The International Valuation Standards Council (IVSC) is the global not-for-profit body responsible for setting the International Valuation Standards (IVS) and for developing the valuation profession worldwide.

Working with our partners, our goal is to build trust in valuation by establishing one set of globally consistent, high-quality valuation standards and by supporting the advancement of the valuation profession. In achieving this, the IVSC aims to support economic activity, strengthen financial markets and protect the public interest.

For more information about IVSC visit our website: www.ivsc.org
“The adoption of IVS unlocks the true potential of an international standard, as the bedrock of confidence and trust in our interconnected world.”

Sir David Tweedie
Chair, IVSC Board of Trustees

Click here to find out why valuation matters and how the IVSC is helping to build confidence in valuation.
REPORT FROM THE CHAIR, IVSC BOARD OF TRUSTEES
BUILDING CONFIDENCE THROUGH THE USE OF IVS

Sir David Tweedie
Chair, IVSC Board of Trustees

Developing an internationally agreed standard that brings confidence to the users of valuation data is not a trivial undertaking. Indeed, it is the product of a huge amount of collaboration and consultation with stakeholders throughout the world.

Such openness and transparency are not qualities that standard setters should take lightly; they are prerequisites for success – the foundation upon which a single set of internationally accepted standards must be built.

Over many years, as globalisation has brought world markets closer together, the International Valuation Standards Council (IVSC) has worked determinedly to establish these essential partnerships and to create the structures necessary to achieve this goal. The IVSC does not have a monopoly of wisdom. Where a national standard is better than an International Valuation Standard (IVS) we will change our standard so that eventually IVS becomes the gold standard.

However, writing an international standard – robust and collaborative as it may be – is only a fraction of the challenge facing international organisations such as ours. Unless those standards are recognised, respected and ultimately used in the marketplace, we cannot claim success in our mission to protect business, financial markets and the public at large. That is why the IVSC is, and has been, apportioning ever-greater focus to the adoption of IVS worldwide.

“Adoption” is a term you will see throughout this report and it is one that gets used readily by standard setters the world over, but it is seldom interpreted in the same way. From my point of view, and incidentally that of the International Accounting Standards Board (IASB), which I chaired for the first 10 years of its existence and whose standards are now used in 146 countries, the meaning of adoption is simple. International standards are only adopted when they are applied in their entirety and word for word. Only then can the users and providers of these standards have confidence that the outputs are consistent and comparable on a like-for-like basis. Adopting only parts of an international standard, or adopting principles that are close to the standard but not actually the same, only serves to add further risk and confusion.

That is not to say there are not different ways of adopting standards. The IVSC works with partners who are adopting IVS in their entirety and word for word, in different ways. Some countries just use IVS as their standards. Some with skilled national standard setters use IVS as well as additional local standards that cover, for example, country-specific legislation or go into more depth. As long as these additional local standards do not contradict IVS then we consider that adoption. These are just two examples of IVS adoption that ensure quality and commonality in approach.

2.4 trillion
Our world is becoming more interconnected. According to the IMF, foreign direct investment has grown from 1.3% of global GDP in 1980 to 3.2% in 2016 at around US$2.4 trillion.

2 IVSC Annual Report 2017-18
Additionally, many businesses including investors and other clients of valuation professionals are adopting IVS by specifying their use when procuring valuation services. For them, the ability to commission and work with comparable valuation data between markets is not simply a “nice to have”; it is vital in their efforts to invest wisely and to manage risk appropriately. Other standards bodies and regulators are adopting IVS by referencing them and encouraging their application through guidance to market participants.

Over the course of the last year we have seen great examples of IVS adoption in many of the ways I have outlined. From Latin America to South East Asia, by valuation professional organisations (VPOs) and regulators to global valuation firms and standards bodies. With each example of IVS being adopted we move one step closer to achieving our ultimate goal of protecting the public interest and growing the global valuation profession. You will see many case studies of adoption set out in this annual report. Today, IVS is being applied by valuation professionals in 103 countries.

Standard setting is not an academic undertaking; it is the first and very important step in driving behaviour change. Confident in the processes and partnerships that have led to the IVS, we must now look forward to encouraging and supporting their use. The prize is compelling and worth every ounce of our effort: the adoption of common standards will help to unite and give the valuation profession a truly global stature so that it is respected and relied upon by those it serves and takes its rightful place among the other professions in the financial world. Even more importantly, the adoption of IVS unlocks the true potential of an international standard, as the bedrock of confidence and trust in our interconnected world. No longer will investors hesitate and wonder if they understand the differences between national standards. If we all use the same standards, a huge risk is removed and global trade is enhanced.

Sir David Tweedie
Chair of the IVSC Board of Trustees

IVS ADOPTION AROUND THE WORLD

Union Investment is a major German open-ended fund provider with €36 billion assets under management in 22 countries worldwide. We currently invest across Europe as well as the US, Mexico, Japan, Australia and Singapore.

The majority of our investors are individual retail investors in Germany and we take our fiduciary responsibilities very seriously. We are in the business of investing other people’s money and valuation is the gatekeeper of ensuring that we are doing it right.

Consistency in the quality and reliability of valuations throughout the world is one area where investors can often face challenges; it can lead to added risk.

For a valuation to be performed in a manner that is as close to the potential real transaction as possible you have got to be professional and you have got to have robust data. Valuation is both an art, which requires judgement, and a science, which requires data. Above all, valuation absolutely requires accuracy and professionalism.

“Consistency in the quality and reliability of valuations throughout the world is one area where investors can often face challenges; it can lead to added risk.”

Martin Brühl
Chief Investment Officer, Union Investment Real Estate

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Our message is clear: if you believe you have a better approach then get involved and convince your counterparts. We want to issue the very best standards and that only comes through constructive, international dialogue and the exchange of ideas.

This year has seen IVS translated into numerous languages as well as more regional buy-in. For example the ASEAN Valuers Association (AVA) have agreed to adopt IVS. We also welcomed the Pan-American Union of Valuers (UPAV – covering many Latin American countries) as members of IVSC. UPAV had already agreed to adopt IVS.

Our Tangible Assets Board, Business Valuation Board and Standards Review Board have worked hard to define the future agenda of the IVS, thanks to all of you who responded to the public consultation or attended a board as an observer. In addition to their regular IVS Agenda Consultation, the boards will be leading market engagement over the coming year on a range of important areas including: Automated Valuation Models (AVMs) and data handling; public sector valuations; non-financial liabilities; discount rates; and early-stage company valuations. These topics are ones that our global network of members and sponsors have highlighted as key areas for development. I hope that they will continue to share their ideas and perspectives with the boards so that IVS and the valuation profession at large will benefit through considered efforts in these and other critical areas of professional practice.

The IVSC, working closely with our members, sponsors and other stakeholders, has had a successful year and I believe that together we are making significant progress, both in improving international standards and in growing recognition of and demand for professionalism.

Support for the IVSC’s mission is growing all the time and this is evidenced by an increase of more than 50% in the number of members and sponsors joining over the last 2 years. Today, we have over 110 members and sponsors from 57 different countries, working together through the IVSC to build confidence in valuation. We have numerous other partners engaging from a regulatory and end-user perspective too, and backing from these stakeholders is vital to valuation professionals everywhere.

Flows of capital are increasingly global and our financial system is playing catch-up – an investor does not want to have to understand 195 different approaches to valuation; they want to be able to make confident investment decisions, using well-qualified local valuers applying the same core global approach. That is not to say there can be no local variation in national standards. Sometimes there are specific local laws or practices that require more detail, however these shouldn’t contradict the core of the standards that should be the same everywhere. IVS are created by independent boards of experts selected from around the world, there is extensive public consultation and people can observe the boards or apply for positions themselves.

Our IVSC Chief Executive, Nick Talbot, says:

"The IVSC, working closely with our members, sponsors and other stakeholders, has had a successful year and I believe that together we are making significant progress, both in improving international standards and in growing recognition of and demand for professionalism.

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These boards and our technical staff have also been doing more outreach during the last year and it is good to see greater levels of interaction with organisations such as the IASB and the IAASB as we seek to develop IVS to address issues highlighted by other global standard setters.

