



INTERNATIONAL VALUATION STANDARDS COUNCIL

Strategy and Operational Plan

2011/2012 and 2012/13

*Approved by IVSC Board of Trustees
at its meeting on 11 March 2011*

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Strategy and Operational Plan

2011/2012 and 2012/13

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SECTION 1

Executive summary

- 1.1** The IVSC underwent a major restructuring during 2008 with the 'new' organisation becoming operable at the beginning of 2009. During the two years since then the IVSC has reached several important milestones. It has continued with the development of high-quality International Valuation Standards (IVS) and issued an exposure draft of a proposed new edition of the IVS in June 2010. A work programme is in place to develop technical guidance to support the rigorous application of the IVS and to contribute to high quality valuation reporting. The IVSC has significantly increased its profile amongst a number of key stakeholders, including international and leading national securities regulators, the international financial institutions, and related standard setting organisations. The organisational structure of the IVSC is in place. Leading figures from the international financial world and senior valuation professionals serve on the three IVSC Boards; an office has been established in the City of London; staff levels have been increased; and a diverse group of leading international organisations have committed to providing financial sponsorship for the organisation.
- 1.2** The financial crisis raised awareness of the importance of valuation and provided the IVSC with new opportunities to be the voice of the global valuation profession – a position that the IVSC intends to expand. The Strategy and Operational Plan for 2011/12 and 2012/2013 seeks to enable the IVSC to increase momentum, seize new opportunities and establish sufficient resources to allow this to happen.
- 1.3** The Plan presents four strategic themes:
- To be the international standard setter for the valuation profession
 - To promote the development of the global valuation profession
 - To be an influential voice on behalf of the global valuation profession
 - To enhance the IVSC's governance and operations
- 1.4** The strategic plan is supported by an operational plan, including a technical work programme, and budget. The strategic plan reflects those activities and services that are critical to a successful future for the organisation and to enhancing the relevance of the valuation profession. The proposed budget reflects continued support for the IVSC's core activities, while allowing for an increased focus on valuation standard setting, on the development of technical guidance, enhanced engagement with stakeholders, and the continued building of organisational capacity. It is particularly important that an adequate staffing structure is put in place to support the volunteer effort and enable a timely delivery of this Strategy and Operational Plan.

- 1.5 Increased globalization including a global financial system gives rise to global demands, which, in turn, require global responses. It is now more critical than ever that the IVSC be a credible and effective organisation for the global valuation profession. To do so will, however, require considerable commitment from all those who prepare or rely on valuation reports.

SECTION 2

Introduction

- 2.1** The IVSC Board of Trustees has agreed a strategy for the IVSC for the period 2011/12 and 2012/2013 and also determined an operational plan for that period to implement the strategy. The two IVSC technical boards – the International Valuation Professional Board and the International Valuation Standards Board – have developed a detailed technical work programme, attached at Appendix A that forms part of the operational plan.
- 2.2** This Plan reflects those activities and services that are critical to a successful future for the organisation and to enhancing the relevance of the valuation profession. It seeks to increase momentum, seize new opportunities and establish sufficient resources. It also provides for the establishment of sufficient staff resources, a strong operational foundation, and fiscal stability. The Plan has been developed in the context of the current operational structure of volunteer Board members but will require significant additional budgetary resources to fully implement.
- 2.3** This Plan will be enhanced and developed as the IVSC Board of Trustees introduces a planning cycle that allows the Board to monitor the activities and services that support the IVSC’s mission and strategies, while responding to the environment in which the organisation operates.
- 2.4** The IVSC seeks to be transparent in its activities. This Plan has been circulated to all IVSC members and sponsors and is published on the IVSC website. The IVSC Board of Trustees invites comments on any aspect of the proposed strategy and possible actions to implement the proposed strategy as it develops the Plan going forward.

SECTION 3

Context

3.1 The IVSC was established in 1981 and successfully completed a major restructure during 2008 with the 'new' organisation coming into effect in January 2009 in the midst of the global financial crisis. The crisis has provided an impetus to the development of the IVSC leading as it has to greater recognition of the critical role played by valuation in today's global financial system and global economy. The market now knows the importance of forming a consensus around the input assumptions, models and processes involved in a valuation and that improving confidence in valuation methodologies and practices is key to restoring investor confidence. The charting of a new course from crisis to recovery presents an opportunity to position the global valuation profession as a key contributor to the implementation of measured and effective responses to help foster sustainable economic growth.

3.2 The IVSC

The IVSC is an independent, not-for profit private sector organisation whose overriding principle is to serve the global public interest by offering standards to the world's capital market organisations, regulators and market participants, promoting strong ethical values, encouraging quality practice and supporting the development of a competent valuation profession around the world. The IVSC is funded by its membership – 67 members from 50 countries – and by support from major international valuation providers and users. The IVSC is overseen by a Board of Trustees and has two operational boards – The International Valuation Professional Board and the International Valuation Standards Board. The IVSC is neither a regulator nor an accreditation body. It does not set or oversee national standards. Its membership model is set to build legitimacy and active support on a global and national level, allowing full and open participation in the setting of standards.

