



International
Valuation
Standards
Council

INTERNATIONAL VALUATION STANDARDS COUNCIL

ANNUAL REPORT



APRIL 2020 - MARCH 2021

The International Valuation Standards Council (IVSC) is the global standard setter for valuation practice and the valuation profession. We serve the public interest by promoting consistent compliance with, and implementation of, high-quality, internationally accepted standards in the preparation and presentation of valuations around the world.



Contents

Report from the Chair of the Board of Trustees	01
Report from the Chief Executive	06
Our Sponsors 2020/21	08
Board of Trustees	09
Our Members 2020/21	10
Reports:	
Standards Boards	14
Chair of the Standards Review Board	16
Chair of the Business Valuation Board	19
Chair of the Financial Instruments Board	21
Chair of the Tangible Assets Board	23
Membership & Market Boards	25
Chair of the Advisory Forum Working Group	27
Chair of the Membership & Standards Recognition (MSR) Board	29
Chair of the MSR Europe Board	31
Financial Statements	33



WE ARE MORE SUCCESSFUL WHEN WE WORK TOGETHER

*Annual Report from the Chair of
the IVSC Board of Trustees*

An uncertain backdrop

When I wrote my first report as Chair of the Board of Trustees this time last year, the world was in the very early stages of a global pandemic. As I write this, it is clear that the pandemic will have a long and lasting effect on all of our lives.

Today, thanks to the rapid development of vaccines, we can be more optimistic both about containing the spread of the virus and its variants, and the economic recovery. But there's a long way to go and with that much uncertainty. Clearly, until such time as there is more equitable distribution of vaccine we will continue to see waves of new cases and variants emerge.

We are seeing signs of economic recovery and growth in many geographies and industries. However, we can already see that the recovery will be uneven. We will live in an uncertain world for some time, we just have to deal with that reality. It is also too early to fully assess the impact of more than a year of economic paralysis on global business and markets.

Where we are
TODAY

The role for valuation in the global recovery

In the years since the Global Financial Crisis – the aftermath to which valuation quality has come under the scrutiny of regulators and investors – the IVSC's network of member organisations has almost tripled to over 170 in 2021. These organisations are working together, through the IVSC, to develop and advance the global valuation profession and to ensure it is empowered and respected through one set of internationally-agreed standards. The rapid growth of this network in recent years highlights the support for International Valuation Standards (IVS) at a time when the prepares, users and assessors of valuations are coming to the same conclusion. In a world where economies and financial systems are so interwoven, it simply doesn't make sense to have myriad approaches to something as fundamentally important as valuation.

In tandem with this sentiment, a growing number of markets have adopted, or are on a path to adopting, IVS. The IVS are now used by valuation professionals in over a hundred countries worldwide. A recent report by Cavendish Maxwell summed it up by stating that “to remain outside IVS now is to break step with what is a global movement towards convergence.”

Valuation matters. The standards that professionals follow when carrying out a valuation of an asset or liability, matter.

Whatever the reason for conducting a valuation – including financial reporting, M&A activity, financing, asset sales, restructuring, taxation, insurance, or determining the capital adequacy of a global financial institution – and whatever the assets or liabilities being valued – including businesses or their constituent parts, a home or other type of real property, personal property, arts and antiques, a contract or financial instrument – reliable and trusted valuations are crucial.

If valuations are weak, or if the standards that underpin them are inconsistently applied or opaque, then the financial systems and markets that they exist in become much riskier and less stable, suppressing investment and business activity or, worse still, laying the foundations for economic and financial crises. Indeed, as was highlighted by the G20, previous financial crises including the Global Financial Crisis of 2007/08, have shown that a failure to understand the true value of underlying assets can have severe consequences for investors, shareholders and the public at large.

It's not just businesses and regulators that suffer through poor or inconsistent valuations - although suffer they do. Pension funds, home owners, individual borrowers, tax payers and society which rely on public and private investment in infrastructure, for example, are all impacted when valuation credibility is called into question. This could be directly, in terms of personal wealth and financial security, or indirectly, as a result of under, or poorly-judged public investments.

Conversely, a consistent approach to valuation, built on internationally-agreed and universally-adopted standards, makes markets more transparent and valuations more comparable. It supports and makes viable the efforts already underway to harmonise the financial ecosystem with common accounting, banking and investment rules, all of which reference and rely on robust valuations. In short, it reduces risk and brings greater confidence.

