released for public consultation in mid-2016. We received over 100 Comment Letters during the consultation process, encompassing viewpoints from most major accounting and valuation organisations worldwide as well as many small- and medium-sized firms.

This incredibly valuable input was integrated into further revisions to the Standards, which were finalised at the end of 2016.

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 harmonise the global valuation profession.

I want to thank our entire Board for their dedicated service, especially over the past 18 months. Of equal importance, I want to recognise the incredible efforts of our seconded technical directors: Alexander Aronson, Adam Smith and Peter Melvin.

We are confident that the new Boards are well positioned to build on IVS 2017 to further address the market’s need for greater quality and clarity in valuation standards.

Continually improving valuation practice

IVS 2017 will prove instrumental in improving valuation practice and will be a catalyst to further harmonise the global valuation profession

REPORT FROM THE CHAIRS, IVSC STANDARDS BOARDS



Mark L Zyla
Chair, Standards Review Board

I am honoured to serve as Chair of the Standard Review Board, particularly at this important time for IVSC.

Our profession is undergoing significant changes which will hopefully enhance IVSC's role in serving the public interest. IVSC is well positioned to provide leadership for the profession in setting valuation standards globally.

The Standards Review Board, working in conjunction with the Business Valuation and Tangible Assets Boards, has developed a process to continue to provide relevant and current guidance for our professional communities. However, we seek input into our process from our stakeholders and other interested parties to provide the highest quality service for all. We continue to strive to be the global leader in providing trust in valuation.

I would like to thank Steve Sherman, Chair of the previous Standards Board and Greg Forsyth, Chair of the previous Professional Board, their Board members, and the technical directors, and IVSC staff for their hard work in developing current Standards and best practices.

I look forward to working with my colleagues on the various Boards and Advisory Forum under the new IVSC structure to continue to develop the highest quality guidance for our profession.



Ben Elder
Chair, Tangible Assets Board

The restructuring of the IVSC to deliver a framework that is transparent and inclusive has been completed.

I welcome the changes and look forward to working in the new framework that facilitates much clearer lines of communication that I am sure will enhance the output of all the Boards.

I consider it a great honour to be invited to chair the Tangible Assets Board. The Tangible Assets Board members have a tremendous and diverse talent that we can draw on to progress our agenda of advising the Standards Review Board on issues relating to real estate, machinery and business assets, personal property as well as other tangible assets. However, we recognise that we will need continued input from stakeholders to maximise our effectiveness.

In our first meeting it became clear that there will be areas of overlap with our colleagues on the Business Valuation Board and we look forward to working closely with them to develop Valuation Standards that are of the highest quality and that will enhance the valuation profession. It is also clear that IVSC's Advisory Forum will play a key role in providing market intelligence to focus our activities and those of the Membership and Standards Recognition Board to drive the adoption of the standards that are produced.

I would like to take this opportunity to thank the previous Standards and Professional Boards at IVSC for all the hard work they put in to revising and publishing the 2017 IVSC Valuation Standards.



Andreas Ohl
Chair, Business Valuation Board

I would like to thank Steve Sherman and the rest of the Standards Board as well as our technical directors for their hard work in producing IVS 2017.

This document is a significant step forward for IVSC. IVS 2017 provides a platform on which the Business Valuation Board will seek to continue to build; the gap analysis performed in 2015 clearly demonstrated that there is more work for us to do.

The newly formed Business Valuation Board has members with a diverse set of skills and backgrounds. I am therefore confident that this group will be well positioned to act on the feedback we receive from the IVS Agenda Consultation process. Ultimately, the goal is to enhance the relevance of IVS to stakeholders around the world. To achieve this, I very much look forward to the feedback from the marketplace.

Our Board will operate in a transparent manner to ensure we reflect the input of as broad a group of constituents as possible. We will also work closely with Ben Elder and the Tangible Assets Board. This is important as a number of the gaps identified have elements that cut across the purview of both boards.

Another objective of our Board is to develop relationships between our Board and other groups such as other standard setters, regulators and other interested parties. It is imperative that these bodies see IVSC as a key player in valuation as it is a vitally important to the functioning of the capital markets.

Finally, it is important that IVSC maintains its global perspective. I believe the make-up of the Business Valuation Board reflects this objective. I will challenge the Board to keep this perspective in mind throughout our process.

It is a great honour to be a part of IVSC at this pivotal time. I look forward to collaborating with all of our stakeholders to make IVS an even better product.

Highest-quality guidance

The new structure of boards will continue to develop the highest quality guidance for the valuation profession

REPORT FROM THE CHAIR, IVSC MEMBERSHIP AND STANDARDS RECOGNITION BOARD



“We will work with stakeholders across all markets to encourage and promote recognition and adoption of IVS globally.”

Eric KH Teo

Chair, Membership and Standards Recognition Board

I am deeply honoured to be appointed the Chair of the newly formed Membership and Standards Recognition Board.

The Board held its inaugural meeting in London in September 2016. The Board comprises members from the global valuation community with diverse cultural and geographical backgrounds, each well respected in their own market place.

Members of the Board share a common interest and vision to build and advance the global valuation profession. Embarking on this journey, the Board is committed to several key objectives.

Firstly, to assist IVSC in its role as the standard setter for valuation, and for the International Valuation Standards (IVS) to be recognised and adopted internationally. In this regard, the Board's purpose is to lead and ensure market recognition of IVS. The Board will work with various stakeholders across all markets to encourage and promote recognition and adoption of the IVS globally.

Secondly, the Board will also undertake a review of IVSC's existing membership admission criteria and categories and, over time, consider membership applications and confirm their admission.

Thirdly, the Board will explore the need for the development of an internationally agreed kitemark for business valuation.

To achieve its work objectives, the Board will work with both internal and external stakeholders of the valuation ecosystem. The Board will work closely with the Advisory Forum in engaging the valuation professional organisations (that are existing members of the IVSC) and provide the Standards Board with market feedback to ensure the continuing relevance of IVS in the development of the global valuation profession. Concurrently, it will adopt a 'go-to-market' approach to understand the needs of external stakeholders, by holding a series of events to engage the users of valuation, regulatory bodies and other market participants in valuation.

To better streamline the work process, two committees within the Board have been formed, namely, the Membership Committee and Standards Recognition Committee. The Membership Committee is chaired by Jeannette Koger and the members are Aart Hordjik, Eleanor Joy and Shigeko Mizutani. The Committee will handle the review of existing IVSC membership admission criteria and categories, as well as assess the need for the development of an internationally agreed professional designation for Business Valuation.

The Market Recognition Committee is chaired by Ken Creighton and the members are Gheorghe Badescu, Allan Beatty, Jiang Wei and Phil Western. This committee will work on planning a series of events to engage market participants, gather feedback, with a view to develop and formulate a strategy with regards to the promotion and adoption of IVS in the market place. Shigeko Mizutani will represent the Board in its interaction with the Advisory Forum Working Group.