3.3 IVSC achievements

In the two years since the restructured IVSC came into operation, the IVSC has achieved its initial goals. The three Boards – the Board of Trustees, the International Valuation Professional Board and the International Valuation Standards Board – were established; an exposure draft of proposed new International Valuation Standards was issued in June 2010, with publication of the new edition anticipated July 2011; the issue of the valuation of financial instruments is being addressed through an Expert Group; the need for best practice guidance has been recognised and exposure drafts of the first Technical Information Papers will be issued during the 1st quarter 2011. The organisational infrastructure continues to be built. With financial support from the City of London Corporation, agreement was reached with the International Centre for Financial Regulation to share office accommodation in Moorgate in the City of London. The staff complement has been increased by the appointment of a new technical director. Despite the economic climate, fifteen organisations have committed to providing financial sponsorship to the IVSC. These include four of

the big six networks, a number of valuation practices, professional institutes, and a leading international bank.

What has been learned from our first two years of operation shows that the original objectives behind the IVSC restructuring were sound and have formed the basis for this Plan for going forward.

SECTION 4

IVSC mission and vision

4.1 Vision

From an 'internal' professional perspective, the IVSC aims to be the acknowledged global standard setter for the valuation profession. Its mission is to establish and maintain effective, high-quality international valuation standards, to develop a framework of guidance on best practice for valuations of the various classes of assets and liabilities and to contribute to development of the worldwide valuation profession, thereby serving the global public interest.

From an external 'market' perspective, and as the established international standard setter for valuation, the IVSC promotes the importance of developing and maintaining standards and guidance for the reporting and disclosure of valuations, especially those that will be relied upon by investors and other third party stakeholders. It therefore aims to provide a key safeguard in the global economic system.

4.2 Mission

- To enhance confidence in the valuation process through the creation and maintenance of high-quality international standards and guidance
- To be recognised as the standard setting authority for all international valuation practice
- To provide a central forum which brings together the valuation profession, users of valuation, regulators, legislators and opinion-formers
- To become the primary source of authority and guidance on valuation issues - development and promulgation of truly effective standards, and co-ordination/consolidation of knowledge, best practices and education
- To be the primary representative for the global valuation profession, speaking out on a wide range of issues where the valuation profession's expertise is most relevant
- To conduct regular broad consultation/review with stakeholders to ensure that all activities are appropriate, effective and widely supported
- To ensure the sustainability of the organisation deriving from plural revenue sources and value added services in addition to membership dues

SECTION 5

Strategies and key activities

5.1 The Board of Trustees has agreed the following four strategic objectives to provide the context for the activities necessary to pursue the mission and vision of the organisation:

Strategy 1 – To be the international standard setter for the valuation profession

Strategy 2 – To lead the development of the global valuation profession

Strategy 3 – To be an influential voice on behalf of the global valuation profession

Strategy 4 – To enhance IVSC’s governance and operations

This section discusses briefly the rationale behind the four strategic objectives and highlights the key activities to be undertaken in support of the objectives.

The operational plan is shown in Section 6 and this in turn is supported by a detailed technical work programme included at Appendix A. Both these plans will be regularly reviewed and updated.

Strategy 1

To be the international standard setter for the valuation profession

5.2 The Standards Landscape

There is a huge diversity in the standards that govern the valuation process at the national level. Existing valuation standards have sprung up as needed for purposes such as taxation, litigation, shareholder disputes or financial reporting. Within one country, there may be multiple sets of standards promulgated by different organisations. Standards may have been developed for the valuation of some assets but not others. For example, many countries have strong standards for the valuation of tangible assets as a result of previous property market crises but no standards or guidance for the valuation of intangible assets or financial instruments. Standards may be set by self-regulating professional valuation organisations, various industry bodies, accounting associations, government or quasi-government boards or indeed through legislation.

This situation is not mirrored at the global level where, with the exception of the International Valuation Standards, there is little in the way of valuation guidance. However the economic and financial crisis has led to demands to apply consistent standards of valuation on a global basis. Unless such standards are established through a strong global standard setter there is a fear of disparate responses arising from the current crisis ending up with multiple sets of standards - for different asset classes and for different purposes.

The IVSC published an Exposure Draft of proposed new “International Valuation Standards” (IVS) in June 2010, and is anticipating publication of the new edition

in July 2011. The standards cover valuations for most types of asset, including for the first time a proposed standard for financial instruments. The IVS aim to identify concepts and principles that are applicable to all types of valuation in order to improve consistency, transparency and therefore confidence in the valuation process.

The creation of a platform of a high-quality and comprehensive set of global valuation standards will allow the IVSC to move forward on the many complex issues facing valuation today. It also allows the IVSC to take its place in the mosaic of international regulation and financial reporting organisations and infrastructure and to work towards the International Valuation Standards being recognised as one of the key standards designated by the Financial Stability Board as key for sound financial systems and deserving of priority implementation.

The IVSC recognises that the effective implementation of its standards is as important as their development, and that it has an important role in addressing the practical implementation challenges experienced by those adopting the IVS and the diversity in valuation practice that exists. The development of the IVS is part of a longer term plan for the generation of more comprehensive material. Responses to the IVS exposure draft show that pressure for the IVSC to accelerate efforts to develop (with appropriate due process) accompanying technical guidance and best practice material. In assembling a global set of technical guidance the IVSC will leverage off the work of others in addition to initiating its own projects.

5.3 Key activities to support strategy 1

(i) Develop and maintain the International Valuation Standards (IVS)

Following publication of the new edition of the International Valuation Standards anticipated in July 2011, the International Valuation Standards Board will continue to develop and maintain the Standards in accordance with the agreed technical work plan – attached at Appendix A.

(ii) Promote the consistent and rigorous application of the IVS

The International Valuation Professional Board (IVPB), working closely with the IVSB, will develop technical guidance and best practice material in accordance with the agreed technical work plan – attached at Appendix A.