We have also worked hard as an organisation to explore the issues in relation to financial instruments (FI) where our stakeholders tell us that standards and professionalism are also key issues. This has needed wider stakeholder engagement and through a taskforce and working groups we have been collaborating with more than three dozen stakeholders, including international banks, prudential regulators and valuation firms, to explore the issues in this area. Recommendations from these working groups will be taken by the soon-to-be-established Financial Instruments Board to consider as part of future IVS. We hope that if more confidence can be established in FI valuations there can be a positive impact both in decreasing risk to the financial system and in giving increased confidence in the capital levels that banks have to maintain."
IVS ADOPITION AROUND THE WORLD

The China Appraisal Society (CAS) is formed of 3,000 valuation firms and 35,000 qualified valuation professionals in China. It is overseen by the Ministry of Civil Affairs and Ministry of Finance of the People’s Republic of China.

Over the last 30 years, China’s valuation industry has been working to build a profession that supports our market economy. IVS has been developed to reflect the requirements of both the marketplace and the professionals carrying out valuation work. In turn, this has played a major role in the internationalisation and standardisation of the Chinese valuation industry.

Having cooperation with IVSC effectively expands the communication channel between domestic valuation professionals and foreign professionals, building a platform for them to develop international business cooperation.

Adoption of consistent valuation standards is vital as economic globalisation drives the need for alignment in our systems and approaches. IVS has become the most influential professional valuation standard worldwide and countries should actively seek their adoption, either directly or through existing standards, so that it becomes the benchmark for valuation practice worldwide.

My thanks to INDAABIN our hosts for the 2017 AGM in Mexico. It was great to see so many valuation leaders come together from around the world to further standards and professionalism, and the hospitality provided was second to none. This year our AGM will take place in Dubai and will be kindly hosted by the Dubai Land Department. We look forward to seeing many of our partners, members and sponsors there. We are especially pleased to be holding our 2018 AGM in the Middle East where we have been seeing a significant uptake in IVS and professionalism over the last year in particular.

I recently calculated that in addition to permanent staff and secondees the IVSC has over 100 valuation leaders working as volunteers on one of the standards boards, the Membership and Standards Recognition Board, the Trustees, the Advisory Forum Working Group, the FI task force and working groups, the APEC team as well as other forms of outreach. I want to acknowledge this and thank you all for the hard work and dedication you give to improving standards and the profession. Without you none of this would be possible.

Our focus over the next year is an evolution of the IVS to cover new issues and areas not previously included as I have set out above, to establish the FI Board, to achieve more end user and regulator buy-in to standards and professionalism, as well as the ever-wider use of IVS either exclusively or as part of a national standard. We will continue to look to attract more members and sponsors as we increase the geographical footprint of IVS. This also helps with financing, which is an important factor in allowing us to achieve even more and to build our level of technical support for the various standards boards and working groups.

If you or your organisation would like to get more involved with IVSC – and there are many ways to do so – please do not hesitate to get in touch with us by sending an email to contact@ivsc.org.

Nick Talbot
IVSC Chief Executive

“IVS has become the most influential professional valuation standard worldwide and countries should actively seek convergence.”

Dr Zhang Guochun
Secretary General, China Appraisal Society, Shanghai
2017–18 HIGHLIGHTS
OUR YEAR IN REVIEW

AUGUST
Malaysia is increasingly looking to IVS as a benchmark for valuation professionalism. Last year, the Malaysian Institute of Accountants joined IVSC as a member. Here, Sir David gives a keynote speech at their conference.

SEPTEMBER
IVS 2017 was published in Russian and launched by Igor Artemenkov, Vice President of the Russian Society of Appraisers.

OCTOBER
Mexican financial regulator, INDAABIN, hosted the IVSC’s 2017 AGM in Mexico City. IVSC members and sponsors attended from around the world.

NOVEMBER
The inaugural IVAS–IVSC Business Valuation Conference was held in Singapore with an audience of more than 300 business valuation leaders from 15 countries.

AUGUST

Sir David presents a session on standard setting to the Malaysian Institute of Accountants.

SEPTEMBER

Sir David emphasises the importance of global standards during a conference hosted by the Korean Institute of Certified Public Accountants.

OCTOBER

Nick and Sir David with Mexican regulator, INDAABIN President, Soraya Perez, and Director, Daniel Huerta, at the IVSC AGM in Mexico City.

NOVEMBER

The Union of Pan-American Valuers (UPAV) announced that it would adopt and support the use of IVS across its network of valuation member organisations.

IVSC has been working with the Indian regulator to inform domestic valuation rules. Nick Talbot discusses IVS at the Institute of Company Secretaries of India conference.
DECEMBER
Saudi Minister of Commerce and Investment, His Excellency Dr Majed bin Abdullah Al Qasabi, launches IVS 2017 in Arabic.

SRB member, Mauro Bini, speaks at the European Financial Reporting Advisory Group in Brussels on the role of valuation in financial reporting.

More than 30 organisations including international banks and regulators are involved in IVSC’s initiative to develop global standards for FI valuation.
The IVSC is grateful to the many organisations who provided financial support during the 2017–18 financial year.

Like IVSC, our sponsors share a belief that raising standards of international valuation practice benefits business and the wider public interest. They recognise that better standards improve the transparency and stability of financial markets, contribute to the growth of stronger economies and lead to improved confidence for all users of valuation data.

The City of London Corporation provides financial support towards the cost of maintaining the IVSC headquarters in London.
113 member and sponsor organisations make up the IVSC’s global network.
Sir David Tweedie  
Chair, UK

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 Chief Executive 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, US

Ethiopis 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.

Anton Colella  
(elected October 2016)  
UK

Anton is Global Chief Executive at Moore Stephens International and former Chief Executive of The Institute of Chartered Accountants of Scotland. He was elected Chair of the Global Accounting Alliance (GAA) in 2011.

Kathleen Casey  
(elected October 2016)  
US

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.

Ana Maria Elorrieta  
South America

Ana is a former Partner and Head of Risk at PwC in South America. She served on the Board of IFAC and the IAASB. In 2013 she was listed by the International Accounting Bulletin as one of the 50 most powerful people in the accounting profession.

Jay E Fishman  
(elected March 2017)  
US

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  
UK

Mark is a Director of valuation and business modelling at EY, heading real estate valuation for the UK and Ireland. He is a former Chair of the RICS Global Valuation Board.

Dr Zhang Guochun  
China

Dr Zhang is Vice President and Secretary General of the China Appraisal Society. He is also Director of the Valuation Center of the 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 and is Non-Executive Director and Chair of the Audit and Risk Committee, UK Department for International Development (DFiD).

Christian Mouillon  
France

Christian is Global Senior Advisor at Duff & Phelps and President of the Business School, ESCP Europe Foundation. He was formally Global Vice Chairman at EY in charge of assurance and risk management.
Board of Trustees
The Board of Trustees is responsible for the governance, strategic direction and funding of the IVSC and for appointments to and oversight of the technical boards. The Board consists of a minimum of ten and a maximum of fifteen persons. The Trustees are elected by the members. A Trustee is elected for a term of three years and may be re-elected for one further three year term.

In addition to governance, strategic direction and funding, Trustees also play an ambassadorial role raising awareness and seeking adoption of IVS.

Iseo Pasquale
Canada
Iseo is a Partner at Deloitte in Toronto and member of the Canadian Board. He was previously the Chief Operating Officer for Deloitte’s Global Financial Advisory Business.

Tom Seidenstein
US
Previously Chief Operating Officer of the IFRS Foundation, Tom is now Vice President for Strategy and Policy Research at Fannie Mae.

Senator Howard Wetston
Canada
Previously Chair and Chief Executive of the Ontario Securities Commission, Howard was appointed to the Senate of Canada in November 2016, while continuing as Counsel at one of Canada’s leading business law firms.

Tatsumi Yamada
Japan
One of the founding members of IASB, Tatsumi retired this year as a Partner with KPMG where he was Head of IFRS and a member of the Global Public Policy Committee.