In February 2017, following the introduction of IVS 2017, the Board held its second meeting in Hong Kong. During this meeting, the Board acknowledged the importance of the role that the academic community, universities in particular, play in increasing the awareness of IVS and laying the foundation for its adoption in the market place. The Board determined that it is imperative for IVS to be introduced in the curriculum of valuation courses and programmes of universities. This is a key pillar for the development of the strategy to encourage and promote recognition and adoption of IVS. A global academic network will be formed and Aart Hordjik will be assisting IVSC to move this forward.

The Board also conducted its first market engagement event with participants in Hong Kong, which is of course a major financial centre in Asia. The participants were comprised of valuation professionals, representatives from professional bodies and the regulatory community as well as corporates. They were invited to an insight session and were divided into groups, representing areas of business valuation, real property, end users and regulators. Board members were involved with each group and facilitated the discussions. The level of participation from each group was excellent and valuable insights were gathered. This allowed the Board to understand the state of awareness and adoption of IVS in the market place, and to develop the market recognition strategy for IVSC.

Following the success of this pilot market engagement event in Hong Kong, Board members will now arrange for similar activities in their respective market place. This will be carried out throughout the course of the year. The feedback and insights gathered will be invaluable for the development of the strategy for the recognition and adoption of IVS internationally. The Board will also continue to work on the review of existing membership categories and to further refine the application process.

We look forward to a fruitful and exciting year ahead.



Global recognition
The global recognition and adoption of the International Valuation Standards is a prime objective of the Membership & Standards Recognition Board

REPORT FROM THE CHAIR, ADVISORY FORUM WORKING GROUP



“The adoption of International Valuation Standards is to benefit existing national standards.”

John Martin

Chair, Advisory Forum Working Group

The 2016 AGM Advisory Forum meetings were well attended and a number of actions proposed by the Advisory Forum Working Group were robustly discussed, resulting in the approval of a number of key initiatives.

The level of engagement and discussion was very encouraging and fully supported the proposition that we had discussed issues for long enough, it was time for positive actions to move forward.

It was acknowledged that the Working Group had been in something of a holding pattern waiting for the finalisation of the key components of the restructure, adopted in Paris in 2015, including the composition of the respective boards and the completion of IVS 2017, into which the Working Group members had regular input.

In February 2017 the Working Group agreed to complete the following tasks for discussion and approval at the 2017 AGM.

- Draft Paper on adoption of IVS on or before 2020 by all IVSC members
- Results of the membership survey
- Geographical outreach to enable better communication with all members. This will largely be through calls and development of a forum, including FAQs and members-only sections on the IVSC website
- Orientation for new VPOs and for members of the Advisory Forum Working Group
- Review and revision of Advisory Forum Working Group Charter and Bylaws
- Impacts of appraisal/valuation management companies on the future of the profession
- Business plan development

Papers were considered at the Working Group meeting in June 2017 and recommendations provided to all members in July for feedback from their respective VPO.

The most significant action in 2017 is the unanimous agreement by the Working Group that there should be a single set of global valuation standards set by the IVSC. To achieve this, the Working Group is preparing a discussion paper for consideration at the AGM in Mexico on the adoption of IVS in 2020 by all IVSC members.

I want to reiterate that the adoption of IVS is to benefit, not replace, existing national standards that may be the subject of legislation and regulations.

This outcome was the result of a open and frank discussion held in August last year in response to a paper that identified reluctance by some VPOs and standard setters to fully buy into IVS, including embracing wholly the concept of a single set of global valuation standards.

It was important to fully understand and debate the issue to enable the Working Group to move forward, which we are now doing.

Another positive action is the membership survey, which was close to being fully subscribed and will assist the Working Group to achieve more meaningful engagement and communication with all members of the Advisory Forum.

We are working closely with Eric Teo and the Membership and Standards Recognition Board on its key objectives.

My thanks go to Ben Elder who has been a strong voice and contributor to the Working Group for many years and we look forward to continuing to work with him in his role as Chair of the Tangible Assets Board.

We welcome as new members of the Working Group, Jack Beckwith (ASA), Igor Artemenkov (Russian Society of Appraisers), Mark Walley (RICS), who replaces Ben, and Molefi Kubuzie (South African Property Valuers Association).

To the other members of the Working Group, thank you for the support (especially from your VPO), your time and contribution to the Working Group on behalf of all IVSC members.

A special thank you to Paula Douglas-Seidel of the Appraisal Foundation, who has tirelessly supported the Working Group as its Administrator.

The Working Group is encouraged by the response to the initiatives outlined herein and continues to strive to bring the valuation profession together. While challenges remain, we look forward to your ongoing contributions to IVSC through your greater engagement with the Advisory Forum and its Working Group.

Bringing the valuation profession together

The Advisory Forum Working Group is looking to bring the valuation profession together for the benefit of all

MEMBERS OF THE BOARD OF TRUSTEES



Sir David Tweedie
Chair, United Kingdom

Sir David was the first full-time chairman of the UK Accounting Standards Board, and was selected to be the first Chairman of the International Accounting Standards Board (IASB) and CEO of the Foundation, leading the Board for ten years. In 2001, only a handful of countries used international standards (IFRS) but by 2011 over 120 countries required or permitted their use. Sir David also chairs the Royal Household Audit Committee for the Sovereign Grant.



Ethiopis Tafara
Vice Chair, United States

Ethiopis Tafara is Vice President and General Counsel responsible for Legal and Compliance Risk and Sustainability at IFC. Prior to joining IFC, he was Director of the International Affairs Office at US SEC, acting as SEC Deputy to the Financial Stability Board and the IFRS Foundation Monitoring Board. Ethiopis also served as Vice Chairman of the Board of IOSCO and Chairman of the Public Interest Oversight Board Monitoring Group and led IOSCO task forces to set higher standards and codes of conduct for rating agencies and accounting firms following the financial scandals in the 2000s.



Nicholas Brooke
Hong Kong
(Vice Chair to Oct 2016)

Former President of RICS, Nick is now Chair of Professional Property Services Group, a specialist real estate advisory group providing property development related services across Asia Pacific.



Roel Campos
United States
(Vice Chair to Oct 2016)

Served as Securities and Exchange Commissioner between 2002-2007 and Vice-Chair of the Technical Committee of IOSCO. Roel was a member of President Barack Obama's Presidential Intelligence Advisory Board.



Anton Colella
United Kingdom
(elected October 2016)

Anton Colella is Chief Executive of The Institute of Chartered Accountants of Scotland and in 2011 was elected chair of the Global Accounting Alliance (GAA).