(iii) Recognise and act on collaboration opportunities with national standard setters and others

The scope of the challenge facing the IVSC to improve consistency and comparability of valuations across asset classes is immense. To succeed, it will need to work with and leverage off the efforts of others. A number of initiatives are already underway.

An agreement with The Appraisal Foundation in the US has been signed. The Appraisal Foundation is drafting 'best practice for valuation in financial reporting', and has agreed that the IVSC can review its guidance and then publish as international guidance in a collaborative attempt to reduce current diversity in practice in the

area of intangible asset valuation for financial reporting. The first such paper to be published by the IVSC will be guidance on *The Identification of Contributory Assets and the Calculation of Economic Rent*. An exposure draft will be issued during Q2 2011.

In September 2009, the IVSC signed a Memorandum of Understanding (MoU) with the International Federation of Accountants. Under this MoU, the IVPB is working with the International Auditing and Assurance Standards Board (IAASB) to develop a discussion paper on the *External Auditor's Use of Valuation Experts*.

The IVSC is discussing a Memorandum of Understanding with the International Private Equity and Venture Capital Valuation Board (IPEV Board) as both organisations seek to work more closely together.

Strategy 2

To lead the development of the global valuation profession

5.4 Valuation, unlike law and accountancy, is not a cohesive and easily identifiable profession. Members of the profession may be known as valuers, appraisers or valutors in different countries. Some members of the profession will have accreditation as a valuer; others may have trained in accounting, economics and finance and have a different accreditation. While certain jurisdictions may require a specified accreditation to provide certain types of valuation services, there are many instances of those who provide valuation services operating without regulation. There is no single global competency or training that validates those who provide professional valuation services.

The financial crisis has focused the attention of regulators and governments not just on the need for comprehensive valuation standards but on those who provide valuation services. The IVSB, in its recent discussion paper, has identified the skill and experience of the valuer as a major factor governing valuation uncertainty. The IVSC will seek to foster the development of the global valuation profession through providing a definition of the 'professional valuers' and by providing international benchmark standards for the learning and development of a professional valuer that provide a common reference point to help reduce differences among jurisdictions. Of equal importance will be agreement upon a common set of ethical principles around which the profession can move forward.

5.5 Key activities to support Strategy 2

(i) Enhance the professional knowledge, values, skills and ethics of professional valuers worldwide.

The IVPB has released a draft model Code of Ethics for consultation and, following review of comments received, will publish the Code during 2011. A discussion paper on the Definition of a Professional Valuer has also been released. Once an agreed definition is decided, the IVPB can move forward to develop standards, guidelines, and information papers on pre-qualification education, training of professional valuers, and on continuing professional education and development

for members of the valuation profession for use as international benchmarks. The IVSC will also seek to act as a catalyst in bringing together the developed, developing and emerging economies to assist in the advancement of valuation education programs worldwide, particularly where this will assist economic development.

Education and training in the International Valuation Standards is closely linked to their implementation. Working with regional and national professional valuation institutes and education providers, the IVPB will provide advice to the Board of Trustees on the market for IVSC educational products and the best way of delivering such education.

(ii) Support the growth of strong professional valuation organisations

The IVSC will work to encourage national professional valuation organisations to seek membership of the IVSC. It recognises that many such organisations are small and may represent a particular valuation specialism. The model adopted in France whereby four valuation organisations have joined together, with the encouragement of the Autorité des Marchés Financiers, as the Fédération Française des Experts en Evaluation (FFEE) may be one that can be followed elsewhere. FFEE was admitted as a member of the IVSC in October 2010.

The obligations of IVSC membership will be reviewed and consideration given to providing clear benchmarks to current and potential IVSC members to assist them in ensuring high quality performance by professional valuers. This could lead to the development of a membership compliance program similar to that adopted by International Federation of Accountants (IFAC). Through a process of self-assessment and gap analysis, followed by the development and implementation of an action plan by each member body, it is IFAC's objective to improve each member's capacity to support and enforce compliance with the standards produced by the IFAC boards.

Strategy 3

To be an influential voice for the global valuation profession

5.6 The voice of the valuation profession at an international level has not been heard strongly enough. The IVSC recognises the need for a strong communication strategy and places particular emphasis on engaging in dialogue with key stakeholders – the international regulatory community, other related international organisations, IVSC member bodies and sponsors, practicing valuers and the academic community. Developing a communications programme to interact further with such interested parties and to widen awareness of valuation issues and IVSC projects and activities will be an important contribution to the vision of international adoption of the IVSC standards. In particular, such a programme will contribute to achieving the objective of recognition of the IVS as one of the key standards designated by the Financial Stability Board as key for sound financial systems and deserving of priority implementation.

To date the IVSC has focused its communication activities on a programme of meetings at a senior level with key international and national financial and regulatory institutions. Collaboration with these organisations and other stakeholders is essential and these relationships must be maintained and strengthened by regular dialogue particularly with technical staff.

The IVSC issues press releases, eNews communications, and reports publicly on its work programme, activities and progress in its annual report. It further promotes its activities and publications through the IVSC website and by way of presentations. IVSC responds as appropriate to exposure drafts issued by other related organisations. All these are aimed at keeping its stakeholders informed of its activities and will continue. However the IVSC will also consider new activities designed at enhancing its core messages and ensuring that the IVSC is viewed as a global standard setter with expertise on key matters.

