



International
Valuation
Standards
Council



INTERNATIONAL
VALUATION
STANDARDS
COUNCIL

ANNUAL REPORT
2019-20

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OUR MISSION

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.

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INTERNATIONAL VALUATION STANDARDS COUNCIL

TABLE OF CONTENTS

INTRODUCTION

The Chairman	2
The Chief Executive	4

HIGHLIGHTS	6
------------	---

OUR SPONSORS	8
--------------	---

OUR MEMBERS	10
-------------	----

BOARD CHAIR REPORTS

Board of Trustees	12
Standards Review Board	14
Business Valuation Board	16
Financial Instruments Board	18
Tangible Assets Board	20
Advisory Forum	22
Membership & Standards Recognition Board (MSRB)	24
Europe Board	26

FINANCIAL STATEMENTS

Trustees' Report	28
Statement of Trustees' Responsibilities	29
Independent Auditors' Report	32
Income Statement	35
Statement of Change in Equity	35
Statement of Financial Position	36
Statement of Cash Flows	37
Notes to the Financial Statements	38

INTERNATIONAL VALUATION STANDARDS COUNCIL

MESSAGE FROM THE CHAIR OF THE BOARD OF TRUSTEES

Alistair Darling



Dear colleagues,

This is my first annual report as Chair of the IVSC Board of Trustees, a position that I took up in October 2019. I want to take this opportunity to thank and congratulate my predecessor, Sir David Tweedie, for his hard work and dedication in steering the IVSC through the last seven years of its evolution. The IVSC is recognised today as the custodian of global best practice in valuation, and has grown during Sir David's tenure to see the International Valuation Standards (IVS) being used by professional valuers in more than 100 countries. Fundamental to this success has been an open, transparent and consultative approach to standard setting. We are extremely grateful to the experts on our boards who volunteer their time and commitment to ensure standards that are robust, implementable and reflective of best practice from around the world. Sir David has been instrumental in attracting international experts and shaping the IVSC. The valuation profession as a whole will wish him well as do we.

When I joined the IVSC as a Trustee in June 2019, I did so with an understanding that global markets and economies rely on clear and comparable financial information. In a world where business and investment is not constrained by national borders, internationally accepted standards give us confidence in the information we rely upon to make informed decisions, and the professionalism through which that information is procured.

Asset valuations are of course a cornerstone of our interconnected financial system, a reality that was brought into sharp focus through the 2007-08 global financial crisis. During this period, as UK Chancellor of the Exchequer, I worked with finance ministers around the world to restore confidence in a global banking system. The economic and societal fallout of the Global Financial Crisis lingers to this day, giving context and added impetus to the IVSC's mission to advance standards and professionalism for the public good.

In January 2020, a new and updated version of IVS became effective. The latest set of standards included new chapters covering important topics such as the valuation of non-financial liabilities – an area that until now was not set out in any standards of professional best practice; and technical revisions throughout, reflecting ongoing work between the IVSC and

national standard-setters to agree common terms and definitions. Since the launch of the new standards we have seen a significant increase in the number of firms and valuers accessing and using the standards, day-to-day. The feedback has been extremely positive and there is a real sense that the standards are not simply responding to the challenges faced by valuers today but are, in many cases, pre-empting them.

Later this year, we will be publishing new standards on the valuation of inventory. We will also publish an Exposure Draft outlining extensive updates and improvements to IVS 500 'Financial Instruments'. This will mark a major milestone in the evolution of valuation standards, addressing an asset class that is not only enormous in market size and volume of transactions, but also one which is pervasive to all of our lives, through the exposure to it of pension and investment funds, and to flows of capital around the world. The updated IVS 500 is the first substantive output of the IVSC's recently formed Financial Instruments Board and follows extensive engagement and consultation with major commercial banks, prudential regulators, auditors and specialist valuation experts. We hope to see plenty of further input through the consultation process, followed by widespread implementation of the standards upon their publication.

As I write this report the world is some five months in to the global Covid-19 pandemic. In many respects, we are still at the beginning of this crisis. The impact it will have on our way of life, the way we interact with one another, the way we do business, will be profound and lasting. I want to acknowledge the challenge, hardship and toll that this pandemic has had, and will inevitably have, on many of our constituents, both individuals and organisations. I also want to take this opportunity to reflect on the vital role the valuation profession will play as we navigate the months and years ahead to restore investor confidence and help us emerge from this crisis.

For many of us, our lives have changed dramatically in a short space of time, with an estimated 70% of the world currently under measures to restrict movement. As the pandemic took hold, the IVSC was approached by many prominent organisations around the world for guidance on valuation during periods of market uncertainty. The reality was that markets were desperate for confidence and professional valuers, equipped with the skillset and standards to give evidence-based values, are in high demand. There is no scenario where this appetite for confidence declines as we move through this pandemic and into the future. For our part, the IVSC will continue to focus on empowering the profession through timely and robust standards.

I want to close by reiterating a point I made earlier; the power and veracity of international standards lies in the processes by which they are created and promulgated. The IVS are readily accepted throughout the world because they belong to the entire valuation profession. They are not partisan, but instead the product of huge amounts of collaboration, consultation and ongoing revision. In abiding by these overarching principles, we have been able to create internationally-agreed standards that are implementable in all jurisdictions and reflective of best practices from around the world. In what remains a largely unregulated professional discipline today, valuers and those that rely on valuations will continue to benefit through IVS.



ALISTAIR DARLING
Chairman of the Board of Trustees

INTERNATIONAL VALUATION STANDARDS COUNCIL

MESSAGE FROM THE CHIEF EXECUTIVE

Nicholas Talbot



Dear colleagues,

2019/20 was another year in which we saw positive progress for IVSC. We saw another high number of new members and sponsors join IVSC and now have in the region of 150 members and sponsors who we work with in partnership to help advance the international approach to valuation and quality professionalism. India is now only second to the US in terms of member organisations, as the country introduces regulations to promote a consistent approach to valuation professionalism and standards.

We successfully launched a new version of IVS and my thanks go to to the Standards Boards for all their hard work and effort in updating the standards. They continue to focus on evolving the IVS to meet the needs of stakeholders with revisions expected in the near future to items such as Inventory, Financial Instruments, and consideration of ESG. The Standards Boards "Perspectives Papers" on topical valuation issues such as Goodwill have proved to be of great interest to the profession and have been downloaded thousands of times. These papers are outputs to stimulate debate, and also to show how IVS can be applied in relation to specific issues.

We have continued to engage with some of the world's leading regulators and standards setters, who increasingly see the importance of valuation to the financial system on a domestic and international level. It is key we work together to tackle issues of inconsistency and to provide increased confidence to investors and other valuation stakeholders as we help facilitate debate on key issues. It is particularly pleasing to see global valuation providers such as Deloitte and Savills incorporating IVS into their global approaches to valuation.

This year has seen the creation of a Europe Board of high calibre valuation leaders led by Yann Magnan to provide a perspective and important input on valuation issues within the EU, and to help increase engagement across an important geography which is unique in sharing a single market and legislation. This year has seen increased engagement with key organisations such as the EBA, EFRAG, and regulators and Ministers across Europe, as well as organisations such as the European Mortgage Federation joining IVSC. We will consider other regional boards in the future.

My personal thanks to Sir David Tweedie who was a pleasure to work with as former Chair of the Board of Trustees. We will miss his passion to advance valuation standards and professionalism, his wisdom and humour, but I am happy to say he retains some involvement as a Special Adviser to IVSC. It is a pleasure to welcome Alistair Darling as the new Chair of the Board of Trustees, whose experience as Chancellor of the Exchequer during the last financial crisis, and on international private sector boards, is particularly relevant to the current situation the world finds itself in.

We are now living in the midst of the biggest crisis for humanity many of us will ever experience. What began as a global pandemic has now also become a financial crisis. As we look to emerge from this period of huge uncertainty, investors and stakeholders seek confidence as they make business decisions. Now more than ever the global valuation profession has a vital role to play in restoring confidence and helping the revival of the global economy.