Kathleen Casey
United States
(elected October 2016)

A former Commissioner with the US SEC, Kathleen is a senior advisor with Potomac Global Partners. She is also non-executive Director at HSBC, and sits on the PCAOB Advisory Council.



Jay E Fishman
United States
(elected March 2017)

Jay is managing director of Financial Research Associates, specialising in valuation of businesses and intangible assets. A former Trustee of the Appraisal Foundation he has held leadership positions at ASA.



Mark Gerold
United Kingdom

Previously Chair of RICS Global Valuation Board, Mark is a director of valuation and business modelling at EY, heading real estate valuation, UK and Ireland.



Zhang Guochun
China

Zhang Guochun is Vice President and Secretary-General of China Appraisal Society. He is also director of the Valuation Center of Ministry of Finance and Vice Chair of WAVO.



Alan Johnson
Portugal
(elected October 2016)

Previously Chief Audit Executive for the Unilever Group, Alan serves on the Board of IFAC as well as chairing ACCA's Accountants for Business Global Forum.



Malcolm Knight
Canada
(to Oct 2016)

Malcolm served as General Manager of BIS and Senior Deputy Governor of the Bank of Canada, after holding senior positions at the IMF.



Christian Mouillon
France

Christian is Global Vice Chair of Risk Management at EY, overseeing globally strategy and execution for all risk-management activities, including independence, ethics and compliance.



Jens Roder
Denmark
(to Oct 2016)

Previously a partner at PwC, Jens is Secretary General of the Nordic Federation of Public Accountants and member of EFRAG supervisory board Governance and Nominations Committee.



Tom Seidenstein
United States

Previously COO of the IFRS Foundation, Tom is now President for Financial Markets and Policy Research in the Economic and Strategic Research Group at Fannie Mae.



John Smith
United States
(to Oct 2016)

Former partner in the National Office of Deloitte and Touche, John chaired the Expert Advisory Group established by the IASB in response to concerns expressed by the Financial Stability Forum arising from the financial market turmoil.



Frank Vettese
Canada

Frank Vettese is managing partner and Chief Executive for Deloitte Canada. He is also a member of the Deloitte Global Executive Committee.



Senator Howard Wetston
Canada

Previously Chair and CEO of the Ontario Securities Commission, Howard was appointed to the Senate of Canada in November 2016, whilst continuing as Counsel at one of Canada's leading business law firms.



Tatsumi Yamada
Japan

One of the founding members of IASB, Tatsumi is a partner with KPMG AZSA and head of IFRS, KPMG Asia Pacific, as well as a member of KPMG's Global Public Policy Committee.

Real Estate

According to the World Bank up to 70% of the world's wealth lies in the real estate sector (land and real estate) and without the existence of globally adopted International Valuation Standards there is a danger that these assets could be valued inconsistently and in some instances incorrectly across markets

MEMBERS OF THE STANDARDS REVIEW BOARD



Mark L Zyla
Chair, United States

Previously a practice leader at PwC's Corporate Finance Consulting Group, Mark L Zyla is a Managing Director of Acuitas Inc, a Georgia-based valuation and litigation consultancy firm. Mark also serves on the AICPA's Forensic and Valuation Services Executive Committee and is a member of the BV Committee of the ASA.



Mauro Bini
Italy

Mauro Bini is Professor at Bocconi University, Milan and chairman of the management board of the Organismo Italiano di Valutazione (OIV).



Ben Elder
United Kingdom

Ben is global director for valuation at RICS with a background in economics and chartered surveying.



Roy Farthing
Australia

Roy is a partner in EY's valuation & business modelling group and leader of the capital equipment valuation team in Oceania.



Ian Jedlin
Australia

Ian is head of valuations for Asia Pacific at KPMG and an active member of KPMG Australia's board and investment committee.



Leigh Miller
United States

Leigh Miller is global Valuation and Business Modelling leader for Transaction Advisory Services at EY, with particular expertise in statistical quantification methods for valuing intangible assets.



Andreas Ohl
United States

Andreas Ohl is a partner in the business combination team at PwC. He has more than 20 years' experience in transaction services and is one of PwC's experts in in fair value.



Olivier Peronnet
France

Olivier is cofounder and leader of FINEXSI, a financial advisory and audit firm based in Paris, with particular expertise in valuation and financial advice in litigation and assessment of damages.



Ahmed Sabry
Saudi Arabia

Ahmed Sabry is an advisor to the Saudi Authority for Accredited Valuers and head of its education and consultancy arms Taqueem Academy, and Valuation Consultancy Center.

Business Valuation

Building on the foundation of IVS 2017, the Business Valuation Standards Board will continue to address critical issues facing valuation professionals and stakeholders

MEMBERS OF THE BUSINESS VALUATION STANDARDS BOARD



Andreas Ohl
Chair, United States

Andreas Ohl is a partner in the business combinations team in PwC's national quality organisation, where he is responsible for technical matters related to M&A transactions and fair value measurements.

Previously he was the leader of the PwC Transaction Services valuation practice in New York and oversaw value measurement nationally. With over 20 years in Transaction Services, he has provided advisory services to global companies in areas where accounting and finance intersect. As one of PwC's experts in fair value, Andreas has worked extensively to help clients navigate the challenges of fair value accounting.



Robert Boulton
Canada

Bob is the Executive Vice President and COO of CICBV. Prior to practicing business valuation consulting, Robert was CFO of a venture capital investment firm and practiced public accounting with EY.



Jouky Chang
United States

Jouky Chang is part of the Valuation Advisory Services practice of Duff & Phelps and a managing director in Washington DC. Prior to this he was a professional accounting fellow at the US SEC.



Takako Iwata
Japan

Takako Iwata is a partner in corporate finance at KPMG Japan and a member of KPMG's Global Valuations Committee. Her expertise lies in business valuation for mergers and acquisitions and financial reporting purposes.



Jan Marek
Czech Republic

Jan is a partner at Deloitte and the Valuation and Modelling leader for Deloitte Central Europe. He is also president of the European Chapter of ASA.



Diana Nikolaeva
Bulgaria

Diana is a partner in EY Bulgaria and a leader for the transaction advisory services offering in the Balkan countries, as well as sitting on the board of the Chamber of the Professional Valuers in Bulgaria.



Jay Shaw
New Zealand

Jay is a partner at Grant Thornton NZ and leader of their business valuation and forensic accounting service line. He has provided expert valuation testimony before the courts and other tribunals.

MEMBERS OF THE TANGIBLE ASSETS STANDARDS BOARD



Ben Elder
Chair, United Kingdom

Ben joined RICS as Global Director of Valuation in 2011, having served on various RICS Boards including International Governing Council as an elected World Representative. Ben is responsible for delivery of RICS Global Valuation Strategy, which has a key role to play in securing global financial stability through participation by RICS in the development and application of International Valuation Standards.