The IVSC uses various mechanisms to engage with its stakeholders. Although the majority of the meetings of the IVSC Boards are held at the London office of the IVSC, the Annual General Meeting is held in various locations, allowing an opportunity to interact with interested parties in different parts of the world. An Advisory Forum that brings together professional institute members of the IVSC to discuss issues of common interest meets at the same time as the AGM. Annual meetings are held with those organisations that provide financial sponsorship to the IVSC to report on activity and to seek advice on the strategic direction for the IVSC. However, the IVSC Board of Trustees recognises that although corporate users do have the opportunity to respond to exposure drafts and attend round table meetings, there is no vehicle through which they can interact with the IVSC. Consideration will be given to establishing a suitable vehicle during 2011.

5.7 Key activities to support Strategy 3

(i) Effectively leverage existing communications vehicles and determine additional communications needs

A more focused approach to communications will be introduced, identifying priorities that will meet the IVSC's objectives in the short term and on a longer term basis. Existing communications vehicles and methods will be enhanced and expanded and consideration given to ways to ensure that the all key stakeholders have the opportunity to have their views heard.

(ii) Identify key strategic partnerships

It is essential that a strong relationship between the IVSC and a number of key international and national organisations be developed and fostered at both Board and staff level. Such organisations will include but not be restricted to:

- Basel Committee on Banking Supervision
- European Commission
- European Securities and Markets Authority
- Financial Stability Board
- IFRS Foundation
- International Federation of Accountants
- International Auditing and Assurance Standards Board
- International Accounting Standards Board
- International Capital Market Association
- International Monetary Fund
- International Organization of Securities Commissions
- International Private Equity and Venture Capital Valuation Board
- Organization for Economic Co-operation and Development
- World Bank

(iii) Tell the IVSC story – identify key forums, conferences, events, speaking engagements, opportunities to tell the story

From a public interest perspective it is important to get the message out as to the importance of valuation standards and the work of the IVSC. The IVSC story must be told persistently and consistently at key conferences and events and these arenas should be targeted at every opportunity. The IVSC will seek to identify a pool of speakers able to respond to invitations and deliver a consistent message.

(iv) Maximise the use of the internet, website, and other communication vehicles

As the use of technology continues to increase, the IVSC must be proactive in enhancing the usefulness of its website in terms of content and functionality and use it to maximum advantage to enhance the public face of the IVSC and to facilitating collaboration and ongoing dialogue with IVSC stakeholders.

Strategy 4

Enhance the IVSC's governance and operations

5.8 One of the major responsibilities of the IVSC Trustees remains securing the necessary resources to operate the organisation effectively. Without a stable and ongoing income stream, the IVSC will not have the operational strength and sustainability to achieve its strategic plan. The IVSC budget remains largely determined by the need to pay the salaries of IVSC staff and by the need to

support significant travel costs as part of the process of standards development and consultation globally. The operations of the IVSC are funded primarily through voluntary financial donations made by a diverse group of global audit networks, valuation firms, professional institutes and a leading international bank. More limited funds are obtained from IVSC membership subscriptions and the sale of the International Valuation Standards. During 2010 the Trustees expanded staff resources to respond to growing requirements with the creation of a new position as IVSC technical director. However there is clearly a need to continue to expand both the technical staffing resources and to build a strong operations team to enable the organisation to meet the demands of an international standard setter.

The objective of the IVSC restructuring was to increase confidence that the activities of the IVSC were properly responsive to the public interest and would lead to the establishment of high quality valuation standards and practices. Governance and management policies will continue to be developed and implemented and as it enters the third year of operation of the restructured organisation, an effectiveness review of the remit and responsibilities of the two IVSC operational boards will be undertaken.

The IVSC Boards have continued to implement and refine a number of transparency improvements, including posting of technical Board papers on the IVSC website in advance of each meeting and opening those meetings to the public. The IVSC will continue to ensure that its processes are as open and transparent as possible by for example, increasing the amount of public explanation given for Board decisions and by holding, where appropriate, round tables to consult on proposed drafts.

The success of the organisation also depends upon the willingness of highly responsible and experienced individuals to serve on the IVSC Boards. The Board of Trustees, through its nominating committee, is responsible for ensuring credibility through an open process that secures the best mix of Board members based upon all the relevant dimensions of balance and diversity from among all those available to serve. All members are appointed for their expertise and experience. Members participate as individuals and are expected to represent their individual views based on their expertise and experience, not the views of their firm, organisation or jurisdiction. The IVSC will continue to encourage applications to be made to serve on its Boards and working groups. At the same time and as the demands on the IVSC grow and its output increases, care will be taken to ensure that demands on the time of members' remains within reasonable bounds. Succession planning must also be introduced in relation to Board members, particularly at chair and vice chair level.

The IVSC seeks to be a truly global organisation. Current membership of the IVSC stands at 67 from 50 different countries. The restructuring of the IVSC saw a change from a membership based solely on national valuation institutes to one that was more inclusive and a membership campaign should be introduced to extend the number of members and the global spread of the organisation.

5.9 Key activities to support Strategic Objective 4

(i) Obtain and prudently deploy the funding resources needed for the operation of the IVSC and its Boards in a transparent and accountable manner

A target annual revenue of US\$3m has been set in order to achieve this strategic plan. This will need to be achieved through a combination of increased sponsorship and membership, and by maximising income through the sales of IVSC standards and technical material.

(ii) Implement effective structures, policies, processes and procedures to ensure delivery of high quality services and adherence to strong operational practices

As the organisation grows, the development and maintenance of high quality governance and management processes and procedures to support the operations of the IVSC grows in importance.