383,000
IVSC’s VPO members represent more than 383,000 professionals globally

23
The IVSC’s standards boards convene leading experts from 23 countries and 6 continents

10,971
IVSC eNews reaches an audience of almost 11,000 valuation and business leaders in 127 countries

8
IVS 2017 is currently translated into 8 different languages, including Chinese, Arabic, Russian and Czech, with a further 10 in the pipeline, including Spanish, Japanese and French
IVS is written and updated by independent boards comprising leading valuation experts from around the world.

**Board of Trustees** – independent experts (primarily non-valuation backgrounds) – oversees governance, strategy and funding of the IVSC

**Advisory Forum Working Group (AFWG)** – representing the Advisory Forum of VPO members of the IVSC. Provides input to the standard-setting process through the Standards Review Board (SRB) and acts as a link between IVSC and VPOs

**Membership and Standards Recognition Board (MSRB)** – focuses on the promotion and market adoption of IVS. Works closely with the SRB and IVSC Executive to grow membership and advance IVS around the world

**IVSC Chief Executive and Executive Office** responsible for the day-to-day operation of the IVSC and provides support to all boards and working groups
Three technical boards focus on asset-specific standards. The Standards Review Board oversees the whole process and also has responsibility for the general standards that apply to all valuations. The boards meet regularly and issue public consultations on IVS.

Standards Review Board (SRB) – responsible for IVS general standards and ensures alignment across all asset-specific chapters

Tangible Assets Board (TAB) – responsible for tangible asset standards

Business Valuation Board (BVB) – responsible for BV-specific standards

Financial Instruments Valuation Board (launching late 2018) – responsible for FI standards

Standards boards meet separately and jointly three times a year to review and propose updates to IVS.

The Saudi Authority for Accredited Valuers (Taqeem) works as an independent governmental body and valuation regulator under the Ministry of Commerce and Investment. Taqeem’s designation is mandatory for any valuers in the Kingdom.

After establishing Taqeem, we looked for a unifying framework for the valuation profession and IVSC provided that with their creditable standards and extensive coverage worldwide.

The government’s 2030 Vision aims for Saudi Arabia to be the heart of the Arab and Islamic worlds, an investment powerhouse and a hub connecting three continents. Gaining trust in the valuation profession through the adoption of IVS will undoubtedly help attract investors from all around the world, supporting a major pillar of Saudi’s 2030 Vision.

The Saudi market in general, and by extension valuers, local and international investors, and entrepreneurs stand to benefit through the introduction of IVS. The increased trust and transparency in valuation will nurture the culture of investment and create a stronger economy.

“Gaining trust in the valuation profession through the adoption of IVS will undoubtedly help attract investors from all around the world, supporting a major pillar of Saudi’s 2030 Vision.”

Sultan Aljorais
Secretary General, Taqeem, Saudi Valuation Authority
Global valuation standards continue to be a critical component in enhancing the public trust in financial information, which is vital to economies worldwide.

The Standards Review Board (SRB) is responsible for developing and overseeing the strategic direction of IVS as the global valuation standard. Additionally, the SRB provides coordination between the various technical boards to ensure consistency of IVS across all valuation disciplines.

In 2017, the SRB issued an Invitation to Comment (ITC) consultation, seeking input from different stakeholders on how they would like to see various topics addressed under IVS.

The ITC consultation solicited feedback on the following major valuation topics:
- Non-financial liabilities
- Discount rates
- Early-stage valuation
- Biological assets
- Extractive industries
- Inventory

The SRB considered all feedback to the ITC and published a full response in their Basis for Conclusions report in February 2018. The SRB is now providing guidance and support to the Tangible Assets Board and Business Valuation Board in addressing issues related to these topics.

During the second half of 2018 the SRB issued an IVS 2017 Proposed Revisions Exposure Draft, drawing on the initial ITC feedback as well as subsequent responses to their Basis for Conclusions report. The exposure draft sets out specific changes that the SRB intend to implement within the next update to IVS. On behalf of the Board, I would like to thank all the many dozens of organisations and practitioners who participated, and continue to participate, their thoughts and perspectives to our consultation programme.

In addition to its standard-setting role, the SRB has been focusing on further developing relationships with other relevant boards, particularly with accounting standard setters as they look to tackle issues relating to valuation. Members of the SRB are regular participants of the IVSC’s Advisory Forum of VPO members, as well as external boards such as the Consultative Advisory Group of the International Auditing and Assurance Standards Board (IAASB). In March 2018, under our earlier signed MoU, the SRB met counterparts at the International Accounting Standards Board (IASB) to update one another on developments within IVS and the International Financial Reporting Standards (IFRS).

Looking ahead, the SRB looks forward to inviting outside groups and experts to make short presentations on topics of interest at our monthly meetings, further enhancing collaboration and ensuring that IVS is informed by, and is informing, standards developments in other pertinent areas of professional practice.

Finally, a note of thanks to members of the SRB who take time out of their busy schedules to participate in regular dialogue in support of IVS. Their enthusiasm, expertise and geographic reach is truly impressive and bodes well for the future development of IVS.

Mark Zyla
Chair, Standards Review Board

For more information about IVSC boards visit our website: www.ivsc.org/about/boards/standards-board
**STANDARDS REVIEW BOARD**

**Mark Zyla**  
Managing Director, Acuitas Inc and former Practice Leader at PwC’s Corporate Finance Consulting Group  
US

**Andreas Ohl** (Chair of the Business Valuation Board)  
Partner, PwC Business Combination Team  
US

**Ben Elder** (Chair of the Tangible Assets Board)  
Global Valuation Director, RICS  
UK

**Roy Farthing**  
Partner, EY’s Valuation and Business Modelling Group  
Australia

**Ahmed Sabry**  
Advisor to the Saudi Authority for Accredited Valuers, Taqeem  
Saudi Arabia

**Mauro Bini**  
Professor, Department for Accounting, Bocconi University and Chair of the OIV Management Board  
Italy

**Ian Jedlin**  
Head of Valuations for Asia-Pacific, KPMG  
Australia

**Olivier Peronnet**  
Co-founder and Leader of FINEXSI  
France

**ABOUT THE BOARD**

The Standards Review Board oversees and works closely with each of the technical standards boards to ensure consistency across all parts of the IVS. The Board also leads consultations, including regular public meetings, to inform the standards development agenda.

The Standards Review Board is responsible for the General Standards that are set out in the first chapters of IVS and are applicable to valuation work in all asset classes.

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**IVS ADOPTION AROUND THE WORLD**

EY has been a sponsor of the IVSC for many years and I feel it is part of EY’s responsibility within the valuation community to support and uphold the rigour around valuation qualifications and standards for the benefit of all our stakeholders.

I believe that a global set of standards for valuation is important. Having a globally aligned set of standards where people around the world can approach valuation issues in a consistent way is necessary to foster quality and international best practice. It is important to EY and our clients, to the wider industry, to regulators and all users of valuation data.

An international organisation like IVSC that can put forward globally agreed standards plays an important role in establishing quality, consistency and transparency around valuation and fair value measurements. The regulators that I speak to around the world are quick to echo the same themes. For them, quality and consistency in valuation is an important component in financial reporting.

“An international organisation like IVSC that can put forward globally agreed standards plays an important role in establishing quality, consistency and transparency around valuation and fair value measurements.”

**Leigh Miller**  
Global Valuation Leader, EY, New York
Like all industries and professions, the valuation profession is under enormous pressure to evolve and to adopt new technologies that are the tools of the 4th industrial revolution.

At the same time, regulators are increasingly seeking assurances that the outputs of the valuation profession are ‘fit for purpose’ and that they underpin confidence in the marketplace. These two drivers are not mutually exclusive in the development of international standards, but responding appropriately and expediently to their growing influence requires broad dialogue and debate.

The IVSC’s Tangible Assets Board (TAB) is focused on ensuring that our outputs facilitate and embrace technological change while retaining the essential elements of professional judgement and responsibility that help to demark professionalism and foster confidence. I see the greatest challenges ahead being in the areas of data ownership, intellectual property and the application of machine learning through artificial intelligence.