Larry Dybvig
Canada

Larry is President and owner of Grover, Elliott & Co Ltd, an independent commercial valuation firm, and has been active in the governance of professional organisations, including the National Governing Council of the Canadian Institute and other Professional Standards committees.



James Gavin
United States

Previously MD of Real Estate Valuation at S&P, Gavin is now a managing director at Duff & Phelps San Francisco and part of their fixed asset/real estate service line.



Dirk Hennig
Germany

Dirk Hennig is lead partner of the PwC German property, plant and equipment valuation group. He is a member of the working group for the Standard IDW S10.



Rengganis Kartomo
Indonesia

Rengganis Kartomo is a managing partner at KJPP Rengganis, Hamid & Partners. She is a senior member in the Indonesian Society of Appraisers and currently serves as the RICS ASEAN VPG board member.



CK Lau
Hong Kong

Formerly President of The Hong Kong Institute of Surveyors, CK is international director and head of valuation advisory services at Jones Lang LaSalle Hong Kong.



Claire Magowan
United Kingdom

Formerly with BNP Paribas Real Estate, Claire Magowan is now joint head of portfolio valuation at Savills and sits on their Best Practice Board.



Chris Stanley
New Zealand

Past President of PINZ and member of their Valuation and Property Standards Board and of the API Valuation Standards Board, Chris is a director of Telfer Young in Canterbury, NZ.

MEMBERS OF THE MEMBERSHIP & STANDARDS RECOGNITION BOARD



Eric KH Teo
Chair, Australia

Eric KH Teo is Adjunct Associate Professor at Nanyang Business School, Nanyang Technological University, and Founding Chairman of the Institute of Valuers and Appraisers of Singapore (IVAS) Council.

Previously, he was an Executive Director of Ernst & Young (EY) Transaction Advisory Services in Singapore, sitting on the Steering committee of EY Global Valuation and Business Modelling (VBM) Technical Standards Group (TSG).



Gheorghe Badescu
Romania

Gheorghe Badescu is the founder and owner of CMF Consulting in Bucharest, Romania, specialising in business and property valuation. He was also a founder of the National Association of Romanian Valuers.



Allan Beatty
Canada

Allan Beatty is an associate appraiser with Kent-Macpherson Appraisals in British Columbia. He is active with the Appraisal Institute of Canada and chairs the National Appeals Sub-Committee.



Ken Creighton
United Kingdom

Ken Creighton is the RICS director of standards, and chairs both the International Property Measurement Standards Coalition and the International Construction Measurement Standards Coalition.



Aart Hordjik
The Netherlands

Most recently Aart has played a key role in establishing the Netherlands Register for Real Estate Valuers. During his academic career Aart was director of ROZ and introduced real estate valuation to numerous universities.



Shigeko Mizutani
Japan

Shigeko Mizutani is head of valuation & advisory services at CBRE in Japan, she is also vice chairperson of the International Relations Committee for the Japan Association of Real Estate Appraisers.



Jiang Wei
China

Jiang Wei is head of the Finance Department at the College of Economics, Shenyang University and visiting research scholar at Oxford University and Cambridge University, beginning his career in valuation and securities trading.



Phil Western
Australia

Phil is now national government and asset services manager for Opteon Property Group. Previously he was the New South Wales Valuer General for over ten years and president of the API.

As part of its remit the Membership and Standards Recognition Board uses the PMOs (Professional Membership Obligations) issued by the former Professional Board, whose work concluded this year.

Thanks go to the members of the Professional Board, who were: Greg Forsythe (Chair), Marianna Todorova (Vice Chair), Mauro Bini, Nick French, Eleanor Joy, CK Lau, Doug McPhee, Eric Teo and Jiang Wei.



Eleanor Joy
Canada

Eleanor is the leader of PwC's British Columbia Region Valuation Modelling and Disputes practice and specialises in business and intangible asset valuations. She is also a qualified expert witness.



Jeanette Koger
United States

Vice president of member specialisation and credentialing at the American Institute of CPAs, Jeanette oversees the growth of forensics, valuation, personal financial planning and information management and technology.



MEMBERS OF THE ADVISORY FORUM WORKING GROUP



John Martin
Chair, Australia

John (LFAPI, FRICS) is a licensed valuer and real estate agent who established APC in 1988. He specialises in dispute resolution and advisory and since 2009 has chaired the IVSC Advisory Forum.



Igor Artemenkov
Russian Society of Appraisers

Igor is Vice President of the Russian Society of Appraisers, IVSC Board member 2006-2009, and General Director of JSC International Valuation Center.



Jack Beckwith
American Soc. of Appraisers

Mr. Beckwith has performed and supervised valuations throughout the United States, Canada, Mexico, and Europe, as well as publishing articles on valuation topics and acting as instructor for the ASA.



David Bunton
The Appraisal Foundation

President and COO of The Appraisal Foundation since 1990. Prior to joining The Appraisal Foundation, David served as a staff member for twelve years in the US House of Representatives and Senate.



KK Chui
Hong Kong
Institute of Surveyors

KK is currently chair of the General Practice Division at HKIS and head of Valuation & Advisory Services Asia Pacific at Cushman & Wakefield, as well as non-executive member of the Asia Pacific World Regional Board of RICS.



Karin Lušnic
Slovenian Institute
of Auditors

Karin Lušnic is a licensed business valuation appraiser with over 15 years of working experience on national and international BV assignments, starting her career at KPMG Slovenia in the area of Financial Advisory Services. In 2008 she formed her own company (KLBV), specialising in providing finance and management consulting services.



Pierre Maillé
Canadian Institute of
Chartered Business Valuators

After leading the PwC Valuations, Modelling and Disputes group for Quebec to July 2016, Pierre Maillé is currently working as a consultant for PwC. Since joining PwC in 1981, he has performed and supervised numerous business valuation and financial advisory assignments in several industries.



Chen Minghai
China Appraisal Society

Chen Minghai is a Doctor of Finance, CPA, and Director of the Valuation Standards Department at the China Appraisal Society.



Paul Olscamp
Appraisal Institute of Canada

With over 35 years of real estate appraisal in PE Island, Canada, Paul is a Fellow of the Appraisal Institute of Canada, an honour awarded to members who have distinguished themselves by their exemplary contributions to the profession.



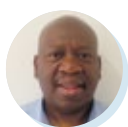
Mark Walley
Royal Institution of Chartered Surveyors

As a member of the Executive Team of the RICS, Mark has responsibility to shape the direction of RICS and to fully contribute to the leadership of the organisation.



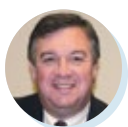
Gilles de Courcel
French Federation
of Valuation Experts

Gilles is Managing Partner
at Ricol Lasteyrie and
France Chairman.