(iii) Continually enhance the IVSC's capacity through the appointment of high quality volunteer representatives and staff

The IVSC will actively encourage participation in its activities through membership on boards and working groups. In agreeing membership, the IVSC seeks to balance the primary criterion of best person for the position with appropriate representation in terms of geography, valuation specialism and gender.

The Plan envisages an increase in the staff complement from the current two to six to support the activities of the organisation during the plan period.

SECTION 6

The operational plan

- 6.1** Section 5 described the four strategic objectives of the IVSC and key activities to be undertaken in support of those activities. The Operational Plan gives more detailed description of the output planned under each of those key activities. The Operational Plan itself is supported by a detailed technical work programme included at Appendix A.
- 6.2** The descriptions and delivery methods reflect the nature and scope of the planned outputs and how the IVSC will achieve their delivery. The timeframe shows the best estimate of document publication or other activity dates. The independent technical standard-setting boards of the IVSC undertake their work using an established due process, including consultation with interested parties. The timeframes for completion of projects are subject to change depending on input received throughout a project's development. They may also be adjusted to reflect changes in priorities due to unforeseen circumstances or for other reasons.

The IVSC operational plan

Strategy	Key activities	Output	Delivery method	Timeframe
To be the international standard setter for the valuation profession	Develop and promulgate International Valuation Standards	(i) Implement technical work programme (attached at Appendix A)	Publication of discussion papers, exposure drafts and standards	Ongoing
		(ii) Annually hold three meetings of IVSB	Meetings held	Ongoing
		(iii) Establish specialist working groups as required	Meetings held	Ongoing
	Promote the rigorous and consistent application of IVS	(i) Implement technical work programme (attached at Appendix A)	Publication of discussion papers, exposure drafts and technical information papers	Ongoing
		(ii) Annually hold three meetings of IVPB(attached at Appendix A)	Meetings held	Ongoing
		(iii) Establish specialist working groups as required	Meetings held	Ongoing
		(iv) Facilitate adoption of Standards by arrangements for reproduction of IVSC copyrighted material	Signed agreements	Ongoing
	Recognise and act on collaboration opportunities with national standard setters and others	(i) Identify opportunities	Meetings held Joint publications developed	Ongoing
		(ii) Provide representation to joint working groups with The Appraisal Foundation	Meetings held Joint publications developed	Ongoing
		(iii) Implement IFAC MoU	Meetings held Joint publications developed	Ongoing
Lead the development of the global valuation profession	Enhance the professional knowledge, values, skills and ethics of professional valuers worldwide	(i) Develop standards, guidance and information papers on pre-qualification education and development for valuation profession for use as international benchmarks	Publication of discussion papers, exposure drafts	Ongoing
		(ii) Research the market for IVSC educational products and means of delivery	Preparation of paper for Board of Trustees	Q3 2011
	Support growth of strong professional valuation organisations	(i) Develop membership compliance programme	Preparation of paper for Board of Trustees on viability of such a programme	Q3 2011
		(ii) Implement a campaign to increase IVSC membership to extend its global reach	Target 10 new members per year. Membership committee to review applications for admission to IVSC membership at AGM	Ongoing
Be an influential voice for the global valuation profession	Effectively leverage existing communications vehicles and determine additional communications needs	(i) Interviews, press conferences, and press releases	Various	Ongoing
		(ii) Produce regular editions of IVSC ENews	Distributed via email to IVSC distribution list	Ongoing
		(iii) Hold advisory forums; meetings with IVSC sponsors	Meetings held	Ongoing
		(iv) Consider introduction of User Advisory Panel	Meetings held	Ongoing

IVSC operational plan (continued)

Strategy	Key activities	Output	Delivery method	Timeframe
Be an influential voice for the global valuation profession	Identify key strategic partnerships	(i) Programme of meetings with key stakeholders. Explore development of Memorandum of Understandings where appropriate	Meetings and other interactions MoUs agreed	Ongoing
		(ii) Implement the Memorandum of Understanding with IFAC	Participate in IAASB Consultative Advisory Group Meetings and other interactions	Ongoing
		(iii) Respond to Exposure Drafts issued by other international organisations	Letters / reports	Ongoing
	Tell the IVSC story	(i) Identify key forums, conference, events, speaking engagements, and opportunities to promote the IVSC and its standards	Officers' and senior management's attendance at / participation in events	Ongoing
	Maximise the use of the internet, website, other communication vehicles	(i) Relaunch the IVSC website to improve design and navigation	New website launched	Mid-2011
Enhance IVSC's Governance and Operations	Obtain and prudently deploy the funding resources needed for the operation of the IVSC and its Board	(i) Conclude agreement for publication and distribution of IVSC technical output Implement sponsorship strategy	Report on funding developments at Board of Trustees meetings	Ongoing
		(ii) Maintain appropriate financial management policies, processes, and procedures	Monitor, update and report on financial management policies, processes, and procedures, as necessary	Ongoing
		(iii) Conclude agreement for publication and distribution of IVSC technical output	Agreement signed	April 2011
	Implement effective structure, policies, processes and procedures	(i) Maintain high-quality governance and management processes and procedures to support IVSC operations	Report on governance and management policies, processes, and procedures as necessary	Ongoing
		(ii) Maintenance of IVSC's physical workplace and equipment to provide appropriate facilities	Monitor and report on the need for expansion of physical workspace and equipment in accordance with the needs of the organisation	End 2011
		(iii) Produce an Annual Report	Report published in hard copy and on website	Annually
		(iv) Hold meetings of the Board of Trustees	Meetings held	Ongoing
		(v) Hold an Annual General Meeting		
	Continually enhance IVSC's capacity through the appointment of high quality volunteer representatives and staff	(i) Publish annual call for applications for membership of IVSC Boards	Boards appointed	Annually
		(ii) Recruitment and retention of highly qualified staff	Staff appointed	End 2011/ during 2012