The Board’s focus during 2017-18 has concentrated on the findings of the ITC document that followed the publication of IVS 2017. From that document, the TAB has identified the following areas for additional attention and amendment during the next year:

- Valuation of extractive industries
- Valuation of biological assets
- Modelling for valuation purposes
- Valuation for secured lending on development property
- Valuation of public sector assets
- Increased clarity and additions to the glossary
- Apportionment of value within a valuation

Significant progress has already been made on all topics through monthly, virtual meetings as well as physical meetings of the Board in London (UK) and Vancouver (Canada) during 2018. Recommended actions and revisions have been agreed and prepared for consultation, which we are planning to initiate during the second half of 2018 and into 2019.

In line with the IVSC’s mission to develop and embed IVS globally, the Board’s work programme for 2018-19 will concentrate primarily on addressing any real or perceived barriers to the adoption of IVS in the marketplace. To achieve this we will continue to work openly and consultatively with the valuation profession and in partnership with the IVSC’s other boards and the Advisory Forum of VPOs.

I would like to take this opportunity to thank the members of the TAB and the IVSC support team for achieving so much in 2017-18 and I look forward to an exciting and full year ahead.

Ben Elder
Chair, Tangible Assets Board

For more information about IVSC boards visit our website: www.ivsc.org/about/boards/standards-board
IVSC ADOPTION AROUND THE WORLD

The Appraisal Foundation is dedicated to promoting professionalism and ensuring public trust in the valuation profession in the US.

In 1989 the US Congress enacted Title XI of the Financial Institutions Reform Recovery and Enforcement Act (FIRREA), which established the current real property appraisal regulatory programme in the US. As a result of the legislation, all real property appraisers must meet the qualification criteria (education, experience and examination thresholds) established by the Foundation.

The Appraisal Foundation has been a long-time supporter of the IVSC as an institutional member and sponsor and regularly works with the Advisory Forum and Advisory Forum Working Group.

In addition to other activities with the IVSC, both organisations have collaborated on A Bridge from USPAP to IVS 2018 (Bridge). The Bridge document was developed to assist appraisers familiar with USPAP in producing a valuation that is also compliant with IVS. The Bridge describes additional steps necessary to ensure compliance with both standards.

The Foundation is currently working with the IVSC on further harmonisation efforts for additional recognition of IVS.

TANGIBLE ASSETS BOARD

Ben Elder
Global Valuation Director, RICS
UK

Chris Stanley
Past President of PINZ, member of PINZ and API valuation boards and Director, Telfer Young
New Zealand

Larry Dybvig
President and Owner, Grover, Elliot & Co.
Canada

James Gavin
Managing Director, Duff & Phelps and former Managing Director, Real Estate Valuation, S&P
US

Rengganis Kartomo
Managing Partner, KJPP Rengganis
Indonesia

Dirk Hennig
Lead Partner, PwC Property, Plant and Equipment Valuation Group
Germany

CK Lau
International Director and Head of Valuation Advisory, JLL
Hong Kong

Claire Magowan
Joint Head of Portfolio Valuation, Savills
UK

Alexander Aronsohn (Technical Director to the Board)
IVSC Technical Director, Technical Standards Director, RICS
UK

ABOUT THE BOARD

The Tangible Assets Board is focused on the specific parts of IVS that cover tangible assets such as real property, for example buildings, equipment, machinery and personal property.
The Business Valuation Board, in close cooperation with the Tangible Assets Board, is focused on maintaining and advancing the relevance of IVS in the marketplace. As business models evolve, new classes of assets emerge or become more important to our constituents.

In many cases, the questions that arise as a result are already addressed within IVS. In other instances new approaches are called for. It is with this perspective that the Board sought feedback from constituents in our 2017 ITC consultation. Our assessment of the responses to that consultation is that our Board has some important work to do.

We have undertaken narrow-scope amendments in the areas of discount rates and complex capital structures. We believe these exposure drafts are responsive to the practice problems that our constituents have identified. We have sought to get to the crux of the issue in both instances with targeted language. In the case of liabilities, there is clearly a hole in the standards and we look forward to issuing an exposure draft later in 2018 to address this.

The Board has also discussed emerging topics such as biological assets and cryptocurrencies. The technology underlying both of these could be the foundation of whole new industries. No doubt there are valuation challenges in this space. While in many cases these challenges are analogous to those addressed by the profession in the past, there are undoubtedly some unique ones as well. The Board is currently discussing what amendments we could make to IVS to help the business valuation profession navigate these fast-evolving areas. Our guiding principle is not to create assets of instrument-specific standards. We will instead look to make amendments only when necessary due to unique considerations that arise from a particular asset or liability. We will make use of communications such as our Basis of Conclusions to highlight the judgements of the Board, ensuring full transparency in the process of standard setting. Often but not always this will illustrate where in the existing standards the concerns raised are already addressed.

It is an exciting time to be involved in standard setting and I am delighted to chair such a dedicated and professional board of leading experts. The Board very much values the input of our constituents, so keep it coming.

Andreas Ohl
Chair, Business Valuation Board

4.7 trillion

For more information about IVSC boards visit our website: www.ivsc.org/about/boards/standards-board
IVS ADOPTION AROUND THE WORLD

The Canadian Institute of Chartered Business Valuators (CICBV) is a self-regulated, not-for-profit VPO and Canada’s only dedicated business valuation designation.

The CICBV upholds the highest standards of business valuation through education, accreditation and governance of the Chartered Business Valuator (CBV) profession, in the public interest. The CICBV has a 47-year history of excellence in business valuation and currently has 3,000 members and students around the world.

The CICBV has been a member and sponsor of the IVSC since 2006. A number of CBVs have served on IVSC boards and forums over the years and still do.

With the complexity of today’s operating environment and the globalisation of business, it is incumbent on organisations like CICBV to forge mutually beneficial partnerships with other professional organisations and nurture a strong presence on the world stage. The IVSC facilitates this international teamwork. Collaboration through inter-professional partnerships allows us to find new and better ways to do things and to grow together to meet the ever-changing needs of the business world.

ABOUT THE BOARD

The Business Valuation Standards Board comprises leading business valuation experts from around the world and is responsible for drafting and consulting on IVS for business valuation and intangible assets, such as intellectual property. These sections of the IVS contain additional requirements that apply to the valuations of businesses, business interests and intangible assets.

Valuations of businesses are required for different purposes including acquisitions, mergers and sales of businesses, taxation, litigation, insolvency proceedings and financial reporting. Business valuations may also be needed as an input or step in other valuations such as the valuation of stock options, particular classes of stock or debt.

Mary Jane Andrews
President and CEO, Canadian Institute of Chartered Business Valuators, Toronto, Canada

“The raison d’être of the IVSC is so important. We are on the eve of unification in valuation standards and professional valuer competence as we move to a global valuation profession. The IVS is the foundation of a strong and respected global valuation profession that will benefit every VPO and valuer, regardless of where they work.”
The valuation of financial instruments has been a hot topic among professionals, prudential regulators and the wider financial services industry over recent years. As the asset class continues to grow in volume and complexity throughout the world, calls for international standards that underpin their valuation have been amplified.

Succeeding in such an enormous and important practice area requires the leadership and input of a multitude of stakeholders, from international banks and standards bodies to regulators and data providers. In December 2017 the IVSC brought together more than two dozen international stakeholders from across the financial sector in New York to sow the seeds for a major project that aims to set principles-based standards to improve the valuation of financial instruments.

The New York meeting resulted in the creation of four working groups, as proposed by the participants, covering:

- **Framework** (reviewing and leveraging existing frameworks for FI valuation and linking to other standards e.g. for accounting)
- **Governance** (looking at process and procedure, controls, documentation and independence)
- **Data and Inputs** (considering quality, availability and use of data in FI valuation)
- **Financial Reporting** (identifying of areas of non-compliance with financial reporting; developing valuation for reporting purposes)

Each working group has met monthly to develop thinking in these critical areas. Their contributions will underpin a white paper that will be submitted to the new Financial Instrument Standards Board, due to be instituted late 2018, for consideration and to determine whether or not it meets the Board’s view for the further development of an FI Valuation Standard or associated general guidance to the industry.

To date the FI initiative has benefited from the leadership and insights of experts from major banks, valuation and data providers, standards organisations and professional and regulatory bodies.

**Peter Melvin**
Principle, Financial Services Organisation, EY is leading the IVSC’s efforts to develop insights from the FI working groups.