As the world emerges from a sustained period of economic inactivity, the importance of reliable and trusted valuations as a means of enhancing market confidence becomes greater than ever before. Uncertainty on the road to recovery is high; confidence is in shorter supply. In 2020, global Foreign Direct Investment fell more than 40% according to the United Nations. During the same period, business confidence as measured by the OECD dropped to its lowest level since 2009. Valuation quality and consistency might not have been a contributing factor in the onset of this economic crisis, but it will certainly be a key factor in the global recovery.

Going beyond recovery: Valuation and a more equitable world

What we can be more certain about, and what history has taught us, is that the impacts of this pandemic and the resultant economic fallout are likely to be protracted and uneven, disproportionately affecting poorer countries and societies.

The World Bank predicts that between 118 and 124 million more people will become poor as a result of COVID-19. During the last year, the IVSC has been working with the United Nations Human Settlements Programme (UN-HABITAT) and global organisations, FIG and RICS, to support poverty reduction efforts through new guidance for the valuation of unregistered land.

In many developing countries, only 30 per cent of land rights are registered, with the remainder unregistered lands that may be held by poor people. Yet there is a dire need for governments and individuals to be able to value these lands. Valuation is necessary to improve control over land and property in a way that builds equitable access to financial services and mobilises resources for economic growth and poverty reduction. Valuation tools are critical to upgrade informal settlements, support the resettlement of displaced people and for investment and development projects. It is vital for improving transparency in non-transparent land markets, which disadvantage the poor. Without a clear approach for valuing their land, poor occupants may lose out on getting the right value for their land and weaken the local community economy which can entrench poverty even further in their lives. The new guidance will have IVS at its core and is due to be issued later this year. The IVSC will continue to work with the UN and other partners to ensure it gains traction where it is needed the most.

Greater than the sum of our parts

As the valuation profession navigates this current period of uncertainty, we are reminded of the interconnectedness of the world we live in. All of us have been affected in some way by COVID-19, both professionally and personally. The same will be true in the months and years ahead as we endeavour to make sense of the post-pandemic world.

At times like this the power of a global network such as the IVSC is clear to see. Over the last year that network has come together regularly, under the auspices of the IVSC's Advisory Forum, to share the latest valuation updates from around the world, ranging from real estate market sentiment to policy and legislative developments impacting business valuations. We are more successful when we work together, and it is a source of great pride for the IVSC that we can facilitate this global collaboration on behalf of the valuation profession.

Despite a year of unprecedented global disruption which has prevented our boards from meeting in person as they normally would, the profession has continued to evolve rapidly. For its part, the IVSC - through a network of more than 120 volunteer board and working group representatives along with 170+ member organisations - has worked hard to empower valuers while highlighting the importance of international standards and high levels of professionalism in the markets in which they operate.

During the last year, the IVSC's technical boards have issued consultations on new valuation standards for Financial Instruments; a new IVS chapter covering Inventory and another addressing valuation of Non-Financial Liabilities; and an Agenda Invitation to Comment which will govern the boards' respective work programmes for the next three years. Our profession- and market-focused boards, the MSRB, Europe Board and the Advisory Forum Working Group, have also led significant programmes of activity, including engagement with universities to support the education of future valuation professionals; thematic webinars exploring pertinent trends shaping the profession; and regular virtual roundtables assessing the impacts of the pandemic on valuation practice around the world.

Our Invitation to Comment (ITC) consultation and Gap Analysis has identified a number of themes that stakeholders would like to see the IVSC focus on over the next three years. This includes, among other things: automated valuation models and their role in the future of valuation; social value; valuation uncertainty and risk; and Environment, Social, Governance (ESG). These and other topics will now be explored by the IVSC's technical boards to consider whether there is merit in developing common, high-level standards. Where that answer is 'yes', the boards will lead consultations to gather feedback on proposed standards, in other cases the boards may determine that standards are not needed, or that existing standards simply need clarifying to aid interpretation.

In every instance, that effort will be informed by the valuers that use the standards, and by the many stakeholders that rely on robust and comparable valuations for a multitude of purposes.

Bringing standards to bear in the fight against climate change

One area that has been highlighted by our stakeholders for further investigation is that of Environment, Social and Governance (ESG). Over the last year there has been a push by governments, investors and wider society to see ESG at the foundation of any market recovery from the pandemic. Many see this as the best opportunity to establish the policies and practices needed to address the devastating impacts of climate change, and to redress social inequalities. With a decisive COP26 meeting on horizon at the end of this year, the latest IVSC stakeholder feedback is both pertinent and timely.