SECTION 7

Resources - introduction

- 7.1** The following three sections provide commentary on the resources necessary to support the implementation of this Plan. In order to achieve the strategies and services identified, the IVSC will need to extend the level of financial resources received from current sources and identify and utilise other sources. To fully implement the Plan and, in particular, to build the staff capacity to a level appropriate for an international organisation such as the IVSC will require an increase in revenues from the current cUS\$1m to US\$3m. The IVSC Board of Trustees recognises that this is an ambitious target to be achieved within a two year period but one that it will strive to achieve.

SECTION 8

Staffing plan

- 8.1** The IVSC continues to be reliant on the commitment and expertise of volunteers and their supporting organisations to the various IVSC boards and other groups to achieve its strategic objectives. However, the demands on the IVSC are such that an adequate staffing structure must be put in place to support the volunteer effort and enable a timely delivery of this strategic and operational plan.
- 8.2** The IVSC currently has two full time members of staff – an Executive Director and a Technical Director. Additional technical expertise is bought in on an ad-hoc basis as needed – bookkeeping services are outsourced to a firm of chartered accountants; and a marketing consultancy is retained on an ongoing basis.

For comparison purposes, the staff complement of other related organisations is as follows:

- International Accounting Standards Board – 114 employees
- International Federation of Accountants – 66 employees
- IOSCO – 18 employees
- The Appraisal Foundation, US – 14 employees

- 8.3** The following staff complement has been defined as key to the achievement of this Plan and realistic within the likely financial resources that will become available to the IVSC.

Position	Profile and responsibilities	Hiring timeframe
Chief Executive Officer	A senior and prestigious global appointment, demanding leadership skills, a knowledge of financial markets, commercial and practical awareness, political sensitivity and judgement and a high level of public relations and influencing skills. Delivery of the strategic objectives and policies set by Board of Trustees.	2012
Executive Director	Governance, marketing, finance, member relations	In place
Technical Director	Delivery of IVSC technical programme	In place
Technical Manager	Support the delivery of the IVSC technical programme	2011
Administrator	Meeting planning, office administration	2011

- 8.4** The appointment of staff in these positions is subject to a range of factors, including recruitment strategies, identification of and acceptance by appropriately qualified candidates, and securing the necessary financial resource. As a result, timing of appointments may vary significantly from the timeframes identified above.

SECTION 9

Office accommodation

- 9.1** The IVSC shares office accommodation with the International Centre for Financial Regulation at 41 Moorgate, London. The City of London Corporation has agreed to provide a grant to the IVSC to cover office costs for the period 2010/11 and 2011/12.
- 9.2** It is unlikely that the amount of office space available to the IVSC under the current arrangement can be increased and therefore if the staff complement of the IVSC increases as anticipated, the IVSC may need to seek new office accommodation by end 2011/beginning 2012.

SECTION 10

Budget introduction

10.1 This section of the strategic plan provides commentary on the financial resources necessary to support the implementation of the strategic plan. The revenue for the IVSC in the current financial year 2010/2011 is forecast to be cUS\$1.1m with a similar expenditure figure. However, this Plan anticipates a number of enhanced and new services, as well as an increase in the level of activity in many of the existing services. This will require significant additional revenues and the IVSC will need to extend the level of financial resources received from current sources and identify and utilise other potential revenues sources.

10.2 Current funding of the organisation comes from three sources:

Sponsorship

To date, 15 organisations have pledged to support the IVSC for 2010/2011, representing annual revenue of US\$900,000. Sponsors include four of the Big 6 international networks, major independent valuation firms, valuation institutes and a major international bank.

Membership fees

The second source of funding is via membership fees although this amounts to a small annual income of US\$160,000. Subscription fees have traditionally been kept as low as possible so that potential members, particularly from developing and emerging markets are not precluded from participation in the IVSC. Subscription rates vary from a minimum of US\$500 to a maximum of US\$10,000 according to the membership category and are based on economic and membership size indicators.

Revenue from publications

The IVSC currently sells the International Valuation Standards in hard copy only. The current edition was published in July 2007. Revenue from sales and royalties of the 2007 edition since publication is US\$204,000. Direct costs associated with publication and sales are US\$53,000.

10.3 The IVSC will aim to achieve an increase in revenues to support this Plan by:

- (i) an increase in membership subscription
- (ii) an increase in sponsorship donations
- (iii) an increase in revenue generated through IVSC publications

10.4 Increase in Membership Subscription to be achieved through both an increase in subscription levels and an increase in membership numbers.

In determining the amount of subscription increase, the Board of Trustees will bear in mind:

- That many national professional valuation institutes are small or at an early stage of development
- The need to ensure that membership represents as wide a geographical spread as possible
- The need to ensure that emerging and developing economies are able to participate in the work of the IVSC
- The fact that five of the larger national professional institute members currently provide additional funding to the IVSC through sponsorship

Increase in membership: The IVSC membership categories permit membership by a variety of organisations with an interest in valuation standard setting as well as national professional institutes. These include valuation standard setters, academic institutions, governmental bodies, etc. Even without any campaign promoting membership, interest in IVSC membership is growing with a further seven applications approved at the 2010 AGM. An average of ten new members per year for 2011/12 and 2012/13 is set as a realistic target.