Molefi Kubuzie
South African Property
Valuers Association

Molefi Kubuzie is the current
national president of the South
African Council for the Property
Valuers Profession. He has
served on numerous boards
and held various senior executive
positions in the property and
valuation Profession.



Leslie Sellers
Appraisal Institute

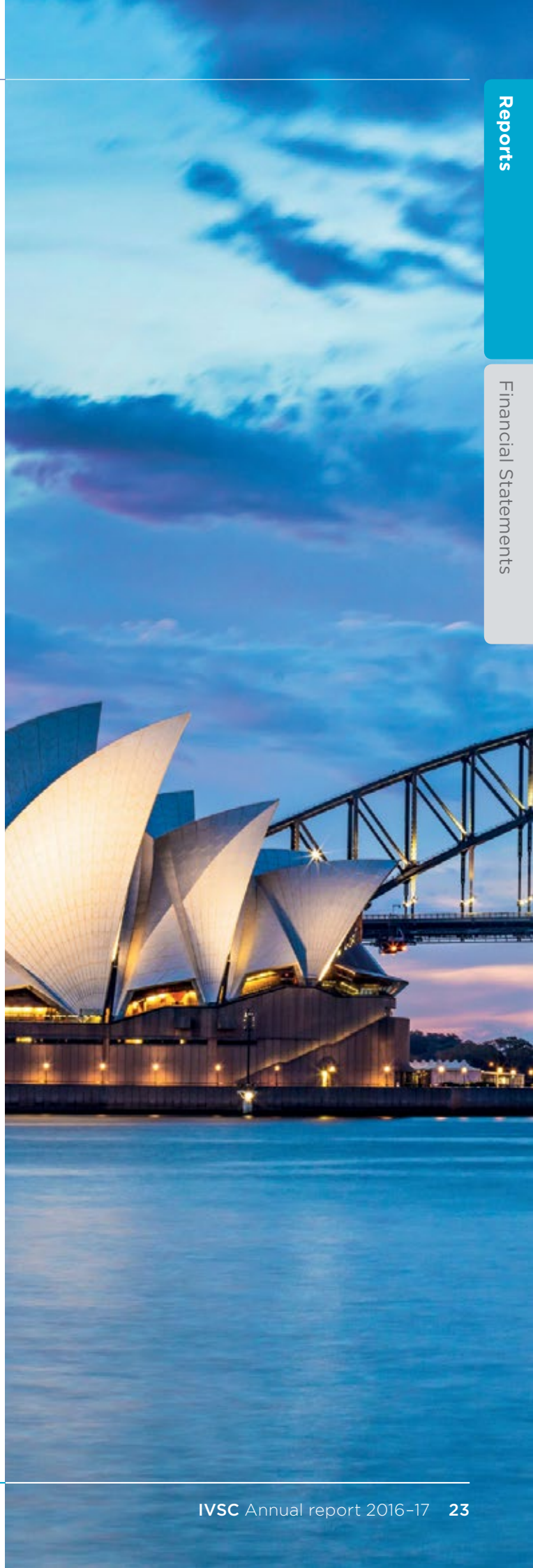
Leslie Sellers is a real estate
appraiser from Tennessee,
US and was 2010 President
of the Appraisal Institute.
Leslie is an active RE valuation
instructor, having taught both
nationally in the US and
internationally. He is the
past chair of the Appraisal
Institute Professional Standards
and Guidance Committee
and current chair of the
Appraisal Institute Body
of Knowledge Committee.



Leandro Escobar Torres
Asociación Profesional de
Sociadades de Valoración
(ATASA)

Leandro is Secretary General
of ATASA and an economist at
Madrid College and associate
professor at Icade-Comillas and
the Centre for Financial Studies
in Madrid, as well as a guest
lecturer in Valuation at the
Universidad Europea de Madrid,
the University of Jaén and
Oxford Brookes University.

He is also a lawyer at the Madrid
Bar Association, with 15 years'
experience in valuation.



IVSC SPONSORS

IVSC is grateful to the many organisations who provided financial support to IVSC during the 2016-2017 financial year. IVSC's thanks go to:

- American Institute of Certified Public Accountants (AICPA)
- American Society of Appraisers
- Appraisal Foundation
- Appraisal Institute
- Appraisal Institute of Canada
- BDO
- Canadian Institute of Chartered Business Valuators
- China Appraisal Society
- Deloitte
- Duff & Phelps
- EY
- Fondazione Organismo Italiano di Valutazione
- Grant Thornton
- Houlihan Lokey
- IFC (International Finance Corporation)
- KPMG
- PwC
- RICS
- Saudi Authority for Accredited Valuers (TAQEEM)

The City of London Corporation provides financial support to the cost of maintaining IVSC headquarters in London.



IVSC MEMBER ORGANISATIONS

PROFESSIONAL VALUATION ORGANISATION MEMBERS

Australia

Australian Property Institute

Bangladesh

Institute of Chartered Valuers
Bangladesh (Provisional member)

Belarus

Belarusia Society of Valuers

Bosnia and Herzegovina

Association of Certified Appraisers
Bosnia Herzegovina

Botswana

Real Estate Institute of Botswana

Brazil

Instituto Brasileiro Avaliacoés (IBAPE)

Bulgaria

Chamber of Independent Appraisers
Bulgaria

Canada

Appraisal Institute of Canada
Canadian Institute of Chartered
Business Valuators (CICBV)
International Association of Consultants,
Valuators and Analysts (IACVA)

China

China Appraisal Society

Columbia

Registro Nacional de
Avaluadores Columbia

Croatia

Croatian Society of Valuers/Appraisers

Finland

Finnish Association for
Real Estate Valuation

Georgia

Expertise Institute for Valuation
of Assets of Georgia
Association of Professionals on
Land & Realty

Hong Kong

Hong Kong Institute of Surveyors

India

Practising Valuers Association of India
Institute of Valuers (India)

Indonesia

Indonesian Society of Appraisers

Italy

Consiglio Nazionale Geometri Italy

Japan

Japan Association of Real Estate
Appraisers

Kazakhstan

Republican Chamber
of Appraisers of Kazakhstan
Chamber of Professional
Appraisers, Kazakhstan

Kenya

Institution of Surveyors of Kenya

Korea

Korea Appraisal Board

Korea Association of Property
Appraisers

Latvia

Latvian Association of Appraisers

Macedonia

Bureau for Court Expertise, Republic
of Macedonia
Chamber of Valuation
of the Republic of Macedonia

Malaysia

Royal Institution of Surveyors Malaysia

Mexico

Federación de Colegios, Institutos
y Sociedades de Valuadores de la
Republica Mexicana AC (FECISVAL)

Mongolia

Mongolian Institute of Certified
Appraisers

Montenegro

Institute of Certified Accountants
of Montenegro

Chamber of Valuers of Montenegro

New Zealand

Property Institute of New Zealand

Netherlands

Nederlands Register Vastgoed Taxateurs
(NRVT)