Efforts to improve the way ESG is captured in financial reporting are now underway so that businesses will have a duty to set out their impact in these areas. However, one of the biggest barriers to unlocking the potential of the ESG agenda, and certainly in terms of encouraging greater investment into ESG activities, is the inability to accurately measure the value of these components to a business or to society. This is particularly challenging in the areas of 'Social' and 'Governance' which are more intangible and lack empirical metrics. Since what gets measured gets managed, it is incumbent on the valuation profession to consider how ESG is reflected in valuations.

The IVSC is leading a dialogue on this important topic and will work with other organisations to determine the next steps. I encourage anyone with an interest in this area to share your thoughts with us and get involved in future roundtables and consultations.

Thank you

On behalf of the Board of Trustees I would like to thank all of our board and working group members who continue to volunteer enormous amounts of their time and expertise to the advancement of IVS and the valuation profession. I know this sentiment is shared by the many stakeholders, including valuers, that use or rely on IVS as a framework for valuation today. I would also like to take this opportunity to thank three of my fellow trustees whose terms came to an end during the last year. Mark Gerold, Christian Mouillon and Tatsumi Yamada have given years of service to the IVSC and have played an integral role in advancing the standing of the valuation profession in their domestic markets and on the international stage – thank you all for your contribution.


Finally, I would like to thank our sponsors for their ongoing support. Their commitment to the IVSC is the reason we are able to pursue our mission: to build confidence in valuation and the global valuation profession. Their support allows us to set international standards that are recognised and respected throughout the world and which, ultimately, help to safeguard the financial system in the public interest.

THE GLOBAL VALUATION PROFESSION HAS A VITAL ROLE TO PLAY

*Annual Report from the
Chief Executive Officer*

2020/21 was a challenging year for all of us, Covid-19 has had a significant impact on the health and finances of every country in the world. We are slowly emerging from this crisis and hopefully will all be able to start meeting again in the not too distant future but what has been clear throughout is that in times of major uncertainty, investors and stakeholders seek confidence more than ever in understanding investment opportunities and the value of their portfolios. The global valuation profession has a vital role to play in continuing to restore confidence and in helping the revival of the global economy, and key to that is a quality, consistent global approach.

Despite the challenges we have seen positive progress for IVSC, International Valuation Standards and the global valuation profession. We have led the way on topical issues through our Perspectives Papers to stimulate debate, which have been downloaded many thousands of times across the world and used as a basis of discussion by a number of influential organisations. We initiated our first webinars which, in addition to our own leadership, included many notable speakers including former Bank of England Deputy Governor, Paul Tucker, Goldman Sachs' Chief Economist, Andrew Tilton, and EFRAG CEO, Saskia Slomp, to name but a few.



Where we are
TODAY

These webinars helped us to engage with thousands of stakeholders based in over 100 countries. We have also grown to over 170 members and sponsors and welcome all those who have decided to proactively engage in advancing International Valuations Standards and quality professionalism.

My thanks in particular go to the more than 120 leaders who volunteer on our different boards, advisory forum and working groups. Without this leadership and input from our members and sponsors IVS would not exist. The Standards Boards have continued to make advances revising the standards, adding new chapters, and issuing public consultations to elicit feedback. Positive progress has been made across Real Property, Business Valuation and Intangibles, as well as Financial Instruments.

IVSC believes in a collaborative approach, bringing the best ideas together from experts located anywhere in the world. With this in mind we have continued to engage with different stakeholder groups including investors, VPOs, valuation firms, universities, data providers, other standards setters, government entities and regulators – in relation to the latter we now have a joint valuation working group established with IOSCO which brings together some of the key global regulatory leaders. We have also initiated a new investor forum which brings together valuation leaders from some of the biggest investors in the world and encourages end user interaction and input to help ensure that IVS address international issues and remains global best practice.

In addition to preparing the new IVS which becomes applicable from 31st January 2022, we have focussed on getting stakeholder input through a public agenda consultation. This is important as it allows us to understand key valuation issue areas faced across the world and helps us to shape the areas of focus for the coming years.

We were pleased to receive significant global input which has helped us prioritise areas of importance over the next 3-5 years. In the near term examples of focus will include areas such as ESG, Internally Generated Intangibles, Valuation Modelling and Personal Property. With major changes around the world coming in relation to ESG we believe it is particularly important that the valuation component is advanced and that the valuation profession can help investors better understand the impact of these factors.

With thanks to

OUR SPONSORS

The IVSC is proud to be sponsored by the following organisations:



Sponsors play an essential role in supporting the mission of the IVSC. They share a belief that raising standards of international valuation practice is of benefit to the wider public interest. Better standards improve the transparency and stability of financial markets, contribute to the growth of stronger economies, and lead to improved confidence for investors and users of valuation services.