The Bylaws also permit membership by corporates. The current subscription rate for corporate members is US\$10,000. Corporate membership has however led to a confusion and difficulty to articulate clearly the benefits and respective rights and responsibilities of IVSC sponsorship and IVSC membership. Although recognising that it would be easier to attract a greater number of corporates, and in particular valuation firms, to support the IVSC as members at a lower level of financial contribution, the Board of Trustees believes it is more appropriate for companies to support the IVSC as sponsors and will consider a change to the Bylaws that removes the corporate membership category. There are currently four corporate IVSC members, contributing \$40,000 of subscription income that will be lost.

Anticipated changes in subscription income assuming:

- i) an increase in subscription levels in 2012/2013
- ii) an increase in membership numbers by an additional ten in each of 2011/12 and 2012/13
- iii) a decrease in subscription income in 2012/13 over 2011/12 with the discontinuation of the category of corporate membership

2010/11	2011/12	2012/13
US\$160,000	US\$195,000	US\$200,000

10.5 Increase in Sponsorship

The fundraising ambition is to retain the 15 existing sponsors (who currently provide US\$900,000 annually) and to generate a minimum additional annual \$1.6m through additional sponsorship within a two year period. This represents some 30 – 50 new sponsors. This is a challenging target and will require the development of a strategy to attract sponsorship from the following groups in particular:

- Valuation and accounting firms
- Industrial corporations
- Banks and other financial institutions
- Seed funding from Governments
- Property consultancies
- International and governmental organisations and regulators

Anticipated changes in sponsorship income assuming:

- i) existing sponsors continue to support the IVSC
- ii) an average 15-20 additional sponsors in each of 2011/12 and 2012/13

2010/11	2011/12	2012/13
US\$900,000	US\$1,750,000	US\$2,500,000

10.6 Increase in revenue from publications

A new edition of the International Valuation Standards will be issued in 2011 and will be supported by the production of technical guidance. The revenue target from publications and related activities will be US\$100,000 in 2011/2012, rising to US\$300,000 in 2012/13. These figures are particularly 'soft' as it is difficult to estimate with much accuracy the market for the new edition of the standards. Following publication of the new edition, the IVSC will investigate the development of an on-line version of IVSC technical publications together with the introduction of a subscription based service.

Anticipated changes in revenue from publications

2010/11	2011/12	2012/13
US\$15,000	US\$100,000	US\$300,000

SECTION 11

Budget

- 11.1** The IVSC will generally budget for a break-even position although for the plan period significant amounts have been budgeted to build up adequate reserves. The IVSC's targeted reserve is twelve months' operating expenses.
- 11.2** The IVSC reimburses Board and working group members for costs associated with attending meetings but IVSC gratefully acknowledges the significant donated support received from volunteers in terms of time and effort, and from the supporting organisations that fund their participation in IVSC activities.
- 11.3** Certain operational and financial assumptions and approaches have been applied in determining the budgeted and estimated revenues and expenses for the two years of the plan period. Some of the more significant assumptions and approaches include:
- 1) that current sponsoring organisations will continue to support the IVSC and that sponsorship will increase over current levels by an additional US\$850,000 in 2011/12 and US\$750,000 in 2012/13
 - 2) that membership subscription income will increase by US\$35,000 in 2011/12 and a modest increase of US\$5,000 in 2012/13 (to offset a reduction in membership caused by the proposed discontinuation of the corporate membership category)
 - 3) that \$100,00 will be achieved through the sales of IVSC publications in 2011/12, rising to US\$300,000 in 2012/13
 - 4) that there is no increase in the number of members on each IVSC Board but that there will be an additional requirement to fund more smaller working groups. It is also assumed that the majority of meetings will continue to be held at the IVSC office in London
 - 5) that the staff complement will increase to five by end 2012, with two additional staff being appointed by end 2011 and a CEO during 2012

A summary of the forecast IVSC budget for 2010/11 and estimated budgets for 2011/12 and 2012/13 is provided below.

Revenue	Budget 2010/2011 US\$ (forecast as at 1 Feb 2011)	Proposed Budget 2011/12 US\$	Proposed Budget 2012/13 US\$
Membership subscriptions	160,000	195,000	200,000
Sponsorships	905,000	1,750,000	2,500,000
Sales of IVS Incl royalties and licensing	15,000	100,000	300,000
Other income (incl City of London Corporation grant for 2010/11 and 2011/12)	95,000	65,000	10,000
Total Revenue	1,175,000	2,110,000	3,010,000
Expenditure			
Salaries and benefits (incl recruitment costs)	320,000	700,000	1,000,000
Standards development	225,000	200,000	250,000
Professional Development	130,000	175,000	250,000
Board of Trustees costs	150,000	150,000	175,000
Promotion, marketing and communications	160,000	170,000	200,000
Professional Advisors	60,000	60,000	75,000
Office Costs	20,000	20,000	30,000
Annual General Meeting Costs	20,000	25,000	35,000
Accommodation	60,000	60,000	200,000
IT and website costs	30,000	30,000	40,000
Total Expenditure	1,175,000	1,680,000	2,255,000
Reserves/Deficit		430,000	755,000