The underlying assets that form financial instrument contracts can range enormously from currency, bonds and securities through to real estate in the form of REITs.

500 trillion

FI valuation matters: some estimates put the tradable derivatives market at more than 7x global GDP at US$500 trillion+. IVS for FI will go a long way to building trust in this huge market.

For more information about IVSC boards visit our website: www.ivsc.org/about/boards/standards-board
Houlihan Lokey is a global investment bank with expertise in mergers and acquisitions, capital markets, financial restructuring, valuation and strategic consulting.

Houlihan Lokey supports the mission of the IVSC and has been a proud sponsor for nearly a decade. I would like to commend the leadership shown by the IVSC in issuing IVS and engaging stakeholders worldwide to raise standards of valuation practice and conduct.

In addition to our sponsorship of the IVSC, as a firm we have taken steps to contribute to the profession through the participation of our valuation professionals on IVSC boards and technical working groups and ensuring strong governance and quality standards at our firm by encouraging our professionals to pursue valuation-related credentials.

Houlihan Lokey provides valuations in every region of the world and we continue to see an intense focus on valuation by regulators. As such, we see the relevance and need for the IVSC to grow even further in the years to come. Having an internationally focused organisation like the IVSC working to raise standards of valuation practice and conduct can only benefit our industry moving forward.

“I would like to commend the leadership shown by the IVSC in issuing IVS and engaging stakeholders worldwide to raise standards of valuation practice and conduct.”

Cindy Ma
Global Head of Portfolio Valuation & Fund Advisory Services, Houlihan Lokey, New York

Thanks to the following organisations that have provided insight and expertise to the initiative either through the task force or working groups:

- American Institute of Certified Public Accountants (AICPA)
- Bank of America
- Bank of England PRA
- Bloomberg
- BNP Paribas
- CFA Institute
- Citi
- Credit Suisse
- Deloitte
- Duff & Phelps
- EY
- Financial Accounting Standards Board (FASB)
- Goldman Sachs
- Grant Thornton
- Harvest Investments
- Houlihan Lokey
- HSBC
- IHS Markit
- International Accounting Standards Board (IASB)
- International Auditing and Assurance Standards Board (IAASB)
- JPMorgan Chase & Co.
- KPMG
- Morgan Stanley
- MUFG Bank
- Public Company Accounting Oversight Board (PCAOB)
- PwC
- Securities and Exchange Commission (SEC)
- Société Générale
- UBS

ABOUT THE BOARD

The Financial Instruments Board will be appointed in late 2018 and will comprise leading experts in various disciplines connected to financial instruments. The Board will lead efforts to develop international standards for the valuation of financial instrument assets.
It is my honour to present the Chair’s report from the Membership and Standards Recognition Board (MSRB) for 2018.

Last year, the Board and its members continued to interact with diverse stakeholder groups throughout the world to gather insights that underpin the Board’s strategy and work plan, details of which were shared for the first time at the IVSC AGM in Mexico City in October 2017.

On the membership front, the Board conducted a review of the admission process. Refinements have ensured that the process remains relevant, clear and transparent and that prospective applicants have access to all the information they require on the IVSC website. The Board also made improvements to the mechanism for tracking the development of ‘Associate’ VPO members of the IVSC and a ‘partnering’ programme was launched, with members of the MSRB assigned to assist these organisations in their journey to becoming fully fledged VPO members.

To promote market recognition and adoption of IVS globally, the Board developed a multi-faceted approach to engage stakeholder groups including governments, regulators, financial institutions, service providers, VPOs, institutional investors and the academic community. In particular, the Board has focused on deepening engagement with two key stakeholder groups: institutional investors and the academic community.

The Board believes that institutional investors, as end users of valuation information, benefit significantly from high-quality, professional and comparable valuations. For ease of engagement, the Board has streamlined these investors into categories of sovereign wealth funds, pension funds, private equity funds and real estate investment trusts (REITS). For the academic community, the objective is to build interaction with networks across geographical regions and for IVS to be included in the teaching curriculum of these institutions. Various initiatives have been put in place to ensure ongoing engagement with these stakeholders over the coming year and beyond.

Finally, in responding to stakeholders’ feedback on the need to enhance professionalism in business valuation (BV), the Board has formed a task force to lead a consultation on the creation of a BV quality mark, which identifies and recognises high quality VPOs specialising in BV. The task force is led by Board member Eleanor Joy (Chair of the Board of the Canadian Institute of Chartered Business Valuators, 2011-12) and the members are Greg Forsythe (Chair of the IVSC Professional Board, 2008-16), Edwina Tam (Chair of the Board of International Institute of Business Valuers) and Nick Talbot (Chief Executive of IVSC). A public consultation took place between June and August 2018 and the Board’s responses will be published later in the year.

I would like to take this opportunity to thank the task force and members of the Board for their commitment and hard work, as well as Nick Talbot, for his dedication and support throughout the year. On behalf of the Board, we are fully committed to the vision of building and advancing the global valuation profession and we look forward to a fruitful and exciting year ahead.

Eric KH Teo
Chair, Membership and Standards Recognition Board

For more information about IVSC boards visit our website: www.ivsc.org/about/boards/standards-board
KPMG employs 1,500 valuation professionals in 50 countries around the globe.

We want the readers and users of our formal valuation opinions to be able to trust that the person undertaking them is sufficiently trained and has the practical experience and professional judgement to give a robust, supportable and reliable analysis and opinion that users can trust.

Alignment of globally divergent standards in a self-regulated profession is always challenging but it is also what central banks, stock exchange and other regulators are currently calling for. And it is tough to call something a global profession if there is no baseline as to what qualifies one as a valuer, what training and enforcement procedures are in place and what standards must be applied.

With the recent move of many VPOs and regulators in Asia-Pacific now requiring IVS to be specifically adopted, it will be important for VPOs in the Americas and EMA to be on the front foot. At a firm level, KPMG are increasingly baking IVS into our engagement letters and finding the instructing lawyers very supportive of this.

In the final analysis it is hard to see how we will be credible in terms of driving public trust in the profession globally if VPOs do not actually adopt the IVS that they have been so deeply involved in drafting.
REPORT FROM THE CHAIR, IVSC ADVISORY FORUM WORKING GROUP

John Martin
Chair, Advisory Forum Working Group

The IVSC Advisory Forum Working Group (AFWG) continues to seek universal agreement on a single set of fundamental standards for valuation that national standard setters can, if they wish, then build upon. Achieving this will help to define, unite and empower our global valuation profession by enhancing transparency, comparability and investor confidence across international markets.

While we are seeing significant progress in adoption of IVS, it can sometimes be a challenge when it comes to adoption in countries that have a long history of national standards. This is more often than not down to common misinterpretations of the term ‘adoption’ and not a lack of desire on the part of these entities to embrace international best practice.

It has been presumed that the AFWG is seeking to replace already well-established national valuation standards. This is not the case. Although it is important that IVS is applied consistently and word for word, the most common approach to adoption by VPOs today is for existing standards to incorporate IVS fully, ensuring global consistency in the principles applied by valuers around the world. In many cases the national standards then go into much greater detail with regards to local practice, laws and regulations that still align with the IVS component. Of course there are other instances where IVS is simply being adopted as the de facto national standard with no additions.

With this as a context, the AFWG has this year instigated a process to bring together the technical writers and chairs of key standard-setting bodies from around the world with a view to identifying any differences in the respective standards and working towards common wording. If other standards have better wording, then IVS can change – after all, IVS reflects international best practice wherever in the world that comes from. The first step is for the technical experts and board chairs of standards enshrined in legislation to meet, then VPOs who have national standards will participate in the process. Critically, the process is about identifying solutions and not problems.

While use of IVS is a high priority, the AFWG is also focused on improving communications across a large and growing network of VPO members. This network is unrivalled in its reach and depth of valuation knowledge and expertise, and the AFWG has a clear role to play in facilitating open and regular communication. This has been aided during the year through the introduction of a new members’ portal on the IVSC website and through the establishment of regular VPO outreach by members of the AFWG.

I would like to thank all members of the AFWG for their hard work and positivity, which is providing huge impetus to the growth of our global valuation profession.