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*TERM ENDED OCTOBER 2020



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173 member organisations in 2020-21
FROM 81 COUNTRIES



In 2020-21 the IVSC welcomed

**26 NEW MEMBER
ORGANISATIONS**

In 2020-21

IVSC MEMBER ORGANISATIONS



2020-21

IVSC MEMBER ORGANISATIONS

- 414 Capital Inc
- 73 Strings SAS
- ACCYBER
- Al Asmakh Real Estate
- Al Muheet Training Institute
- All India Institute of Valuers Foundation
- Allliance Manchester Business School, The University of Manchester
- American Institute of Certified Public Accountants (AICPA)
- American Society of Appraisers
- Appraisal Foundation
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- Appraisal Institute of Canada
- Asociación Profesional de Sociedades de Valoración
- Asociacon Espanola de Analisis de Valor
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- Auctioneers & Valuers Association of Australia
- Australian Institute of Business Brokers
- Australian Property Institute
- Australian Valuers Institute
- Austrian Chamber of Tax Advisors and Public Accountants
- AVISTA Valuation Advisory Ltd
- Azerbaijan Society of Appraisers
- Bangladesh Survey & Valuation Companies, Firms & Individual Concerns Associationi
- BDO
- Belarusian Society of Valuers
- Berkeley Research Group
- Bloomberg
- Bosnian & Herzegovinian Property Association
- Brand Finance
- Bureau for Court Expertise, Republic of Macedonia
- Business Valuation Resources
- CBV Institute
- CEV Integral Appraisers Foundation
- CFA Institute
- Chamber of Professional Valuers Bulgaria
- Chamber of Valuation of the Republic of Macedonia
- Chamber of Valuers of Montenegro
- Chartered Accountants of Australia and New Zealand
- China Appraisal Society
- Consiglio Nazionale die Dottori Commercialisti e degli Esperti Contabili
- Consiglio Nazionale Geometri Italy
- Costa Rican Valuation Institute
- Council of Valuers' Associations of Eurasia
- Croatian Society of Valuers/Appraisers
- Deloitte
- Department of Municipal Affairs, Emirate of Abu Dhabi
- Dept. of Land and Real Estate Regulation, Government of Ajman
- DFK International
- Divya Jyoti Foundation
- Duff & Phelps
- Egyptian Association of Real Estate Appraisers
- Emad Alfaraj Real Estate Office
- Estate Surveyors and Valuers Registration Board of Nigeria
- European Association of Certified Valuators and Analysts
- European Mortgage Federation - European Covered Bond Council
- EY
- Expertise Institute for Valuation of Assets of Georgia
- Fondazione Organismo Italiano di Valutazione
- Federación de Colegios de Valuadores, A.C.
- Federation Francaise des Experts en Evaluation
- Financial Reporting Council Bangladesh
- Finnish Assoc for Real Estate Valuation
- Grant Thornton
- Greater China Appraisal Hong Kong
- Hong Kong Institute of Surveyors
- Houlihan Lokey
- HypZert GmbH
- International Association of Certified Valuation Specialists
- ICMAI Registered Valuers Organisation
- IIV India Registered Valuers Foundation
- INDAABIN
- Independent Valuers Society of Georgia NNLE
- Indian Institute of Corporate Affairs
- Indonesian Society of Appraisers
- Institut der Wirtschaftsprufer
- Institute of Certified Accountants of Montenegro
- Institute of Chartered Accountants in England & Wales
- Institute of Chartered Accountants of India
- Institute of Chartered Valuers Bangladesh
- Institute of Company Secretaries of India
- Institute of Cost Accountants of India
- Institute of Finance, School of Business, University of Applied Science and Arts Northwestern Switzerland
- Institute of Philippine Real Estate Appraisers (IPREA)
- Institute of Real Property Valuers in Rwanda
- Institute of Surveyors of Uganda
- Institute of Valuers & Appraisers of Singapore
- Institute of Valuers of Sri Lanka
- Institution of Surveyors of Kenya
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- Institution of Valuers India Registered Valuers Foundation