APPENDIX • IVSC Technical work plan – April 2011

Project	Reason	Deliverable	Start date	End date	SB/PB	Current position
IVS Improvements	Simplification and broadening scope and relevance of previous standards	Publication of new standards in book and web based formats	Jan 2009	July 2011	SB	12 of 13 standards approved by SB on 4 March 2011. These are now in publishing process. IVS 232 deferred for further consideration
Uncertainty	Need for workable solutions in response to request by FSB for better disclosure of uncertainty	Guidance and possible standards amendment	August 2009	Q4 2011	SB	Following analysis of responses to Discussion Paper SB agreed to produce template for guidance. Liaison to be maintained with IASB as they have similar matters to consider
Discounted Cash Flow	Update of existing guidance in GN9	Technical Information Paper	June 2010	Q3 2011	PB	Exposure Draft was published January 2011. Consultation period to 30 April
Depreciated Replacement Cost / Cost Approach	Update of existing guidance in GN8	Possible change to Standards. Technical Information Paper	June 2010	Q3 2011	Joint	Joint Exposure Draft published February 2011 with consultation period to 31 May. Comments received on near final draft of IVS reveal a previously unidentified diversity from GN8. Project extended to investigate this issue further
Contributory Asset Contributions (Intangible Assets)	Converting Appraisal Foundation guidance for US for international application	Technical Information Paper	Nov 2010	Q3 2011	PB	Exposure Draft under development. Target for publication May 2011
Investment Property under Construction –	Evidence of diversity in practice following IAS 40 amendment to require part complete projects to be valued	Technical Information Paper	Nov 2010	Q4 2011	PB	Exposure Draft under development. Target for publication May 2011
Valuer/Auditor guidance Joint project with IAASB	Need for improved mutual understanding of role of internal and external valuation experts and of auditors role in checking valuations in statements	Guidance – possibly jointly issued IVSC / IAASB	Sep 2010	Q4 2011	PB	Joint working group preparing preliminary draft for review by respective Boards
Code of Ethics	To identify key elements of ethical conduct in valuation and promote adoption	Model Code of Conduct	Mar 2010	Q3 2011	PB	Following analysis of comments received on exposure draft by PB a revised draft is under preparation for consideration in June

SB = Standards Board PB = Professional Board

APPENDIX • IVSC Technical work plan – April 2011

Project	Reason	Deliverable	Start date	End date	SB/PB	Current position
Professional Valuer	Lack of coherent professional infrastructure for valuation in certain markets and states	Defining characteristics of professional valuer	Mar 2010	Q4 2011	PB	Following analysis of responses to Discussion Paper PB is to focus project on promotion of professional valuers. Draft paper to be prepared for discussion with member institutes
Fairness Opinions	Evidence of diversity in practice in different states and world regions, notwithstanding different regulatory regimes	Technical Information Paper. Possible standard	Jan 2011	Q4 2011	PB	Working group of preparers of opinions formed. Review group of securities regulators and banks also to be formed. PB approved project scope document March 2011. ED to be prepared
Intangible Assets	Update of existing guidance issued in Feb 2010 to reflect changes in IVS.	Technical Information Paper	Jan 2011	Jun 2011	PB	Internal project. Limited consultation required in view of extensive consultation between 2007 and 2009
Customer Relationships	Joint project with The Appraisal Foundation (US) to develop technical guidance	Technical Information Paper	Oct 2010	Q4 2011	PB	Working group aim to have Exposure Draft completed mid 2011
Control Premiums	Joint project with The Appraisal Foundation (US) to develop technical guidance	Technical Information Paper	Oct 2010	Q4 2011	PB	Working group aim to have Exposure Draft completed mid 2011
Financial Instruments Valuation methods	A lack of understanding or acceptance of methods developed to value different types of instruments adversely affect investor confidence and market efficiency	Technical Information Paper. Possible Standards revision	Jun 10	Q2 2012	Joint	Working group to be formed
Extractive Industries.	Concerns expressed by exchange regulators, especially in Asia, at diversity of valuation practice IPOs in sector. Also possibility that IASB may require greater valuation in revision of IFRS	Discussion Paper. Responses to this will guide further deliverables	Oct 2010	Q3 2012	SB	SB agreed to refine and update project scope and to identify practitioners for Working Group for approval at June 2011 meeting

SB = Standards Board PB = Professional Board

APPENDIX • IVSC Technical work plan – April 2011

Project	Reason	Deliverable	Start date	End date	SB/PB	Current position
Specialist Government Property	A government body has drawn attention to lack of consistency in valuation of public infrastructure assets	Technical Information Paper	Mar 2011	Q1 2012	PB	Call for working group members made. Project scope to be prepared for June PB meeting
Credit Valuation Adjustments	There is diversity in the identification of counter party risk in valuing OTC derivatives and methods used to reflect risk	Technical Information Paper. Possible new standard	June 10	Q4 2011	Joint	
Forestry	Evidence of inconsistency in the valuation of forestry assets under IAS 41	Discussion Paper. Responses to this will guide further deliverables	Oct 2010	Q2 2012	SB	Working group to be formed. Outline of issues to be addressed in Discussion Paper being prepared for Board meeting in June
Liabilities	Increasing need to value liabilities other than financial instruments or leases in financial statements is revealing diversity of valuation approaches	Discussion Paper. Responses to this will guide further deliverables	Oct 2010	Q3 2012	SB	Outline of issues to be addressed in Discussion Paper being prepared for Board
Glossary	To provide glossary of commonly used valuation terms to promote consistency of use and interpretation internationally	Glossary to be maintained on IVSC web site	Jun 2010	Q3 2011	Joint	Initial draft to be prepared for consideration by PB at June meeting

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