John Martin
Chair, Advisory Forum Working Group

For more information about IVSC boards visit our website: www.ivsc.org/about/boards/standards-board
IVS ADOPTION AROUND THE WORLD

RICS professionals and their clients operate across increasingly integrated markets, making connections between the major political and economic centres.

These connections rely, above all, on trust. We can achieve trust through a common financial language and in the case of asset valuations, IVS fulfil this role.

Asset values are crucial to almost every financial decision we make, whether they relate to real estate, machinery, intellectual property or financial instruments. IVS establish the high-level requirements for valuations, based on globally recognised concepts and principles in valuation practice. These standards build trust in markets through consistently reliable data.

As a member and sponsor of the IVSC, RICS is proud to support IVS and to contribute to its ongoing development, ensuring that it remains absolutely relevant in a constantly evolving market environment.

Since 2008, RICS has fully adopted IVS, word for word, within its own professional standards for RICS-qualified valuers – also known as the RICS Red Book. We have found that this gives clients the assurance they need: that the standards used by valuation professionals in more than 100 countries are fully consistent with international best practice.

“We can achieve trust through a common financial language and in the case of asset valuations, IVS fulfil this role. Since 2008, RICS has fully adopted IVS, word for word, within its own professional standards for RICS-qualified valuers – also known as the RICS Red Book.”

Sean Tompkins
Chief Executive, RICS

ADVISORY FORUM WORKING GROUP

John Martin
Australian Property Institute
Australia

Igor Artemenkov
Russian Society of Appraisers
Russia

Jack Beckwith
American Society of Appraisers
US

David Bunton
The Appraisal Foundation
US

KK Chiu
Hong Kong Institute of Surveyors
Hong Kong

Mark Walley
Royal Institution of Chartered Surveyors
UK

Leandro Escobar Torres
Asociación Profesional de Sociedades de Valoración (ATASA)
Spain

Molefi Kubuzie
South African Property Valuers Association
South Africa

Karin Lusnic
Slovenian Institute of Auditors
Slovenia

Chen Ming Hai
China Appraisal Society
China

Paul Olscamp
Appraisal Institute of Canada
Canada

Leslie Sellers
Appraisal Institute
US

Gilles de Courcel
Fédération Française des Experts en Evaluation
France

ABOUT THE ADVISORY FORUM WORKING GROUP

The Advisory Forum Working Group comprises representatives of the IVSC’s VPO member organisations. The Advisory Forum Working Group acts as a primary point of engagement between VPOs and the IVSC and its boards.
We have members headquartered in 57 countries and operating in more than 130. Our members include national, regional and international organisations.
There are 60 VPO members of the IVSC.

16 new member organisations joined IVSC in 2017-18, all committing to IVS.

57 IVSC member organisations are headquartered across 57 different countries.

View a full list of our current members on the IVSC website: https://www.ivsc.org/about/members
# LIST OF ACRONYMS

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<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>ACCA</td>
<td>Association of Chartered Certified Accountants</td>
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<tr>
<td>AFWG</td>
<td>Advisory Forum Working Group (IVSC)</td>
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<tr>
<td>AI</td>
<td>Artificial intelligence</td>
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<tr>
<td>AIC</td>
<td>Appraisal Institute of Canada</td>
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<tr>
<td>AICPA</td>
<td>American Institute of Certified Public Accountants</td>
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<tr>
<td>APEC</td>
<td>Asia-Pacific Economic Cooperation</td>
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<td>API</td>
<td>Australian Property Institute</td>
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<td>ASA</td>
<td>American Society of Appraisers</td>
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<tr>
<td>ASEAN</td>
<td>Association of South East Asian Nations</td>
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<tr>
<td>ATASA</td>
<td>Asociación Profesional de Sociedades de Valoración</td>
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<tr>
<td>AVA</td>
<td>ASEAN Valuers Association</td>
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<tr>
<td>BV</td>
<td>Business valuation</td>
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<td>BVB</td>
<td>Business Valuation Board (IVSC)</td>
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<td>CAS</td>
<td>China Appraisal Society</td>
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<td>CBV</td>
<td>Chartered Business Valuator</td>
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<tr>
<td>CICBV</td>
<td>Canadian Institute of Chartered Business Valuators</td>
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<tr>
<td>DfID</td>
<td>Department for International Development (UK government)</td>
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<tr>
<td>EMA</td>
<td>Europe, Middle East and Africa</td>
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<tr>
<td>EY</td>
<td>Ernst &amp; Young</td>
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<tr>
<td>FI</td>
<td>Financial instrument</td>
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<tr>
<td>GAA</td>
<td>Global Accounting Alliance</td>
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<tr>
<td>GDP</td>
<td>Gross domestic product</td>
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<tr>
<td>IAASB</td>
<td>International Auditing and Assurance Standards Board</td>
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<tr>
<td>IASB</td>
<td>International Accounting Standards board</td>
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<tr>
<td>IFAC</td>
<td>International Federation of Accountants</td>
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<td>IFC</td>
<td>International Finance Corporation (World Bank Group)</td>
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<tr>
<td>IFRS</td>
<td>International Financial Reporting Standards</td>
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<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<td>INDAABIN</td>
<td>El Instituto de Administración y Avalúos de Bienes Nacionales (Mexico)</td>
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<tr>
<td>IOSCO</td>
<td>International Organisation of Securities Commissions</td>
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<tr>
<td>ITC</td>
<td>Invitation to Comment</td>
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<tr>
<td>IVAS</td>
<td>Institute of Valuers and Appraisers of Singapore</td>
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<tr>
<td>IVS</td>
<td>International Valuation Standards</td>
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<td>IVSC</td>
<td>International Valuation Standards Council</td>
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<td>JLL</td>
<td>Jones Lang LaSalle</td>
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<tr>
<td>M&amp;A</td>
<td>Mergers and Acquisitions</td>
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<td>MoU</td>
<td>Memorandum of Understanding</td>
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<tr>
<td>MSRB</td>
<td>Membership and Standards Recognition Board</td>
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<td>OIV</td>
<td>Organismo Italiano di Valutazione</td>
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<tr>
<td>PCAOB</td>
<td>Public Company Accounting Oversight Board (US)</td>
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<td>PINZ</td>
<td>Property Institute of New Zealand</td>
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<td>PwC</td>
<td>Pricewaterhouse Coopers</td>
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<tr>
<td>REITs</td>
<td>Real Estate Investment Trusts</td>
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<td>RICS</td>
<td>Royal Institution of Chartered Surveyors</td>
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<tr>
<td>SEC</td>
<td>Securities and Exchange Commission (US)</td>
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<td>SRB</td>
<td>Standards Review Board (IVSC)</td>
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<tr>
<td>S&amp;P</td>
<td>Standard &amp; Poor’s</td>
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<td>TAB</td>
<td>Tangible Assets Board (IVSC)</td>
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<tr>
<td>UPAV</td>
<td>Union of Pan-American Valuers</td>
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<tr>
<td>USPAP</td>
<td>Uniform Standards of Professional Appraisal Practice (US)</td>
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<tr>
<td>VPO</td>
<td>Valuation professional organisation</td>
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<tr>
<td>WAVO</td>
<td>World Association of Valuation Organisations</td>
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## FINANCIAL STATEMENTS

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The Trustees present their report and financial statements for the year ended 31 March 2018.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS
The 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 AUDITOR
As 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 2018 by the Board of Trustees and signed on its behalf by:

Sir David Tweedie
Chair
TRUSTEES AND PROFESSIONAL ADVISORS

Company registration number  FC030067

The Board of Trustees
Kathleen Casey
Anton Colella
Ana Maria Elorrieta (elected October 2017)
Jay E Fishman (elected March 2017)
Mark Gerold
Dr Zhang Gouchun
Alan Johnson
Christian Mouillon
Tom Seidenstein
Ethiopis Tafara (Vice Chair)
Sir David Tweedie (Chair)
Frank Vettese (retired October 2017)
Howard Weston
Tatsumi Yamada

IVSC Audit Committee
Alan Johnson
Christian Mouillon (Chair)
Tom Seidenstein
Tatsumi Yamada

Registered office
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United States

Operating office
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United Kingdom

Auditor
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10 Salisbury Square
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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
STATEMENT OF TRUSTEES’ RESPONSIBILITIES
YEAR ENDED 31 MARCH 2018

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

The Bylaws of the IVSC 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 (IFRS) 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 IVSC’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 IASB’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 IFRS. 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 IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the IVSC’s financial position and financial performance; and
> prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the IVSC 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 IVSC. They are also responsible for safeguarding the assets of the IVSC 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 2018

OPINION
We have audited the financial statements of the IVSC for the year ended 31 March 2018, which comprise the Income Statement, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows and the related notes numbered 1-14, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and IFRS as adopted by the IASB.