Nick Talbot

NICHOLAS TALBOT
Chief Executive Officer, IVSC

YEAR IN REVIEW 2019-2020

HIGHLIGHTS



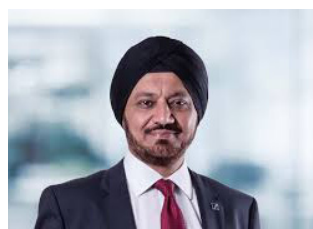
IVS was updated in July 2019 with changes coming into effect in January 2020. The update followed a six month public consultation and included technical revisions throughout.



Members of the Business Valuation Board met leading cryptocurrency experts in Zug, Switzerland, in June 2019 to discuss the role of IVS in what is a rapidly evolving asset class.



New appointments in 2019-20 took the number of nationalities represented across IVSC's boards to 32. Board members have first hand knowledge and valuation expertise in more than 90 countries.



Former Vice Chairman of the Board of IOSCO, and IOSCO representative to the Financial Stability Board, Ranjit Ajit Singh, was appointed to the Board of Trustees in October 2019.



Seventeen new member organisations joined the IVSC network in 2019-20, taking the total number of members to 150. Mazars and Stout became sponsors of the IVSC.



Former UK Chancellor of the Exchequer, Alistair Darling, took over from Sir David Tweedie as Chair of the IVSC Board of Trustees at the IVSC AGM in Singapore.

IVSC AGM 2019, SINGAPORE

The IVSC AGM took place in Singapore in October 2019. Hosted by the Singapore Accountancy Commission (SAC), under the Singapore Government, the AGM was attended by 160 delegates from 42 countries including valuation leaders, regulators, investors and end users of valuation services. Over three days, all IVSC boards met to focus on the development of IVS and to lead interactions with prominent local entities, including the Monetary Authority of Singapore and sovereign wealth funds.

The AGM coincided with the annual IVAS-IVSC International Business Valuation Conference at Marina Bay Sands, which brought together the business valuation community from across the Asia-Pacific region. IVSC Chair, Alistair Darling, and Singapore's Second Minister for Finance, Indranee Rajah, gave keynote speeches at the two-day conference.



The IVSC Europe Board was launched in Paris in March 2020. The Board, which brings together leading valuation experts from across Europe, has been established to advance IVS and to offer a strong voice of leadership on all European valuation topics.



Collaborating with local regulators, standard setters and professional organisations, the IVSC launched a Hong Kong market consultation on core business valuation competencies in July 2019. The project aims to establish a robust professional practice for business valuation in Hong Kong.

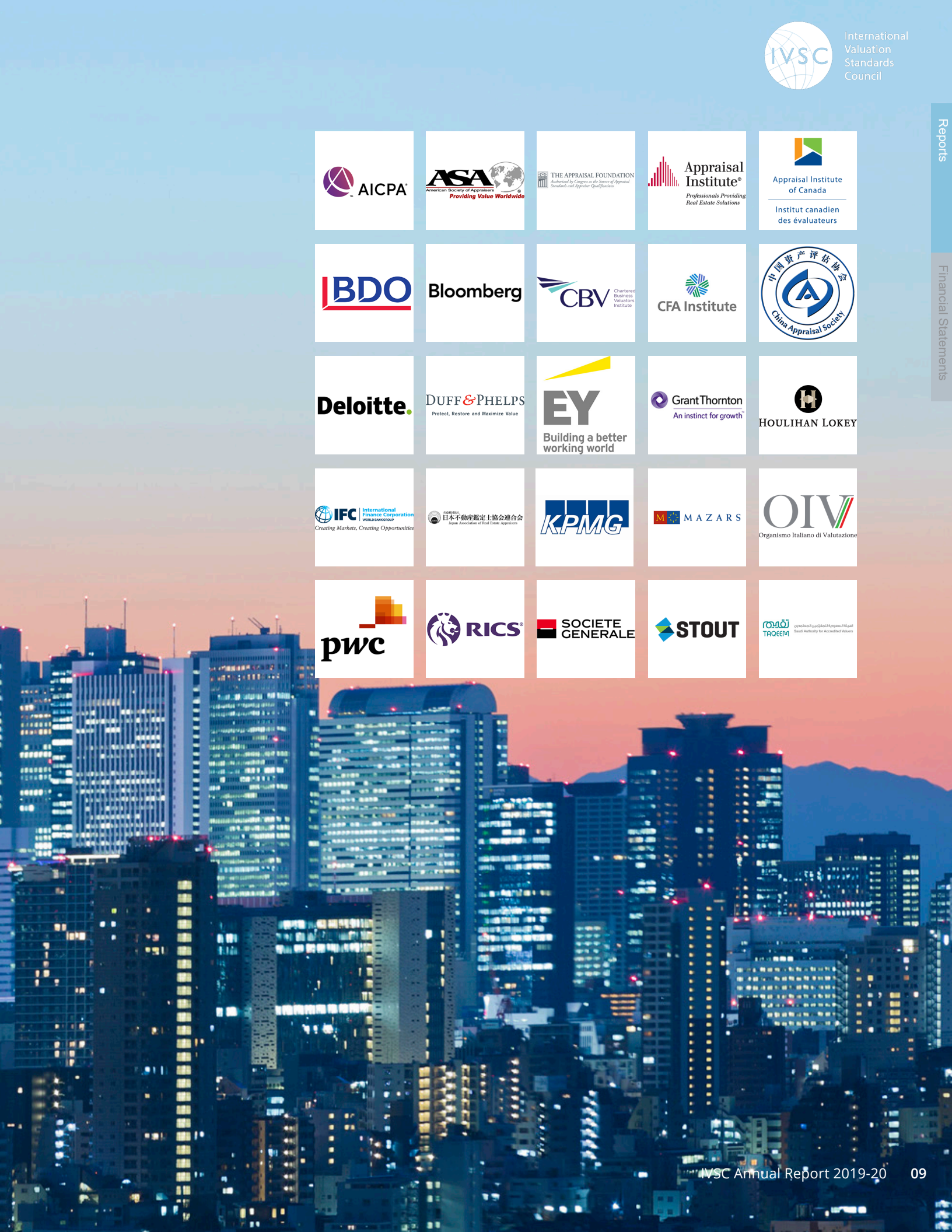


IVSC SPONSORS

2019-2020

The IVSC is grateful to our sponsors who contribute financially to the important work of the Council. Our sponsors play an important role in advancing the global valuation profession in the public interest. Their support allows the IVSC to develop and promulgate internationally-agreed, principles-based standards which empower valuers and bring confidence to the users of valuation professional services, worldwide.





IVSC MEMBER ORGANISATIONS 2019-2020



MEMBER ORGANISATIONS COME FROM 67 DIFFERENT COUNTRIES.
THERE WERE 143 IVSC MEMBER ORGANISATIONS IN 2019-20

Corporate

- Al Asmakh Real Estate Development Co
- AVISTA Valuation Advisory Ltd
- Bloomberg
- Brand Finance
- Business Valuation Resources LLC
- Deloitte
- Duff & Phelps
- EY
- Grant Thornton
- Greater China Appraisal Ltd
- Houlihan Lokey
- KPMG
- Mazars
- Mynarski International Valuation
- Newmark Knight Frank Valuation & Advisory
- PwC
- Real Quality Rating
- Savills (UK) Ltd
- Shanghai Orient Appraisal Co Ltd
- Société Générale
- Stout Advisory
- Tokyo Financial Advisors Co Ltd

Valuation Professional Organisations (VPOs)