Nigeria

Nigerian Institution of Estate Surveyors
and Valuers

Norway

Norges Takseringsforbund

Philippines

Institute of Philippine Real Estate
Appraisers (IPREA)

Poland

Polish Federation of Valuers Association

Romania

National Association of Romanian
Valuers (Asociatia Nationala a
Evaluatorilor Autorizati din Romania)

Russia

Russian Society of Appraisers
Self-Regulated Inter-regional Appraisers
Association Russia

Serbia

National Association of Valuers
of Serbia

Singapore

Singapore Institute of Surveyors
and Valuers

Slovenia

Slovenian Institute of Auditors

South Africa

South African Institute of Valuers

Spain

Asociación Profesional de Sociedades
de Valoración (ATASA)

Sweden

Samfundet för fastighetsekonomi
i Sverige AB (Association for Chartered
Surveying, Property Evaluation and
Transactions)



Thailand

Thai Valuers Association

Turkey

Turkish Association of Appraisers

Turkmenistan

Union of Economists of Turkmenistan
(Provisional member)

Ukraine

Ukrainian Society of Appraisers

United Kingdom

Royal Institution of Chartered Surveyors
(RICS)

United States of America

American Institute of Certified
Public Accountants (AICPA)

American Society of Appraisers

Appraisal Institute (US)

CORPORATE MEMBERS**Hong Kong**

Greater China Appraisal
Hong Kong

Japan

Japan Valuers Company

Malaysia

Khong & Jaafar Sdn Bhd

INSTITUTIONAL MEMBERS**Australia**

Australian Valuers Institute

Bulgaria

Chamber of Professional
Valuers Bulgaria

Eurasia

Council of Valuers' Associations
of Eurasia

France

Federation Francaise des Experts
en Evaluation

India

Institute of Cost and Works
Accountants of India

Institute of Chartered Accountants
of India

Italy

E-Valuations (Istituto di Estimo
e Valutazioni, Italy)

Consiglio Nazionale die Dottori
Commercialisti e degli Esperti Contabili
(CNDCEC)

Japan

Japanese Institute of Certified
Public Accountants

Lithuania

Audit, Accounting, Property Valuation
and Insolvency Management Agency

Mexico

Indaabin

Namibia

Ministry of Lands and Resettlement

Russia

Russian Ministry of Economic
Development

Saudi Arabia

Saudi Authority for Accredited Valuers

Singapore

Institute of Valuers and Appraisers
of Singapore (IVAS)

South Africa

South African Council for Property
Valuers Profession (SACPVP)

Spain

Asociacon Espanola de Analisis
de Valor (AEV)

Sri Lanka

Sri Lanka Accounting & Auditing
Standards Monitoring Board

Uganda

Institute of Surveyors of Uganda

Ukraine

Ukrainian Fed of Appraisers of Business
and Intellectual Property

United Arab Emirates

Department of Municipal Affairs,
Emirate of Abu Dhabi

Taqeem Real Estate Appraisal Centre
(Dubai)

United Kingdom

Institute of Chartered Accountants
in England & Wales (ICAEW)

United States of America

The Appraisal Foundation (TAF)

Vietnam

Price Management Department Ministry
of Finance Vietnam

International

International Association of Assessing
Officers (IAAO)

International Institute of Business Valuers

International Finance Corporation (IFC)

ACADEMIC MEMBERS**Russia**

National Research University Higher
School of Economics Moscow, Institution
for Tax Management and Real Estate
Economics

Switzerland

Swiss Institute of Real Estate Appraisal
(SIREA)

Turkey

Real Estate Development and
Management Department,
Ankara University

United States of America

Leventhal School of Accounting,
University of Southern California





1.

1. Advisory Forum Working Group Meeting

February 2017,
Washington USA

2. Our marvellous AGM events team

AGM 2016, Bali INDONESIA

3. Member delegates

AGM 2016, Bali INDONESIA

4. Balinese entertainment

AGM 2016, Bali INDONESIA

5. Balinese entertainment

AGM 2016, Bali INDONESIA

6. Membership & Standards Recognition Board meeting & stakeholders

Hong Kong, February 2017

7. Tangible Assets Board meeting

March 2017, New York USA



2.



4.



5.



3.



6.



7.

INTERNATIONAL VALUATION STANDARDS COUNCIL

Financial Statements

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TRUSTEES AND PROFESSIONAL ADVISERS

YEAR ENDED 31 MARCH 2017

Company registration number

FC030067

The board of trustees

Sir David Tweedie (Chair)

Ethiopia Tafara (Vice Chair)

Kathleen Casey (elected October 2016)

Anton Colella (elected October 2016)

Jay E Fishman (elected March 2017)

Mark Gerold

Zhang Gouchun

Alan Johnson (elected October 2016)

Christian Mouillon

Tom Seidenstein

Frank Vettese

Howard Weston

Tatsumi Yamada

IVSC Audit Committee

Christian Mouillon (Chair)

Tom Seidenstein

Tatsumi Yamada

Registered office

200 W. Madison Street, Suite 1500

Chicago, Illinois, 60606

United States of America

Operating office

1 King Street

London

EC2V 8AU

United Kingdom

Auditor

Crowe Clark Whitehill LLP

St. Bride's House

10 Salisbury Square

London

EC4Y 8EH

United Kingdom

Bankers

HSBC Bank PLC

Sussex Corporate Banking Centre

1st Floor, First Point

Buckingham Gate

London Gatwick Airport

Gatwick

West Sussex

RH6 0NT

United Kingdom

TRUSTEES REPORT

YEAR ENDED 31 MARCH 2017

The Trustees present their report and financial statements for the year ended 31 March 2017.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The International Valuation Standards Council (IVSC) is the global standard setter for the valuation profession. Its mission is to set and maintain effective, high quality global standards for the performance of valuations by the valuation profession and to contribute to the development of the worldwide valuation profession, thereby serving the public interest.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

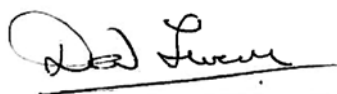
In so far as the Trustees are aware:

- there is no relevant audit information of which the company's auditor is unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

Crowe Clark Whitehill LLP has indicated its willingness to be reappointed.

Approved and authorised for issue on 21 June 2017 by the Trustees and signed on its behalf by:



Sir David Tweedie
Chair

STATEMENT OF TRUSTEES' RESPONSIBILITIES

YEAR ENDED 31 MARCH 2017

The Trustees are responsible for preparing the financial statements in accordance with applicable law and regulations.