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 IVSC’s 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 IVSC and the Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:
> give a true and fair view of the state of the IVSC’s affairs as at 31 March 2018 and of its surplus for the year then ended;
> have been properly prepared in accordance with IFRS as adopted by the IASB

BASIS FOR OPINION
We conducted our audit in accordance with the International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the IVSC in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
> the Trustees’ use of the going-concern basis of accounting in the preparation of the financial statements is not appropriate;
  or
> the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the IVSC’s ability to continue to adopt the going-concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION
The Trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.
RESPONSIBILITIES OF TRUSTEES
As explained more fully in the Statement of Trustees’ Responsibilities set out on page 32, the Trustees are responsible for
the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal
control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material
misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the IVSC’s ability to continue as a going
concern, disclosing, as applicable, matters related to going concern and using the going-concern basis of accounting unless
the Trustees either intend to liquidate the IVSC or to cease operations, or have no realistic alternative but to do so.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material
misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance
is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a
material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could
reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting
Council’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Crowe Clark Whitehill LLP
Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
London
22 June 2018
INCOME STATEMENT
YEAR ENDED 31 MARCH 2018

<table>
<thead>
<tr>
<th>Notes</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Income</td>
<td>3,144,099</td>
<td>1,139,019</td>
</tr>
<tr>
<td>Standard setting and professional development</td>
<td>(1,208,241)</td>
<td>(878,814)</td>
</tr>
<tr>
<td>Publications and associated costs</td>
<td>(81,066)</td>
<td>(94,989)</td>
</tr>
<tr>
<td><strong>OPERATING SURPLUS/(DEFICIT) BEFORE TAX</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax expense</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>SURPLUS/(DEFICIT) FOR THE YEAR</strong></td>
<td>134,792</td>
<td>165,216</td>
</tr>
</tbody>
</table>

There was no other comprehensive income for the year.

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2018

<table>
<thead>
<tr>
<th>Retained surplus</th>
<th>Foreign exchange reserve</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Balance at 1 April 2016</td>
<td>314,403</td>
<td>70,352</td>
</tr>
<tr>
<td>Total recognised surplus for the year</td>
<td>165,216</td>
<td>—</td>
</tr>
<tr>
<td>Balance at 31 March 2017</td>
<td>479,619</td>
<td>70,352</td>
</tr>
<tr>
<td>Balance at 1 April 2017</td>
<td>479,619</td>
<td>70,352</td>
</tr>
<tr>
<td>Total recognised surplus for the year</td>
<td>134,792</td>
<td>—</td>
</tr>
<tr>
<td>Balance at 31 March 2018</td>
<td>614,411</td>
<td>70,352</td>
</tr>
</tbody>
</table>

The notes on pages 38-44 form part of these financial statements.
# Statement of Financial Position

**Year ended 31 March 2018**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Notes</strong></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>2,634</td>
<td>891</td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>2,612</td>
<td>2,240</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>341,477</td>
<td>222,909</td>
</tr>
<tr>
<td>Prepayments</td>
<td>31,825</td>
<td>51,380</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>664,034</td>
<td>532,705</td>
</tr>
<tr>
<td><strong>Capital and Reserves</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retained surplus</td>
<td>614,411</td>
<td>479,619</td>
</tr>
<tr>
<td>Foreign exchange reserve</td>
<td>70,352</td>
<td>70,352</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred income</td>
<td>110,347</td>
<td>98,381</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>247,472</td>
<td>161,773</td>
</tr>
<tr>
<td><strong>Total Equity and Liabilities</strong></td>
<td>1,042,582</td>
<td>810,125</td>
</tr>
</tbody>
</table>

The notes on pages 38-44 form part of these financial statements.

The financial statements on pages 29-37 were approved by the Board of Trustees and have been authorised for issue on 21 June 2018 and were signed on its behalf by:

Sir David Tweedie, Chair

Company registration number: FC030067
STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2018

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total operating surplus/(deficit)</td>
<td>134,792</td>
<td>165,216</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,396</td>
<td>445</td>
</tr>
<tr>
<td>Disposal of equipment</td>
<td>119</td>
<td>—</td>
</tr>
<tr>
<td>(Increase)/decrease in inventory</td>
<td>(372)</td>
<td>1,079</td>
</tr>
<tr>
<td>(Increase)/decrease in trade and other receivables</td>
<td>(118,568)</td>
<td>6,083</td>
</tr>
<tr>
<td>Decrease/(increase) in prepayments</td>
<td>19,555</td>
<td>(37,408)</td>
</tr>
<tr>
<td>Increase/(decrease) in deferred income</td>
<td>11,966</td>
<td>(13,386)</td>
</tr>
<tr>
<td>Increase in trade and other payables</td>
<td>85,699</td>
<td>70,261</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td>134,587</td>
<td>192,290</td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(3,258)</td>
<td>(1,336)</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td>(3,258)</td>
<td>(1,336)</td>
</tr>
<tr>
<td><strong>NET INCREASE IN CASH AND CASH EQUIVALENTS</strong></td>
<td>131,329</td>
<td>190,954</td>
</tr>
<tr>
<td>Opening cash and cash equivalents</td>
<td>532,705</td>
<td>341,751</td>
</tr>
<tr>
<td><strong>CLOSING CASH AND CASH EQUIVALENTS</strong></td>
<td>664,034</td>
<td>532,705</td>
</tr>
</tbody>
</table>

The notes on pages 38-44 form part of these financial statements.
1. Authorisation of financial statements and statement of compliance with IFRS

The IVSC was incorporated on 1 April 2004 as a not-for-profit corporation in Illinois, US.

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

BASIS OF PREPARATION

The IVSC’s financial statements have been prepared in accordance with IFRS published by the IASB and applicable law.

The principal accounting policies adopted by the IVSC 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 IVSC 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.

Income relating to sponsorship periods that fall beyond the financial year end are recognised as deferred income.

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 IVSC 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 IVSC 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 IVSC has sought and received confirmation from HM Revenue & 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 IVSC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Contributions to the IVSC are deductible for income tax purposes within limitations of the law.
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 date. Allowances are made 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 ADOPTED
The Board has identified that the following standards that are in issue, but not yet adopted, are relevant for the IVSC’s circumstances:

> Effective for the accounting period commencing 1 April 2018;
> IFRS 9 (Financial instruments) and IFRS 15 (Revenue from contracts with customers);
> Effective for the accounting period commencing 1 April 2019;
> IFRS 16 (Leases).

The Board has considered the requirements of each of the standards and how they should be applied to the IVSC. The standard with the potential for the most significant impact is IFRS 15. The Board has reviewed the current accounting policies for recognising income and has determined that these will remain appropriate under IFRS 15 and, as a result, they do not consider that the adoption of IFRS 15 will have a material impact on the financial statements.