- American Institute of Certified Public Accountants
- American Society of Appraisers
- Appraisal Institute
- Appraisal Institute of Canada
- Appraisers Association of America
- Asociación Profesional de Sociedades de Valoración (ATASA)
- Association of Certified Appraisers in Bosnia and Herzegovina
- Australian Property Institute
- Belarusian Society of Valuers
- Bosnian and Herzegovinian Property Association (BHPA)
- Bureau for Court Expertise, Republic of Macedonia
- CBV Institute
- CFA Institute
- Chamber of Professional Appraisers of Kazakhstan
- Chamber of Valuers of Montenegro*
- Chartered Accountants of Australia and New Zealand
- China Appraisal Society
- Consiglio Nazionale Geometri
- Costa Rican Valuation Institute
- Council of Valuation of Republic of Macedonia
- Croatian Society of Valuers
- Egyptian Association for Real Estate Appraisers
- European Association of Certified Valuers and Analysts (EACVA)
- Expertise Institute for Valuation of Assets of Georgia
- Federación de Colegios de Valuadores, A.C. (FECOVAL)
- Finnish Association for Real Estate Valuation
- Hong Kong Institute of Surveyors
- HypZert GmbH
- Indonesian Society of Appraisers
- Institute of Certified Accountants of Montenegro
- Institute of Philippine Real Estate Appraisers (IPREA)
- Institute of Valuers Sri Lanka
- Institution of Surveyors of Kenya (ISK)
- Instituto Brasileiro Avaliadores (IBAPE)
- International Association of Certified Valuation Specialists (IACVS)
- Israel Real Estate Appraisers Association (IREAA)
- Japanese Association of Real Estate Appraisal
- Korea Association of Property Appraisers
- Latvian Association of Appraisers
- Mongolian Institute of Certified Appraisers`
- National Association of Valuers of Serbia
- Nederlands Register Vastgoed Taxateurs (NRVT)
- Nigerian Institution of Estate Surveyors and Valuers
- Norges Takseringsforbund



- Office of the Valuer General (South Africa)
- Property Institute of New Zealand (PINZ)
- Real Estate Institute of Botswana
- Registro Nacional de Avaluadores Republican
- Chamber of Appraisers of Kazakhstan
- Russian Society of Appraisers
- Samfundet för fastighetsekonomi i Sverige AB
- Self-Regulated Inter-Regional Appraisers Association (SIAA)
- Singapore Institute of Surveyors and Valuers
- Slovenian Institute of Auditors
- South African Institute of Valuers
- Thai Valuers Association
- The Institution of Valuers India (IOV)
- The National Association of Romanian Valuers (ANEVAR)
- The Practising Valuers Association of India
- The Royal Institution of Chartered Surveyors
- The Royal Institution of Surveyors, Malaysia
- Turkish Appraisers Association
- Ukrainian Society of Appraisers

Associate VPOs

- Auctioneers & Valuers Association of Australia
- Australian Institute of Business Brokers
- Azerbaijan Society of Appraisers
- Federation of Appraisers of Business and Intellectual Property
- IIV India Registered Valuers Foundation
- Independent Valuers Society of Georgia NNLE
- Institute of Chartered Valuers Bangladesh
- Institute of Real Property Valuers in Rwanda
- KAF Institute
- Pan-Ukrainian Association of Valuation Specialists
- Philippine Association of Realty Appraisers, Inc (PARA)
- Union of Economists of Turkmenistan

Institutional

- Appraisal Foundation
- Asociación Española de Análisis de Valor (AEV)
- Australian Valuers Institute
- Chamber of Professional Valuers, Bulgaria
- Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili
- Depat. of Land & Real Estate Regulation, Government of Ajman
- Department of Municipal Affairs in the Emirate of Abu Dhabi
- Estate Surveyors and Valuers Registration Board of Nigeria (ESVARBON)

- Fédération Française des Experts en Evaluation
- Financial Reporting Council Bangladesh
- IFC (World Bank)
- Institute of Chartered Accountants in England and Wales
- Institute of Chartered Accountants of India
- Institute of Company Secretaries of India
- Institute of Cost Accountants of India
- Institute of Surveyors of Uganda
- Institute of Valuers and Appraisers of Singapore
- Instituto de Administración y Avalúos de Bienes Nacionales (INDAABIN)
- International Association of Assessing Officers
- Japanese Institute of Certified Public Accountants
- Korean Institute of Certified Public Accountants
- Malaysian Institute of Accountants (MIA)
- Ministry of Economic Development, Russia
- Ministry of Lands Reform, Namibia
- National Council for Real Estate Investment Fiduciaries (NCREIF)
- Panamerican Union of Valuation Associations (UPAV)
- Philippines Bureau of Local Government Finance
- Price Control Department, Ministry of Finance, Vietnam
- Real Estate Regulatory Authority (RERA), Bahrain
- Saudi Authority for Accredited Valuers
- South African Council for Property Valuers Profession (SACPVP)
- South African Institute of Chartered Accountants (SAICA)
- Dubai Land Department
- Valuers and Experts Professional Development Center
- The Authority of Audit, Accounting, Property Valuation and Insolvency Management, Ministry of Finance, Lithuania

Academic

- Al Muheet Training Institute (MTI)
- Alliance Manchester Business School, University of Manchester
- Ankara University, Department of Real Estate Development and Management
- International Institute of Business Valuers
- Italian Association of Professors in Accounting & Business Administration (SIDREA)
- Leventhal School of Accounting, University of Southern California
- Singapore University of Social Sciences
- Swiss Institute of Real Estate Appraisal (SIREA)
- Techno India University, West Bengal
- University of Economics, Faculty of Finance & Accounting, Prague
- University of Malawi - The Polytechnic





BOARD OF TRUSTEES

ALISTAIR DARLING, CHAIR



I am grateful to my fellow Trustees, all of whom volunteer significant time and energy to the work of the IVSC. For international standards to be accepted and respected in the marketplace, it is important that they are developed in an open and transparent way. The Board of Trustees is able to draw on a wealth of expertise in order to provide guidance to the IVSC, as well as independent oversight of the standard-setting processes.

Since I was appointed Chair of the Board of Trustees in October, I have been fortunate to spend time, both in person and virtually, with fellow board members. I have been hugely impressed by the willingness to make time for IVSC and, more broadly, the desire to contribute to the evolution of the global valuation profession. Trustees have participated in sub groups and initiatives with other IVSC boards; presented the work of the Council at conferences and in meetings; and facilitated a number of important interactions with like-minded organisations around the world, including statutory regulators and other standard setters. This effort is helping to raise standards of professionalism and best practice in valuation.

In June 2019, I joined a Board that was adeptly chaired by Sir David Tweedie, before his term came to an end in October. On behalf of all the Trustees I would like to thank him again for

his years of dedication to the IVSC's mission. The Board also said goodbye to Tom Seidenstein and Zhang Gouchon in 2019. Tom stood down to concentrate on his new role as Chair of the International Audit and Accounting Standards Board (IAASB), and Zhang also moved roles within the government in China. Both Zhang and Tom continue to be strong advocates for the IVSC and we thank them and wish them well.

In October the Board welcomed Ranjit Singh as a new Trustee. Ranjit is a former Vice Chair of IOSCO and was their representative to the Financial Stability Board. He was also the former Executive Chairman of the Malaysian Securities Commission. Ranjit was joined on the Board by Zhang Genghua, Vice President and Secretary General of the China Appraisal Society, the state-backed valuation licensing body in China. We are pleased to welcome both to the Board and look forward to making further appointments in 2020.



Alistair Darling

Chair of the IVSC Board of Trustees

United Kingdom



Kathleen Casey

Chair of the US Financial Accounting Foundation

United States



Anton Colella

Global CEO,
Moore Global

United Kingdom



Ana Maria Elorrieta

Former IFAC and IAASB board member

Argentina



Jay E. Fishman

Managing Director, Financial Research Associates

United States



Mark Gerold

Director, Valuation and Business Modelling, EY

United Kingdom



Alan Johnson

Deputy President, International Federation of Accountants (IFAC)

UK/Portugal



Christian Mouillon

Global Senior Advisor,
Duff & Phelps

France



Iseo Pasquali

Chief Business and Financial Officer, Deloitte

Canada



Ranjit Ajit Singh

Former IOSCO Vice Chair

Malaysia



Ethiopis Tafara

Vice President and Chief Risk Officer, World Bank (MIGA)

United States



Senator Howard Wetston

Senator

Canada



Tatsumi Yamada

Former IASB board member

Japan



Zhang Genghua

Secretary General,
China Appraisal Society

People's Republic of China





STANDARDS REVIEW BOARD

MARK ZYLA, CHAIR



The Standards Review Board (SRB) is responsible for developing the International Valuation Standards (IVS), which are the only truly global multi-disciplinary set of valuation standards. In its role within the IVSC, the SRB provides overarching guidance to three technical boards (the Business Valuation Board, the Tangible Assets Board and the Financial Instruments Board) which assist the SRB with the development and harmonisation of our standards. The SRB also provides assistance to the whole of the IVSC as a “voice” of the valuation profession, particularly through its interaction with other standard setters.