The Bylaws of the Council require the Trustees to prepare financial statements for each financial year. Under the Articles of Incorporation the Trustees have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and applicable law.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Council's financial position, financial performance and cash flows. This requires faithful representation of the effect of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all situations, a fair presentation will be achieved by complying with all applicable IFRSs. In preparing these financial statements, the Trustees are also required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Council's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Council will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Council. They are also responsible for safeguarding the assets of the Council and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF INTERNATIONAL VALUATION STANDARDS COUNCIL YEAR ENDED 31 MARCH 2017

We have audited the financial statements of The International Valuation Standards Council (the Council) for the year ended 31 March 2017 which comprise the Income Statement, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows and the related notes numbered 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards issued by the International Accounting Standards Board (IFRS).

This report is made solely to the Trustees, as a body, in accordance with our agreed terms of engagement. Our audit work has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The International Valuation Standards Council and the Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial accounts

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Council's affairs as at 31 March 2017 and of its surplus for the year then ended; and
- the financial statements have been properly prepared in accordance with IFRS.

Crowe Clark Whitehill LLP

Crowe Clark Whitehill LLP

Statutory Auditor
London
10 July 2017

INCOME STATEMENT

YEAR ENDED 31 MARCH 2017

	Notes	2017	2016
		£	£
Income	3	1,139,019	1,007,313
Standard setting and professional development		(878,814)	(918,183)
Publications and associated costs		(94,989)	(92,383)
OPERATING SURPLUS/(DEFICIT) BEFORE TAX	4	165,216	(3,253)
Tax expense		-	-
SURPLUS/(DEFICIT) FOR THE YEAR		165,216	(3,253)

There was no other comprehensive income for the year.

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2017

	Retained surplus	Foreign exchange reserve	Total
	£	£	£
Balance at 1 April 2015	317,656	-	317,656
Total recognised (deficit) for the year	(3,253)	-	(3,253)
Revaluation surplus upon translation to £	-	70,352	70,352
Balance at 31 March 2016	314,403	70,352	384,755
Balance at 1 April 2016	314,403	70,352	384,755
Total recognised surplus for the year	165,216	-	165,216
Balance at 31 March 2017	479,619	70,352	549,971

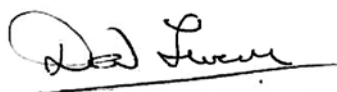
The notes on pages 37 to 44 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

YEAR ENDED 31 MARCH 2017

	Notes	2017	2016
		£	£
TOTAL ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	891	-
CURRENT ASSETS			
Inventories		2,240	3,319
Trade and other receivables	10	222,909	228,991
Prepayments		51,380	13,972
Cash and cash equivalents	11	532,705	341,751
		810,125	588,033
CAPITAL AND RESERVES			
Retained surplus	13	479,619	314,403
Foreign exchange reserve	13	70,352	70,352
CURRENT LIABILITIES			
Deferred income		98,381	111,767
Trade and other payables	12	161,773	91,511
		810,125	588,033
TOTAL EQUITY AND LIABILITIES			

The financial statements on pages 29 to 36 were approved by the Trustees and have been authorised for issue on 21 June 2017 and were signed on its behalf by:



Sir David Tweedie, Chair

Company registration number: FC030067

The notes on pages 37 to 44 form part of these financial statements.

STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2017

	2017	2016
	£	£
Total operating surplus/(deficit)	165,216	(3,253)
Depreciation	445	2,352
Decrease in inventory	1,079	11,560
Decrease in trade and other receivables	6,083	(74,834)
(Increase)/decrease in prepayments	(37,408)	8,960
(Decrease)/increase in deferred income	(13,386)	24,619
Increase in trade and other payables	70,261	47,848
CASH FLOWS FROM OPERATING ACTIVITIES	192,290	17,251
Purchase of property, plant and equipment	(1,336)	-
Proceeds from sale of equipment	-	248
CASH FLOWS FROM INVESTING ACTIVITIES	(1,336)	248
NET INCREASE IN CASH AND CASH EQUIVALENTS	190,954	17,499
Opening cash and cash equivalents	341,751	324,252
CLOSING CASH AND CASH EQUIVALENTS	532,705	341,751

The notes on pages 37 to 44 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

1. Authorisation of financial statements and statement of compliance with IFRS

The International Valuation Standards Council was incorporated on 1 April 2004 as a not-for-profit corporation in Illinois, USA.

The Council was registered on 15 February 2011 under the Companies Act 2006, with company registration number FC030067, as having a UK establishment in the United Kingdom.

Basis of preparation

The Council's financial statements have been prepared in accordance with International Financial Reporting Standards published by the International Accounting Standards Board (IFRS) and applicable law.

The principal accounting policies adopted by the Council are set out in note 2. The policies have been consistently applied to all years presented, unless otherwise stated.

2. Accounting policies

Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Council and the income can be reliably measured. All such income is reported net of discounts and value added and other sales taxes.

Donations and sponsorships

Donations and sponsorships are recognised in accordance with the period stated in the donor or sponsor agreement.

Membership subscription fees

Membership subscription fees are recognised in accordance with the membership subscription period (1 April to 31 March).

Publications

Publications income is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of income can be measured reliably.

Royalties

Royalty income arising from the use of the intangible property rights of the Council is accounted for in accordance with the relevant contracts for the use of those rights by third parties.

Foreign currency exchange

Transactions in currencies other than the functional currency of the Council are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Gains and losses arising on retranslation are included in net surplus or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

Tax

For UK tax purposes, the Council has sought and received confirmation from H M Revenue and Customs that all income received from members is not taxable. The IVSC is only subject to corporation tax on its surplus from interest receivable and other income.

For US tax purposes, the Council is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Contributions to the Council are deductible for income tax purposes within limitations of the law.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

YEAR ENDED 31 MARCH 2017

2. Accounting policies (continued)

Property, plant and equipment

Items of fixtures, fittings and equipment are stated at cost of acquisition less accumulated depreciation and impairment losses. All tangible fixed assets are depreciated over their estimated useful lives using the straight-line basis.

Furniture, fittings and equipment are depreciated on a straight-line basis over three years.

Trade and other receivables

Trade and other receivables denominated in currencies other than the functional currency are recorded at the rates prevailing on the dates of the transactions. At each statement of financial position date, trade and other receivables denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position. Allowances are made on for any uncollectible or impaired amounts.

Other receivables are recognised at fair value.

Estimates and judgements

An estimate for doubtful debts is made when collection of the full amount is no longer probable.

Debts are written off when they are identified as being non recoverable.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits. Short term deposits are defined as deposits with an initial maturity of three months or less.

Trade and other payables

Trade and other payables are measured at amortised cost.

Standards in issue not yet adapted

The financial statements have been prepared on the basis of accounting standards, interpretations and amendments effective on 1 April 2017. The standards in issue not yet adopted are:

IFRS 9 – Financial instruments

IFRS 15 – Revenue from contracts with customers

IFRS 16 – Leases

The Council has not yet performed a formal assessment that there are no relevant standards or interpretations in issue not yet adopted which will have a material impact on the financial statements.