3. Income

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donations, sponsorships and grants</td>
<td>1,089,812</td>
<td>897,294</td>
</tr>
<tr>
<td>Membership subscription fees</td>
<td>228,525</td>
<td>219,288</td>
</tr>
<tr>
<td>Publications and related activities</td>
<td>105,351</td>
<td>22,158</td>
</tr>
<tr>
<td>Other income</td>
<td>411</td>
<td>279</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,424,099</strong></td>
<td><strong>1,139,019</strong></td>
</tr>
</tbody>
</table>
4. Operating surplus/(deficit)

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

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Depreciation of property, plant and equipment</td>
<td>1,396</td>
<td>445</td>
</tr>
<tr>
<td>Net foreign currency differences</td>
<td>95,078</td>
<td>(116,694)</td>
</tr>
<tr>
<td>Inventory recognised as an expense</td>
<td>(372)</td>
<td>1,079</td>
</tr>
<tr>
<td>Rental expense</td>
<td>61,545</td>
<td>59,559</td>
</tr>
<tr>
<td>Auditor’s remuneration – audit services</td>
<td>12,000</td>
<td>11,500</td>
</tr>
</tbody>
</table>

INCLUDED IN STANDARD SETTING AND PROFESSIONAL DEVELOPMENT:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Employee benefits expense</td>
<td>538,249</td>
<td>331,806</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>1,396</td>
<td>445</td>
</tr>
<tr>
<td>Net foreign currency exchange</td>
<td>95,078</td>
<td>(116,694)</td>
</tr>
</tbody>
</table>

5. Employee expenses

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>448,018</td>
<td>268,693</td>
</tr>
<tr>
<td>Post-employment expense for defined contribution plans</td>
<td>34,544</td>
<td>39,703</td>
</tr>
<tr>
<td>National insurance costs</td>
<td>55,687</td>
<td>23,410</td>
</tr>
<tr>
<td></td>
<td>538,249</td>
<td>331,806</td>
</tr>
</tbody>
</table>

KEY MANAGEMENT COMPENSATION

During the period the key management personnel comprised the Chair and Chief Executive. Their aggregate remuneration for the year ended 31 March 2018 was £297,375 (2017: £200,000).

Key management compensation is not directly comparable as the Chief Executive, Nick Talbot, was employed for part of the financial year. In the previous year, Christian Mouillon had acted as Chief Executive on a voluntary basis for three months.
6. Fixtures, fittings and equipment

<table>
<thead>
<tr>
<th></th>
<th>Computer equipment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>COST</strong></td>
<td></td>
</tr>
<tr>
<td>At 1 April 2016</td>
<td>£18,091</td>
</tr>
<tr>
<td>Additions</td>
<td>£1,336</td>
</tr>
<tr>
<td>Disposals</td>
<td>£21</td>
</tr>
<tr>
<td><strong>To 31 March 2017</strong></td>
<td>£19,427</td>
</tr>
<tr>
<td>Additions</td>
<td>£3,258</td>
</tr>
<tr>
<td>Disposals</td>
<td>(£17,636)</td>
</tr>
<tr>
<td><strong>TO 31 MARCH 2018</strong></td>
<td>£5,049</td>
</tr>
</tbody>
</table>

|                |                    |
| **DEPRECIATION**|                    |
| At 1 April 2016| £18,091            |
| Charge for the year | £445            |
| Disposals      | £7                 |
| **To 31 March 2017** | £18,536        |
| Charge for the year | £1,396           |
| Disposals      | (£17,517)          |
| **TO 31 MARCH 2018** | £2,415         |

|                |                    |
| **NET BOOK VALUE** |                    |
| At 31 March 2016 | £2,599             |
| At 31 March 2017 | £891               |
| **AT 31 MARCH 2018** | £2,634           |

7. Financial risk management objectives and policies

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

**RESERVES POLICY**

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

> to safeguard the IVSC’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 IVSC’s reserves policy is to hold in excess of £350,000 as cash or cash equivalents to meet the IVSC’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 IVSC trades only with recognised, creditworthy customers. Customer balances are checked regularly to ensure that the risk of exposure to bad debts is minimised.

**LIQUIDITY RISK**

The IVSC has given responsibility of liquidity risk management to the Board of Trustees.
7. Financial risk management objectives and policies continued

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

INTEREST RATE RISK

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

While the majority of IVSC’s costs are in Sterling, the majority of the receivables are denominated in US Dollars and are therefore exposed to changes in the underlying exchange rates applicable upon initial recognition, subsequent measurement and/or settlement. To mitigate this exposure the IVSC transfers amounts received to the British Sterling account as soon as practically possible. The IVSC also aims to retain sufficient US Dollar funds to cover any US Dollar-denominated expenses.

8. Financial assets and liabilities

<table>
<thead>
<tr>
<th></th>
<th>Carrying amount</th>
<th>Fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2017</td>
</tr>
<tr>
<td><strong>FINANCIAL ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK £ Current Account 1</td>
<td>450,056</td>
<td>337,092</td>
</tr>
<tr>
<td>UK £ Current Account 2</td>
<td>45,874</td>
<td>14,535</td>
</tr>
<tr>
<td>UK £ Current Account 3</td>
<td>4,635</td>
<td>8,367</td>
</tr>
<tr>
<td>US $ Current Account</td>
<td>163,426</td>
<td>172,668</td>
</tr>
<tr>
<td>Cash</td>
<td>43</td>
<td>43</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>341,477</td>
<td>214,928</td>
</tr>
<tr>
<td><strong>FINANCIAL LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>(247,472)</td>
<td>(147,454)</td>
</tr>
</tbody>
</table>

9. Related-party transactions

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:

> Jay E Fishman Committee member, American Society of Appraisers, Board member, The Appraisal Foundation
> Mark Gerold Director of Valuation and Business Modelling, Ernst & Young
> Dr Zhang Gouchun Secretary General, China Appraisal Society
> Christian Mouillon Global Senior Advisor, Duff & Phelps
> Ethiopis Tafara Vice President and General Counsel, Legal, Compliance Risk and Sustainability, 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 IVSC.
10. Trade and other receivables

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receivable from sponsors and members</td>
<td>333,456</td>
<td>197,119</td>
</tr>
<tr>
<td>Other receivables</td>
<td>7,774</td>
<td>17,809</td>
</tr>
<tr>
<td>Other receivables - VAT</td>
<td>247</td>
<td>7,981</td>
</tr>
<tr>
<td></td>
<td>341,477</td>
<td>222,909</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-30 days</td>
<td>42,828</td>
<td>64,085</td>
</tr>
<tr>
<td>30-60 days</td>
<td>53,539</td>
<td>171</td>
</tr>
<tr>
<td>60-90 days</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Greater than 90 days</td>
<td>237,089</td>
<td>132,863</td>
</tr>
<tr>
<td></td>
<td>333,456</td>
<td>197,119</td>
</tr>
</tbody>
</table>

As stated under currency risk the IVSC invoices the majority of its receivables in US Dollars and is therefore exposed to exchange rate volatility as they are not hedged. Of the above debts, 95.5% was invoiced in US Dollars and the remaining 4.5% in GBP Sterling.

11. Cash and cash equivalents

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank</td>
<td>664,034</td>
<td>532,705</td>
</tr>
</tbody>
</table>

The US $ account was revalued at the closing rate of 1.40084 (2017: 1.24866).

For the purposes of the Statement of Cash Flows the above constitute cash and cash equivalents.

12. Trade and other payables

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payable to trade suppliers</td>
<td>64,492</td>
<td>60,439</td>
</tr>
<tr>
<td>Other payables</td>
<td>20,577</td>
<td>2,644</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>136,833</td>
<td>84,372</td>
</tr>
<tr>
<td>Tax payable - PAYE and NI</td>
<td>25,570</td>
<td>14,318</td>
</tr>
<tr>
<td></td>
<td>247,472</td>
<td>161,773</td>
</tr>
</tbody>
</table>
13. Reserves
The retained surplus reflects the accumulated surplus from the IVSC’s activity to date. The reserve is used to fund the current and future activities of the IVSC.

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 1 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:

<table>
<thead>
<tr>
<th>POSITION</th>
<th>TIME CONTRIBUTED</th>
<th>SPONSOR</th>
<th>DURATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical Director</td>
<td>1.5 days per week</td>
<td>Deloitte</td>
<td>October 2017 to March 2018</td>
</tr>
<tr>
<td>Technical Director</td>
<td>1.5 days per week</td>
<td>KPMG</td>
<td>April 2017 to March 2018</td>
</tr>
<tr>
<td>Technical Director</td>
<td>1 day per week</td>
<td>EY</td>
<td>April 2017 to March 2018</td>
</tr>
<tr>
<td>APEC Leader</td>
<td>1 day per week</td>
<td>PPS Ltd</td>
<td>April 2017 to March 2018</td>
</tr>
</tbody>
</table>