The development of the IVS is inclusive and transparent. In the standard-setting process, the SRB seeks stakeholder involvement through an Agenda Consultation to identify current or emerging issues which may impact the profession. This consultation could result in a new or amended valuation standard as part of the IVS or, instead, a paper offering the profession’s perspective on the matter, including the relevance and application of the existing IVS. After determining the output(s) required by the marketplace, the SRB consults the technical board(s) with the appropriate expertise, working alongside them to develop a response. If that response necessitates a new standard, the SRB will issue an Exposure Draft for public consultation before a final standard is published.

Our process is inclusive. In addition to formal consultations, the SRB and technical boards also make time in their meeting agendas, periodically, to invite external stakeholders to observe discussions and deliberations. This provides a further layer of

transparency to the process and fosters greater collaboration in developing the IVS.

Our standard-setting process often involves not only valuation stakeholders, but other standard setters and professional bodies including entities such as the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB). We recognise that our constituents have mutual interests and acknowledge the importance of collaboration in standard setting, in order to achieve the best and most appropriate outputs. We also consult with the technical staff of organisations such as the CFA Institute on a growing number of issues of shared interest.

Our view is that, similar to accounting standards, the IVS is a living document. We believe that for standards to be relevant and robust; to meet their objective of building trust and confidence, they must be updated to address current and emerging issues when necessary. This is a step change from earlier approaches, where the standards might be updated extensively but only periodically. As such, we issued the most recent version of IVS in July 2019, and will continue to make revisions, and updates following periods of public consultation, on an ongoing basis.

The SRB relies heavily on the input of the three technical boards in the development of new standards. I am grateful for the expertise each technical board brings to the standard-setting process. The effort is collaborative and centered on the development of international best practice which is collectively agreed and implementable across jurisdictions. I believe our processes also reflect international best practice.

I would like to take this opportunity to thank all members of the Board for their time and dedication to developing the standards. I also want to thank our various stakeholders for their invaluable input as we respond to the latest developments in our profession.



Mark Zyla

Managing Director,
Zyla Valuation Advisors

United States



Mauro Bini

Professor, Bocconi
University Milan

Italy



Susan DuRoss

Chief Markets Officer,
Harvest Investments

United States



Ben Elder

Global Valuation Director,
RICS

United Kingdom



Roy Farthing

Committee Member,
Australian Property Institute

Australia



Gavin Francis

Chief Financial Officer,
Banking & Markets, HSBC

United Kingdom



Richard Hayler

Partner, Deloitte

Singapore



Ian Jedlin

Partner, KPMG

Australia



David Larson

Managing Director,
Duff & Phelps

United States



Colin Martin

Partner, KPMG and EFRAG
working group member

United Kingdom



Andreas Ohl

Partner, PwC

United States



Olivier Péronnet

Managing Director, FINEXSI

France



Ahmed Sabry

Advisor to Saudi Authority
for Accredited Valuers

Saudi Arabia



Alexander Arohnsohn

Technical Director to the
Standards Review Board

United Kingdom





BUSINESS VALUATION BOARD

ANDREAS OHL, CHAIR



In 2019 the Business Valuation (BV) Board issued a number of key updates to IVS. Little did we know there was a crisis on the horizon that would make these changes particularly relevant. The most significant of these changes was additional language in the standards and in the basis for conclusions on discount rates, in particular company-specific risk premiums. This is an area of considerable challenge in practice during times of uncertainty.

A second major initiative that began in 2019 and concluded in the Spring of 2020 was a series of articles on goodwill. Globally, companies are estimated to have several trillion dollars of goodwill on their books. The treatment of this asset has long been controversial and the accounting standard setters are again contemplating whether to make changes to the accounting model. Our articles looked to educate the public on the valuation profession's perspective of what goodwill represents from an economic perspective, what some of the challenges are with application of the current model, and finally our suggestions on how to improve the information content of the model while at the same time reducing the cost of applying it. The BV Board is very pleased with the overwhelmingly positive feedback we have received on these articles. We will look to continue to be part of the debate going forward.

Finally, we welcomed three new board members to the BV Board in 2019. They have brought new perspectives to our discussions that have been very helpful to our efforts to make an impact in the marketplace.

Looking forward, we will be studying the area of internally generated intangible assets. These are often not measured currently. Increasingly there are stakeholders who believe that because such assets comprise much of the value of many enterprises, and are central to their value creation strategies, more information on these assets would be useful. Measurement concerns have historically been a barrier to progress in this area. One type of asset of considerable interest to us is that of brands - particularly those whose value is closely intertwined with the overall value of the business. We will look to see how we can contribute to progress in this area. A somewhat related area is ESG. We are collaborating with the other Boards on the best way forward on this increasingly important area.

In these fast changing times, no doubt other practice issues will emerge where we will seek to help practitioners. Negative interest rates may be such an area.



Andreas Ohl

Partner, PwC

United States



Wolfgang Ballwieser

Professor Emeritus,
University of Munich

Germany



Robert Boulton

EVP and COO,
CBV Institute

Canada



Takako Iwata

Partner, KPMG

Japan



Jan Marek

Partner, Deloitte

Czech Republic



Diana Nikolaeva

Partner, EY

Bulgaria



Henk Oosterhout

Managing Director,
Duff & Phelps

Netherlands



Jay Shaw

Partner, Grant Thornton

New Zealand



Richard Stewart

Partner, PwC

Australia



Kevin Prall

Technical Director to the
Business Valuation Board

United States





FINANCIAL INSTRUMENTS BOARD

GAVIN FRANCIS, CHAIR



The Financial Instruments Standards Board, established in January 2019, comprises international leaders in valuation and financial markets from diverse stakeholder groups. It currently has eleven members from global banks and other financial institutions, prudential regulators, major valuation, and audit and accounting firms, professional bodies, standard setters and data providers.

As per the plan developed by the Board at its initial meeting it issued an Agenda Consultation to seek the views of stakeholders on its work programme. The Agenda Consultation was issued on 7 August and closed for comments on 27 September, 2019. Based on the responses received the Board embarked on a project to significantly improve the existing IVS 500 Financial Instruments. In developing the proposals the Board, based on the comments received from stakeholders on the Agenda Consultation, decided that IVS 500 would address all bases of value and not be restricted to financial reporting. The Board will aim to ensure that the proposals result in a valuation standard that is robust, credible and implementable. The aim is to outline principles and guidelines that will enable stakeholders to arrive at a fit-for-purpose valuation of financial instruments for all bases of value, market conditions and circumstances. The guidance proposed aims to achieve this by requiring valuation processes that can be tailored based on an entity's evaluation of market conditions and circumstances prevailing at the date of the valuation in a consistent manner using the concepts outlined in IVS 500. The proposals will enable stakeholders to apply the principles in IVS 500 under all market conditions and macro-economic circumstances. This is especially relevant given the market conditions and macro-economic situation facing constituents arising from the COVID 19 crisis.

Based on its previous discussions and the responses received, the Board agreed that the improvements to IVS 500 would be done in stages. The Exposure Draft on the improvements to IVS 500 would be published in stages covering each of the following areas:

- Governance;
- Data;
- Methods and Models; and
- Controls and Reporting

Governance and Data would be addressed first, followed by Methods and Models, and Controls and Reporting. The Board intends to publish the first Exposure Draft on the improvements to IVS 500 in H2, 2020. Recognising the interdependencies between the areas, the Board also decided that although the Exposure Draft would be published in stages, they would be cumulative. The Exposure Draft containing the proposals on Methods and Models, and Controls and Reporting, which is to be considered in the second stage of the project, would also include the sections included in this Exposure Draft to address any such interdependencies and also to facilitate stakeholder comments on the proposals.

It is hoped that the improved IVS 500 will be of great benefit not only to the professionals preparing valuations of financial instruments, but also to the many entities that rely on credible and robust valuation information for these assets, including banks and investors as they package and trade instruments; and prudential regulators who are increasingly looking for mechanisms to improve confidence in the underlying values.

I cannot but emphasise the significance of the project given that it addresses one of the most critical and largest asset classes in global markets and also has a bearing on the stability of the financial system. I hope that the publication of the first Exposure Draft will again result in constructive dialogue with stakeholders. I would also like to take this opportunity to express my grateful thanks to my fellow Board members for their dedicated support and expertise in developing the proposals that will lead to an improved IVS 500.