3. Income

	2017	2016
	£	£
Donations, Sponsorships and Grants	897,294	810,319
Membership subscription fees	219,288	194,837
Publications and related activities	22,158	776
Other income	279	1,381
	1,139,019	1,007,313

4. Operating surplus (deficit)

Operating surplus/(deficit) is stated after charging/(crediting) the following:

	2017	2016
	£	£
Depreciation of property, plant and equipment	445	2,352
Net foreign currency differences	(116,694)	(9,791)
Inventory recognised as an expense	1,079	11,560
Rental expense	59,559	65,210
Auditor's remuneration - audit services	11,500	11,100

	2017	2016
	£	£
Included in standard-setting and professional development:		
Employee benefits expense	331,806	470,200
Depreciation and amortisation	445	2,352
Net foreign currency exchange	(116,694)	(8,496)

5. Employee expenses

	2017	2016
	£	£
Wages and salaries	268,693	437,760
Post employment expense for defined contribution plans	39,703	3,083
National insurance costs	23,410	29,357
	331,806	470,200

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

YEAR ENDED 31 MARCH 2017

6. Fixtures, fitting and equipment

	Computer Equipment
	£
Cost	
At 1 April 2015	19,365
Additions	-
Disposals	(1,274)
To 31 March 2016	18,091
Additions	1,336
Disposals	-
To 31 March 2017	19,427
Depreciation	
At 1 April 2015	16,766
Charge for the year	2,351
Disposals	(1,026)
To 31 March 2016	18,091
Charge for the year	445
Disposals	
To 31 March 2017	18,536
Net book value	£
At 31 March 2015	2,599
At 31 March 2016	-
At 31 March 2017	891

7. Financial risk management objectives and policies

The operations of the International Valuation Standards Council expose the Council to numerous financial risks. Management continuously monitors these risks with a view to protecting the Council against the potential adverse effects of these financial risks. There has been no significant change in these financial risks since the prior year.

Reserves policy

The Council defines the capital that it manages as the Council's retained surplus. The Council's objectives when managing capital are:

- to safeguard the Council's ability to continue as a going concern, so that it can continue to lead as the global standard setter for the valuation profession; and
- to maintain sufficient financial resources to mitigate against risks and unforeseen events.

The Council's reserves policy is to hold in excess of £350,000 as cash or cash equivalents to meet the Council's financial risk management objectives. This is the general policy but it is normal that the balance will occasionally go below for short periods of time.

Credit risk

The Council trades only with recognised, credit worthy customers. Customer balances are checked regularly to ensure that the risk of exposure to bad debts is minimised.

Liquidity risk

The Council has given responsibility of liquidity risk management to the Board of Trustees.

Management of liquidity risk is achieved by monitoring budgets and forecasts and actual cash flows.

Interest rate risk

The Council maintains surplus funds in liquid bank current accounts. The average interest rate on these bank current accounts is negligible and none of the bank current accounts have an original maturity of more than three months.

For a change in interest rates of 1%, the gross interest earned would be negligible.

Currency risk

The Council monitors currency risk closely and considers that its current policies meet its objectives of managing exposure to currency risk.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

YEAR ENDED 31 MARCH 2017

8. Financial assets and liabilities

	Carrying amount		Fair value	
	2017	2016	2017	2016
	£	£	£	£
Financial assets				
UK £ Current Account	359,994	106,950	359,994	106,950
US \$ Current Account	172,668	234,801	172,668	234,801
Cash	43		43	
Trade and other receivables	214,928	223,543	214,928	223,543
Financial liabilities				
Trade and other payables	(147,454)	(80,628)	(147,454)	(80,628)

9. Related party transactions

Key management compensation

During the period the key management personnel comprised of the Chair and Chief Executive Officer. Their aggregate remuneration for the Year ended 31 March 2017 was £200,000 (2016: £224,239).

Associations with members or sponsors

The following Trustees have been identified as being associated with members or sponsors during the financial year as indicated below;

Mark Gerold	(Member of RICS Governing Council and Knowledge Board/ and Director of Valuation and business modelling, Ernst & Young).
Zhang Gouchun	(Secretary General, China Appraisal Society).
Christian Mouillon	(Partner, Ernst & Young).
Ethiopis Tafara	(Vice President for Corporate Risk and sustainability and General Counsel of IFC).
Frank Vettese	(Member, Deloitte Global Executive Committee).
Tatsumi Yamada	(Partner, KPMG AZSA).

All trustees other than the Chair are not remunerated but are reimbursed for out of pocket expenses incurred while undertaking work on behalf of the International Valuation Standards Council.

10. Trade and other receivables

	2017	2016
	£	£
Receivable from sponsors and members	197,119	200,147
Other receivables	17,809	19,226
Other receivables - VAT	7,981	5,448
Accrued income	-	4,170
	222,909	228,991

Amounts receivable from sponsors and members are non-interest bearing and are generally on 30 day terms. The ageing of the amounts receivable from sponsors and members is as follows:

	2017	2016
	£	£
0-30 days	64,085	16,509
30-60 days	171	88,733
60-90 days	-	-
Greater than 90 days	132,863	94,905
	197,119	200,147

11. Cash and cash equivalents

	2017	2016
	£	£
Cash at bank	532,705	341,751

The US \$ account was revalued at the closing rate of 1.24866 (2016: 1.43677).

For the purposes of the statement of cash flows the above constitute cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

YEAR ENDED 31 MARCH 2017

12. Trade and other payables

	2017	2016
	£	£
Payable to trade suppliers	60,439	45,158
Other payables	2,644	8,885
Accrued liabilities	84,372	26,585
Tax payable - PAYE & NI	14,318	10,883
	161,773	91,511

13. Reserves

The retained surplus reflects the accumulated surplus from the Council's activity to date. The reserve is used to fund the current and future activities of the Council.

The foreign exchange surplus reflects the differences arising upon the retranslation of the net assets and historical retained surplus from US Dollar to UK Sterling effective from 1st April 2016.

14. Contribution of services in kind

During the financial period and beyond, the IVSC has and will continue to benefit from a contribution of services in kind from specific sponsors as follows:

Position	Time contributed	Sponsor	Duration
Interim CEO	1 day per week	EY	Apr-Jul 2016
Technical Director, Real Estate	1 day per week	RICS	Apr 2016 to Feb 2017
Technical Director, Business Valuation	1 day per week	PwC	Apr 2016 to Feb 2017
Technical Director, Business Valuation	1 day per week	KPMG	Feb 2017 to date
Technical Director, Financial Instruments	1 day per week	EY	Apr 2016 to date

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