Gavin Francis

Chief Financial Officer,
Banking & Markets, HSBC

United Kingdom



Thomas Lee

Partner, KPMG

Canada



Ragveer Brar

Head of Division, Traded Risk,
Bank of England PRA

United Kingdom



Fernanda Diaz Rodriguez

Professor at the Institute of
the Mexican Stock Exchange

Mexico



Daniel Kahn

Principal, EY

United States



Toshiyuki Kitano

Director, KPMG

Japan



Cindy Ma

Managing Director,
Houlihan Lokey

United States



Krishna Nadella

Americas Head of Sales,
Bloomberg

United States



Ben Ryan

Head of Global Valuations
Group, Bank of America

United States



Doug Summa

Partner, PwC

United States



CK Zheng

Global Head of Valuations,
Credit Suisse

United States



Kumar Dasgupta

Technical Director to the
Financial Instruments Board

United Kingdom





TANGIBLE ASSETS BOARD

BEN ELDER, CHAIR



The Tangible Assets Board (TAB) is now up to full strength and in January 2020 welcomed six new members, who joined us for our first physical meeting of the year in Brussels in March.

The additional members have successfully integrated and have further strengthened the technical and geographical knowledge of the Board. The Board said goodbye to two previous members, Chris Stanley and Larry Dybvig, both of whom stepped down after serving maximum terms. We would like to thank them for their years of excellent service and contribution to the IVS.

The Tangible Assets Board has continued to make a significant contribution to the evolution of the IVS over the last twelve months, with the publication of the latest edition in July 2019. In addition to some of the revisions to the IVS General Standards the TAB also made revisions to IVS 410 'Development Property' to minimise any possible misinterpretation of valuations.

In 2019 -20 the technical work of TAB has been focused on the following key areas:

1. Amendments to IVS 400 'Real Property Interests' to include further reference to agriculture and land whether registered or unregistered.
2. Continued work on the harmonisation of the IVS with established real estate valuation standards in the US (USPAP) and Canada (CUSPAP).
3. Reviewing public sector valuation particularly in relation to any additions to the IVS tangible asset standards in relation to recent requirements in some markets to separately account for

Social Value.

4. Discussions in relation to the Development of a Sustainable Value or Long-Term Value index for UK and Europe with the Bank of England, EMF and other key stakeholders.

The valuation of Biological Assets, Mineral Extraction and Personal Property were three areas identified in the gap analysis. During the past year the TAB have published a perspectives paper on a roadmap to valuing agricultural properties (including biological assets), contributed to the IMVAL template to ensure that it is IVS compliant and are due to publish a perspectives paper on personal property later this year.

The other significant area of work by the Board in relation to the standards has been the publication of IVS 105 section 90 on 'Valuation Model'. The Board is now considering more specific standards on automated valuation models for secured lending and automated valuation for mass appraisal purposes and are also working with the other boards to draft General Standards on data handling and data control. The Board also initiated a new standard relating to allocation of value which is designed to bring greater consistency and transparency to the process of apportioning value to elements within a valuation where it is required and will go into consultation later this year.

The work to harmonise IVS with USPAP and CUSPAP has continued throughout 2019-20 with further fruitful discussions between the organisations, the IVSC, The Appraisal Foundation and Appraisal Institute of Canada and the proposed publication of agreed core valuation standard setting and valuation principles later this year.

Finally, the board has continued its outreach to key stakeholders and many key organisations such as EMF and EFRAG have presented to the TAB and have invited representatives of the TAB to attend their meetings and engage with them on key market issues.



Ben Elder

Global Valuation Director,
RICS

United Kingdom



Eduardo Rottman

Board member, IBAPE

Brazil



Sandip Kumar Deb

National Vice President,
Institution of Valuers, India

India



James Gavin

Managing Director, Duff &
Phelps

United States



Brendan Gallagher

Partner, EY

Canada



Kim Hildebrandt

Specialist Valuer, Victoria
State Government

Australia



Dirk Hennig

Partner, PwC

Germany



Molefi Kubuzie

Director Property Valuations,
Department of Public Works

South Africa



Rengganis Kartomo

Indonesian Society of
Appraisers (MAPPI)

Indonesia



Claire Magowen

Head of Portfolio Valuation,
Savills

United Kingdom



CK Lau

Managing Director, Valuation
Advisory, Colliers Intl.

Hong Kong



Ludmila Simonova

Vice-President, European
Chapter of the ASA

Ukraine



Alexander Arohnsohn

Technical Director to the
Tangible Assets Board

United Kingdom





ADVISORY FORUM

JOHN MARTIN, CHAIR



The IVSC Advisory Forum was established in 2009 with the express purpose of providing a forum and opportunity for interaction among the many IVSC members representing the global valuation profession. As this network has grown rapidly to more than 150 members today, it has been satisfying to see the extent of collaboration amongst different organisations around the world.

The Advisory Forum Working Group (AFWG) meets monthly and brings together a number of representatives of the Advisory Forum to lead projects and initiatives designed to support the wider IVSC member community. The AFWG also plays a key role in facilitating dialogue between the valuation profession and the various technical boards of the IVSC as they pursue a transparent and consultative standard-setting process.

Over the last year the AFWG has been successful in delivering the vast majority of its programme, despite the challenges brought about since the end of 2019 with the emergence of the pandemic. A key focus for the AFWG has been, and continues to be, the adoption of IVS by VPOs. In early 2020 the Group issued an Adoption 2020 Position Paper which sought feedback on the steps being taken to institute IVS within existing national standards. The response has been helpful in determining ways in which the AFWG can assist in this process further. It also highlights the significant work being undertaken by VPOs today to ensure national standards embrace internationally-agreed principles through the IVS.

The focus on adoption of the standards will continue into the remainder of 2020 and beyond, as more VPOs join the IVSC and as the standards themselves become more widely referenced. A planned face-to-face meeting in March, during which the Adoption consultation was scheduled to be reviewed, was not able to take place. We aim to cover this in a virtual meeting later this year.

On the subject of meetings; the AFWG has agreed to increase the frequency and reach of virtual meeting in the future, giving Advisory Forum members greater access to the Working Group and more opportunities to interact with one another. This is an important and unique grouping of VPOs and other valuation organisations from six different continents. Increasing the opportunities to share best practice and discuss topics of mutual interest will benefit the AFWG, member organisations, and the profession in its entirety.

Online platforms also offer the potential for more in-depth webinars on pertinent topics, in particular those that Advisory Forum members are grappling with. At our AGM in Singapore members of the AFWG worked with colleagues to deliver a successful webinar showcasing international best practice in the fields of business valuation. This content is being updated and disseminated further and we hope to create more content of this nature for the benefit of Advisory Forum participants in the months and years ahead.

The AFWG has been delighted to welcome new members this year. Muath Alkhalaf of Taqueem, Reiner Lux of HypZert and Nehama Bogin of IREAA have brought new ideas, insights and added enthusiasm to the group since their appointments in 2019. We also said thanks and farewell to Molefi Kubuzi (SACPVP), who stood down from the AFWG upon his appointment to the IVSC Tangible Assets Board in January 2020. The diverse geographic and technical representation across the AFWG is truly impressive and speaks volumes to the international and collegiate nature of our profession.

Without doubt there will be challenges ahead for the profession and the wider world as we navigate 2020 and beyond against a backdrop of a global pandemic and the economic fallout that brings. The AFWG as a group, for its part, is committed to working with all VPOs and stakeholders across the IVSC's network to provide support where we can. At times such as this, the importance of dialogue and collaboration cannot be overstated.

I would like to close by thanking all members of the AFWG, as well as The Appraisal Foundation's, Aida Dedajic, for the commitment and energy they bring to the group, and for their huge contribution to the global valuation profession. I'd also like to commend all the VPOs around the world that are working together with the IVSC to give the profession the voice and status it so clearly warrants.



Muath Alkhalaf
Saudi Authority for
Accredited Valuers

Saudi Arabia



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

Spain



Igor Artemenkov
Russian Society of
Appraisers

Russia



Karin Lusnic
Slovenian Institute of
Auditors

Slovenia



Jack Beckwith
American Society of
Appraisers

United States



Reiner Lux
Managing Director
HypZert GmbHHypZert

Germany



Nehama Bogin
Israel Real Estate Appraisers
Association

Israel



John Martin (Chair)
Australian Property
Institute

Australia



David Bunton
The Appraisal Foundation

United States



Chen Ming Hai
China Appraisal Society

People's Republic of China



KK Chiu
Hong Kong Institute of
Surveyors

Hong Kong



Leslie Sellers
Appraisal Institute

United States



Gilles de Courcel
Fédération Française des
Experts en Evaluation

France



Neil Shah
Royal Institution of Char-
tered Surveyors

United States



Aida Dedajic
Technical Director to the
AFWG

United States





MEMBERSHIP & STANDARDS RECOGNITION BOARD

ERIC TEO, CHAIR



It is my honour to present the Chairman's report from the Membership and Standards Recognition Board (MSRB). 2020 marks the fourth year of the Board's operation and the start of our second term in office. In this new term, we welcomed Soltan Aljorais, secretary general of TAQEEM, the Saudi Authority for Accredited Valuers, to the Board. At the same time, we bid farewell to Shigeko Mizutani, who has retired from the board following the completion of her term of office. On behalf of the Board, I would like to express our heartfelt gratitude to Shigeko for her contribution to the Board since its inception in 2016. In March 2020, we were deeply saddened by the news of the death of our fellow Board member, Jiang Wei, who had succumbed to injuries sustained from a fall in his hometown in China. Jiang Wei was a valued member of the IVSC community who had contributed tremendously to the development of the valuation profession, both in China and internationally. The level of commitment and enthusiasm he brought will be dearly missed.

In October 2019, at the IVSC AGM held in Singapore, we had presented the outcome of the consultation process on 'IVS Adoption Recognition Mark' being offered to VPOs. Following the strong support received from the IVSC community, the Board has made a submission to IVSC which comprised a summary paper, application form and licensing agreement, to enable further development of this initiative by IVSC. I would like to thank Eleanor Joy, who led the sub-committee, as well as Alan Beatty, Ken Creighton and the late Jiang Wei, for all their effort.

The Board continues to participate actively in the deliberation of new members admission to IVSC. During the year, there was an

increase in new members that joined IVSC as Associate VPOs. Our 'partnering' programme to support Associate VPOs in their growth journey continued to gain traction. Board members assigned to partner Associate VPOs were key points of contact to assist with questions and issues raised by Associate VPOs, in addition to providing invaluable insights to encourage their overall development towards greater professionalism and attaining full VPO status. The Board has successfully engaged more than 80% of Associate VPOs that we partnered with.

At the request of IVSC Trustees during the year, the Board embarked on a new project to ensure the alignment of membership admission process to IVSC membership criteria. We will focus on providing further clarity on the requirements an Associate VPO needs to fulfil to attain full VPO status. This project is undertaken by the Membership Committee of the Board, led by Allan Beatty and supported by Gheorghe Badescu, Jeannette Koger and Phil Western.

Focus on establishing greater market recognition continues with the ongoing engagement of universities and academic networks. The ongoing project 'Working in UNISON on IVS' that commenced last year, led by Phil Western, will continue to target University courses involving valuation to introduce IVS in the teaching curriculum. To promote the international adoption of IVS, the Board will also support a number of global academic conferences.

Thus far, 2020 has been a difficult year for many of us due to the global pandemic. Some of the activities and initiatives that the Board seek to pursue were put on hold. I would like to thank all my Board members – Soltan Aljorais, Gheorghe Badescu, Allan Beatty, Ken Creighton, Aart Hordijk, Eleanor Joy, Jeannette Koger and Phil Western, for their unwavering dedication and the time and effort expended on the initiatives of this Board. We look forward to advancing the valuation profession in the year ahead.



Eric Teo

Institute of Valuers and
Appraisers, Singapore

Singapore



Ken Creighton

Royal Institution of
Chartered Surveyors

United Kingdom



Allan Beatty

Appraisal Institute of
Canada

Canada



Eleanor Joy

CBV Institute

Canada



Aart Hordijk

Netherlands Register for
Real Estate Valuers

Netherlands



Shigeko Mitzutani

Japan Association of Real
Estate Appraisers

Japan



Jeannette Koger

American Institute of
Certified Public Accountants

United States



Phil Western

Australian Property Institute

Australia



Gheorghe Badescu

National Association of
Romanian Valuers

Romania



Soltan Aljorais

Saudi Authority for
Accredited Valuers

Saudi Arabia



In memorium

Professor Jiang Wei

1962 - 2020

Who dedicated years of service to this
board, the IVSC, and to the advancement of
the valuation profession worldwide.





EUROPE BOARD

YANN MAGNAN, CHAIR



The IVSC Europe Board was established at the beginning of 2020 and I am honoured to present the first Chairman's report.

The Board assembles valuation, finance and regulatory experts across Europe around the common objectives to lead the advancement of International Valuation Standards across European markets and to give a strong and cohesive voice to the European valuation professional community.

The IVS are included in EU legislation and referenced widely in valuation guidance issued by the European Banking Authority (EBA). Across Europe, a large and growing number of Valuation Professional Organisations (VPOs) and valuation firms have incorporated or are working towards the adoption of IVS. Yet, despite the growing use of IVS, and increased awareness of the importance of valuation quality to sustainable and transparent financial markets, there is still work to do to embed internationally adopted standards. Europe is no exception. Unlike the accounting profession which has galvanized in recent years around IFRS, the global valuation profession has suffered through a lack of cohesion and identity in the absence of one set of universally adopted standards. For users of valuation advice, including investors, the resulting lack of transparency and comparability can often mean added risk and cost.

For an economically mature and diverse region like Europe, where valuation remains a largely unregulated profession, the challenge of establishing a certain level of consistency across approaches to valuation is real. Areas like real estate valuation are fairly well developed, with IVS well established, including through valuation

rules issued by European VPOs.

On the business valuation profession side, and for valuers focusing on financial instruments, the need for transparent and internationally accepted valuation standards are considered by IVSC and the IVSC Europe Board as vital given the interconnected nature of European economies. This is further amplified when you consider the central role that Europe plays in global markets. It is imperative that Europe is not simply taking the IVS but playing a leading role in shaping global best practice, which will be core to the IVSC Europe Board mission going forward.

The Board met for the first time in Paris in February 2020 and have continued to meet regularly, virtually, since. The members of the Board - who represent diverse valuation expertise across all asset classes and multiple geographies - have initiated discussions on key topics and identified areas of focus for the months and years to come, with an early objective of building engagement around the importance of cohesive standards and valuation professionalism.

The Board has already engaged in meaningful discussions and relationships with various European stakeholders, professional organisations with interest in the valuation arena, academics, authorities and regulators, in an effort to serve as a conduit between them and the IVSC's technical boards. In this vein our goal has first and foremost been to ensure standards are developed with due input from European stakeholder communities.

The Europe Board members are looking forward to progressing on the path they have set for the group. We are hopeful that the huge human, and economic challenges that arose from the Covid-19 pandemic will be resolved quickly and, in the deeply troubled environment, we would specially like to express our gratitude to the front-line workers around the globe and in Europe who have been and are still risking their lives to save others.



Yann Magnan

Global Business Valuation
Leader

France



Christian Luft

Head of Pan-EMEA Valuation,
JLL

Pan-Europe



Frank Bollmann

Managing Director, Vossius
& Partner

Germany



Klaus Rabel

Chair of the BV Group,
Austrian Chamber of Public
Accountants

Austria



Giampiero Bambagioni

Chair, UN Economic Com-
mission for Europe (UNECE)

Italy



Javier Zoido

Managing Director, Iberia
Valuations Leader, Duff &
Phelps

Iberia



Jesús Federico Valero Gil

Head of Valuation and
Modelling Practice, Deloitte

Spain



José Gómez de Miguel

Advisor, Spanish Association
Value Analysis

Spain



Karthik Ballsagar

Managing Director,
FTI Consulting

United Kingdom



Marc Broekema

Partner and co-founder, BFI

Netherlands



Olesya Perepechko

Vice Chair, AC Russian
Society of Appraisers

Russia



Thomas Dimopoulos

Founder & Director, AXIA
Chartered Surveyors LLC

Greece



Wolfgang Kaelberer

External Advisor,
HypZert GmbH

Germany



TRUSTEES REPORT

TRUSTEES' REPORT & STATEMENT OF RESPONSIBILITIES

YEAR ENDED 31 MARCH 2020

INTERNATIONAL VALUATION STANDARDS COUNCIL

FINANCIAL STATEMENTS

31 MARCH 2020

TRUSTEES' REPORT & STATEMENT OF RESPONSIBILITIES

YEAR ENDED 31 MARCH 2020

Company registration number:	FC030067
The board of trustees	<p>Alistair Darling (Trustee, from Jun-19; Chair, from Oct-19)</p> <p>Sir David Tweedie (Chair to Oct-19, term completed)</p> <p>Ethiopsis Tafara (Vice Chair)</p> <p>Kathleen Casey</p> <p>Anton Colella</p> <p>Ana Maria Elorrieta</p> <p>Jay E Fishman</p> <p>Mark Gerold</p> <p>Zhang Guochun (to Jun-19)</p> <p>Zhang Genghua (from Jun-19)</p> <p>Christian Mouillon</p> <p>Iseo Pasquali</p> <p>Tom Seidenstein (to Oct-19)</p> <p>Ranjit Singh (from Jul-19)</p> <p>Howard Wetston</p> <p>Tatsumi Yamada</p>
IVSC Audit Committee	<p>Christian Mouillon (Chair)</p> <p>Alan Johnson</p> <p>Tom Seidenstein (to Oct-19)</p> <p>Tatsumi Yamada</p>
Registered office	<p>200 W. Madison Street, Suite 1500</p> <p>Chicago, Illinois, 60606</p> <p>United States of America</p>
Operating office	<p>4 Lombard Street</p> <p>London</p> <p>EC3V 9AA</p> <p>United Kingdom</p>
Auditor	<p>Crowe U.K. LLP</p> <p>St. Bride's House</p> <p>10 Salisbury Square</p> <p>London</p> <p>EC4Y 8EH</p> <p>United Kingdom</p>
Bankers	<p>HSBC Bank PLC</p> <p>Sussex Corporate Banking Centre</p> <p>1st Floor, First Point</p> <p>Buckingham Gate</p> <p>London Gatwick Airport</p> <p>Gatwick</p> <p>West Sussex</p> <p>RH6 0NT</p> <p>United Kingdom</p>

The Trustees present their report and financial statements for the year ended 31 March 2020.

TRUSTEES' REPORT & STATEMENT OF RESPONSIBILITIES

YEAR ENDED 31 MARCH 2020

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

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

In addition to the wider commentary on IVSC business activity contained in our Annual Report, there is obviously a significant change to the business environment and we continue to monitor the tragic consequences of Covid-19 which are having an impact on all organisations around the world. The economic crisis stemming from this highlights the importance of consistent quality valuations which will be a critical component in helping restore investor confidence, and we are fulfilling our role in highlighting best practice in times of uncertainty. On the other hand it creates an uncertain environment from an income point of view, and management have taken steps to contain costs in order to better position ourselves to deal with the potential financial impact.

IVSC will continue to review the ongoing situation regularly, with a view to fulfilling our public interest remit and providing as much support as possible to the valuation, investor and regulator communities, whilst taking whatever steps are necessary.

AUDITOR

Crowe U.K. LLP has indicated its willingness to be reappointed.

Approved and authorised for issue on XXth June 2020 by the Board of Trustees and signed on its behalf by:



Alistair Darling
Chairman



Nicholas Talbot
CEO

TRUSTEES' REPORT & STATEMENT OF RESPONSIBILITIES (continued)

YEAR ENDED 31 MARCH 2020

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

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

International Accounting Standard 1 requires that financial statements present fairly for each financial year the 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 International Accounting Standards Board's 'Conceptual Framework for Financial Reporting' issued in 2010. In virtually all situations, a fair presentation will be achieved by complying with all applicable IFRSs. In preparing these financial statements, the Trustees are also required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the 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 2020

Opinion

We have audited the financial statements of The International Valuation Standards Council (IVSC) for the year ended 31 March 2020 which comprise the Income Statement, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows and the related notes numbered 1 to 14, including a summary of significant accounting policies.

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

In our opinion, the financial statements:

- give a true and fair view of the state of the IVSC's affairs as at 31 March 2020 and of its surplus for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the IASB.

Basis for opinion

We conducted our audit in accordance with 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 FRC'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.

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF INTERNATIONAL VALUATION STANDARDS COUNCIL (continued)

YEAR ENDED 31 MARCH 2020

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 Trustees' responsibilities statement set out on page 4, 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.

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF INTERNATIONAL VALUATION STANDARDS COUNCIL (continued)

YEAR ENDED 31 MARCH 2020

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.

Use of our report

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 International Valuation Standards Council and the Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
London

Date: 17 June 2020

INCOME STATEMENT

YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Income	3	1,430,614	1,407,487
Standard setting and professional development	4	(1,352,338)	(1,264,340)
Publications and associated costs		(23,940)	(17,501)
OPERATING SURPLUS BEFORE TAX	4	54,336	125,646
Tax expense		-	-
SURPLUS FOR THE YEAR		54,336	125,646

There was no other comprehensive income for the year.

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2020

	Retained surplus £	Foreign exchange reserve £	Total £
Balance at 1 April 2018	614,411	70,352	684,763
Total recognised surplus for the year	125,646	-	125,646
Balance at 31 March 2019	740,057	70,352	810,409
Balance at 1 April 2019	740,057	70,352	810,409
Total recognised surplus for the year	54,336	-	54,336
Balance at 31 March 2020	794,393	70,352	864,745

The notes on pages 36 to 45 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

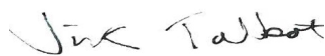
AS AT 31 MARCH 2020

	Notes	2020 £	2019 £
TOTAL ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	1,529	1,222
CURRENT ASSETS			
Inventories		2,072	2,543
Trade and other receivables	10	396,153	464,333
Prepayments and accrued income		48,511	32,106
Cash and cash equivalents	11	723,822	585,992
		<u>1,172,087</u>	<u>1,086,196</u>
CAPITAL AND RESERVES			
Retained surplus	13	794,393	740,057
Foreign exchange reserve	13	70,352	70,352
CURRENT LIABILITIES			
Deferred income		135,117	102,387
Trade and other payables	12	172,225	173,400
TOTAL EQUITY AND LIABILITIES		<u>1,172,087</u>	<u>1,086,196</u>

The financial statements on pages 35 to 37 were approved by the Board of Trustees and have been authorised for issue on 15th June 2020 and were signed on its behalf by:



Alistair Darling, Chairman



Nicholas Talbot, CEO

Company registration number: FC030067

The notes on pages 38 to 45 form part of these financial statements.

STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2020

	2020	2019
	£	£
Total operating surplus	54,336	125,646
Depreciation	1,496	1,412
Disposal of equipment	-	-
Decrease in inventory	471	69
Decrease/(increase) in trade and other receivables	66,640	(125,516)
(Increase)/decrease in prepayments	(14,865)	2,379
Increase/(decrease) in deferred income	32,730	(7,959)
(Decrease) in trade and other payables	(1,175)	(74,073)
CASH FLOWS FROM OPERATING ACTIVITIES	139,633	(78,042)
Purchase of property, plant and equipment	(1,803)	-
CASH FLOWS FROM INVESTING ACTIVITIES	(1,803)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	137,830	(78,042)
Opening cash and cash equivalents	585,992	664,034
CLOSING CASH AND CASH EQUIVALENTS	723,822	585,992

The notes on pages 38 to 45 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2020

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRS

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

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

Basis of preparation

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

The IVSC is funded principally through members' subscriptions and additionally through sponsorships and donations. Management produce annual budgets and forecasts and, additionally, regular management information which is reviewed by the trustees during the course of the year.

The Covid-19 global pandemic has not had a significant impact on the IVSC's ability to continue its work and operations, although the trustees are mindful that this may change given present levels of uncertainty that exist. Management continues to have regular dialogue with members and sponsors and also to assess the immediate and future cash needs of the IVSC.

Having regard to the above, the trustees believe it appropriate to adopt the going concern basis of accounting in the financial statements.

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 which 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 control of ownership of the goods have passed to the buyer and the amount of income can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2020

2. ACCOUNTING POLICIES *(continued)*

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 H M Revenue and Customs that all income received from members is not taxable. The IVSC is only subject to corporation tax on its surplus from interest receivable and other income.

For US tax purposes, the 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. Allowances are made for any uncollectable or impaired amounts.

Other receivables are recognised at fair value.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2020

2. ACCOUNTING POLICIES *(continued)*

Impairment of financial assets

The IVSC has two types of financial asset which are subject to IFRS 9's new expected credit loss model:

- Trade receivables for sponsorships, donations, memberships, grants and publications.
- Other receivables

The IVSC has applied the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all relevant receivables. On adoption of this policy there were no material adjustments to be made other than those referenced in note 10 below.

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.

3. INCOME

	2020	2019
	£	£
Donations, Sponsorships and Grants	1,010,217	1,018,422
Membership subscription fees	361,382	269,902
Publications and related activities	58,095	118,314
Other income	920	849
	1,430,614	1,407,487

4. OPERATING SURPLUS/ (DEFICIT)

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

	2020	2019
	£	£
Depreciation of property, plant and equipment	1,496	1,412
Net foreign currency (gains)	(13,292)	(44,731)
Inventory recognised as an expense	471	69
Rental expense	63,560	49,144
Auditor's remuneration – audit services	12,250	12,300

	2020	2019
	£	£
Included in standard-setting and professional development:		
Employee benefits expense	724,804	637,053
Depreciation	1,496	1,412
Net foreign currency (gains)	(13,292)	(44,731)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2020

5. EMPLOYEE EXPENSES

	2020	2019
	£	£
Wages and salaries	615,005	543,287
Post-employment expense for defined contribution plans	37,827	32,349
National insurance costs	71,972	61,417
	724,804	637,053

Key management compensation

During the period the key management personnel was comprised of the Chairman and Chief Executive Officer. Their aggregate remuneration for the year ended 31 March 2020 was £333,333 (2019: £323,525).

6. FIXTURES, FITTINGS AND EQUIPMENT

	Computer Equipment
Cost	£
<i>At 1 April 2018</i>	5,049
Additions	-
Disposals	-
<i>To 31 March 2019</i>	5,049
Additions	1,803
Disposals	-
To 31 March 2020	6,852
	=====
Depreciation	£
<i>At 1 April 2018</i>	2,415
Charge for the year	1,412
<i>To 31 March 2019</i>	3,827
Charge for the year	1,496
Disposals	-
To 31 March 2020	5,323
	=====
Net book value	£
<i>At 31 March 2018</i>	2,634
<i>At 31 March 2019</i>	1,222
At 31 March 2020	1,529
	=====

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2020

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the IVSC expose the IVSC to a number of 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 prior 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 a minimum 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 may occasionally go below for short periods of time.

Credit risk

The IVSC generates revenue principally from recognised entities and institutions. The IVSC's exposure to credit risk arises from payment default. The IVSC carries out regular checks on outstanding balances to ensure the risk of exposure to bad debts is minimised. When calculating its impairment provision, the IVSC assesses, on a forward-looking basis, the expected credit losses associated with its financial assets. For trade receivables, the IVSC applies the simplified approach permitted by IFRS 9 which requires expected lifetime losses to be recognised from the initial recognition of the receivables.

Liquidity risk

The Board of Trustees is responsible for liquidity management.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2020

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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. Since April 2019 the IVSC has begun to issue invoices to non-US based members and sponsors in GBP sterling where feasible. Further to this the IVSC aims to retain sufficient US Dollar funds to cover any US Dollar denominated expenses.

Covid-19 financial risk

The financial downturn caused by Covid-19, whilst raising the importance of consistent high quality valuations internationally, also increases the risk of aged debt or non-payment.

In addition to liquidity risk management through monitoring budgets, forecasts and the cash flow on a regular basis, IVSC has also undertaken significant cost-cutting steps which will be maintained until there is a recovery.

8. FINANCIAL ASSETS AND LIABILITIES

	Carrying amount		Fair value	
	2020	2019	2020	2019
	£	£	£	£
Financial assets				
UK £ Current Account 1	597,084	371,069	597,084	371,069
UK £ Current Account 2	86,867	103,939	86,867	103,939
UK £ Current Account 3	1,591	2,819	1,591	2,819
US \$ Current Account	38,280	108,122	38,280	108,122
Cash	-	43	-	43
Trade and other receivables	396,153	464,333	396,153	464,333
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Financial liabilities				
Trade and other payables	(172,225)	(173,400)	(172,225)	(173,400)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2020

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	<i>(Committee member, American Society of Appraisers),</i>
Mark Gerold	<i>(Director of Valuation, Modelling and Economics, Ernst & Young),</i>
Zhang Guochun	<i>(Former Secretary General, China Appraisal Society),</i>
Zhang Genghua	<i>(Secretary General, China Appraisal Society)</i>
Christian Mouillon	<i>(Global Senior Advisor, Duff & Phelps),</i>
Ethiopis Tafara	<i>(Vice President and Chief Risk, Legal and Administrative Officer, Multilateral Investment Guarantee Agency (MIGA)),</i>
Iseo Pasquale	<i>(Chief Business and Integration Officer, Deloitte)</i>

No Trustees, other than the Chairman, are remunerated but are reimbursed for out-of-pocket expenses incurred while undertaking work on behalf of the International Valuation Standards Council.

10. TRADE AND OTHER RECEIVABLES

	2020	2019
	£	£
Receivable from sponsors and members	365,452	453,656
Other receivables	17,021	6,678
Other receivables – VAT	13,680	3,999
	<hr/>	<hr/>
	396,153	464,333
	<hr/>	<hr/>

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

	2020	2019
	£	£
0-30 days	23,441	1,820
31-60 days	139,028	-
61-90 days	110,452	39,123
Greater than 90 days	93,788	422,743
	<hr/>	<hr/>
	366,709	463,686
	<hr/>	<hr/>

As stated under currency risk the IVSC invoices the majority of its receivables in US Dollar and is therefore exposed to exchange rate volatility as they are not hedged. The IVSC is mitigating this risk by invoicing in GBP Sterling where possible. Of the above debts, 69.4% (2019: 98.9%) was invoiced in US Dollar and the remaining 30.6% (2019: 1.1%) in GBP Sterling.

Trade receivables are shown net of bad debts and lifetime expected loss provision. The total impairment charge for the year amounts to £3,006 (2019: £43,367).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2020

10. TRADE AND OTHER RECEIVABLES *(Continued)*

The movement in the lifetime expected loss provision is as follows;

	2020	2019
	£	£
Provision brought forward	10,030	-
(Decrease)/ Increase in provision	(8,773)	10,030
	<hr/>	<hr/>
Provision carried forward	1,257	10,030
	<hr/> <hr/>	<hr/> <hr/>

11. CASH AND CASH EQUIVALENTS

	2020	2019
	£	£
Cash at bank	723,822	585,992
	<hr/>	<hr/>

The US \$ account was revalued at the closing rate of 1.24297 (2019: 1.30234).

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

12. TRADE AND OTHER PAYABLES

	2020	2019
	£	£
Payable to trade suppliers	29,949	68,088
Other payables	-	3,618
Accrued liabilities	74,655	31,527
Tax payable – PAYE & NI	67,621	70,167
	<hr/>	<hr/>
	172,225	173,400
	<hr/> <hr/>	<hr/> <hr/>

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 1st April 2016.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2020

14. CONTRIBUTION OF SERVICES IN KIND

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

Position	Time contributed	Sponsor	Duration
Technical Director	1½ days per week	KPMG	Apr 2019 to Mar 2020
Technical Director	1 day per week	EY	Apr 2019 to Sep 2019
APEC Leader	1 day per week	PPS Ltd	Apr 2019 to Mar 2020
Technical Support	1 day per week	AICPA	Apr 2019 to Mar 2020
Technical Support	1 day per week	Bloomberg	Apr 2019 to Jan 2020

INTERNATIONAL VALUATION STANDARDS COUNCIL

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