- Instituto Brasileiro Avaliacoēs
- International Association of Assessing Officers
- International Institute of Business Valuators
- Israel Real Estate Appraisers Association (IREAA)
- Japan Association of Real Estate Appraisers
- Japanese Institute of Certified Public Accountants
- Jones Lang LaSalle
- KAF Institute
- Korea Assoc of Property Appraisers
- Korean Institute of Certified Public Accountants
- KPMG
- Kuwait Real Estate Association
- Latvian Assoc of Appraisers
- Leventhal School of Accounting, University of S California
- Malaysian Institute of Accountants
- Mazars
- Multilateral Investment Guarantee Agency (World Bank)
- Ministry of Land Reform Namibia
- Mongolian Institute of Certified Appraisers
- Mynarski International Valuation
- National Association of Valuers of Serbia
- National Association of Romanian Valuers
- National Council for Real Estate Investment Fiduciaries
- National Forensic Bureau of Georgia
- Nepal Valuers' Association
- Newmark Knight Frank Valuation & Advisory
- Nigerian Inst of Estate Surveyors and Valuers
- Norges Takseringsforbund
- Nederlands Register Vastgoed Taxateurs
- Office of the Valuer General (South Africa)
- Panamerican Union of Valuation Associations
- Pan-Ukrainian Association of Valuation Specialists
- Philippines Association of Realty Appraisers
- Philippines Bureau of Local Government Finance
- Practising Valuers Association of India
- Price Management Dept. Ministry of Finance Vietnam
- Property Institute of New Zealand
- PwC
- Real Estate Development and Management, Ankara University
- Real Estate Institute of Botswana
- Real Estate Regulatory Authority, Bahrain
- Real Quality Rating
- Registro Nacional de Avaluadores Columbia
- Republican Chamber of Appraisers of Kazakhstan
- RK&O
- Royal Institution of Chartered Surveyors
- Royal Institution of Surveyors Malaysia
- Russian Academy of National Economy and Public Administration
- Russian Ministry of Economic Development
- Russian Society of Appraisers
- Samfundet för fastighetsekonomi i Sverige AB (Association for Chartered Surveying, Property Evaluation and Transactions)
- Saudi Authority for Accredited Valuers
- Savills
- Self-Reg Inter-regional Appraisers Association Russia
- Shanghai Orient Appraisal Company
- Italian Association of Professors in Accounting & Business Administration
- Singapore Institute of Surveyors and Valuers
- Singapore University of Social Sciences
- Slovenian Institute of Auditors
- Société Générale
- Society of Chartered Surveyors Ireland
- South African Council for Property Valuers Profession
- South African Institute of Chartered Accountants
- South African Institute of Valuers
- Stout
- Swiss Institute of Real Estate Appraisal
- Taqueem Real Estate Appraisal Centre
- Technical Appraisers Corps of Peru
- Techno India University, West Bengal
- Technology University Dublin, School of Surveying and Construction Management
- Thai Valuers Association
- The Authority of Audit, Accounting, Property Valuation and Insolvency Management Lithuania
- The Chamber of Independent Appraisers, Kazakhstan
- THERE Digital
- Tokyo Financial Advisors Co. Ltd
- Turkish Appraisers Association
- Ukrainian Federation of Appraisers of Business and Intellectual Property
- Association of Bank Appraisers of Ukraine
- Ukrainian Society of Appraisers
- Union of Economists of Turkmenistan
- University of Economics, Prague
- University of Malawi
- Valuers & Experts Professional Development Centre

INTERNATIONAL VALUATION STANDARDS COUNCIL

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Mark Zyla, Chair

Since the coronavirus crisis the Standards Review Board (SRB) has adjusted to carrying out all its meetings virtually and has continued to make good progress on the development of International Valuation Standards, as demonstrated by the statement issued last year on *“Dealing with valuation uncertainty at times of market unrest”*. This statement not only had a record number of downloads for the IVSC but was also extensively redistributed by IVS members and translated into other languages by stakeholders, who saw this as a key statement in these times of crisis.

The SRB has also embraced new digital tools for its Asset Boards and working groups which allow members to remain engaged and involved in all aspects of the standard-setting process at a time when we are unable to meet physically.

Earlier this year the SRB published the IVS Agenda Consultation 2020 (Invitation to Comment) and the IVS Agenda Consultation Summary of Responses, as part of the IVSC’s open and collaborative standard-setting process. The SRB’s review of these responses has helped determine the standard-setting agenda for the next few years. Importantly, this has been informed by a diverse and global stakeholder base which includes valuers that use the IVS and those that commission and rely on valuation information.

The SRB has also been focussed on the full integration of a revised financial instruments chapter (IVS 500) within the IVS Asset Standards and the consequential revisions to the IVS General Standards to ensure full integration of financial instruments into the structure of IVS. As a result of these discussions the SRB published the IVS Additional Technical Revisions 2021 Exposure Draft, which incorporates minor changes to the General Standards to provide better integration with the forthcoming financial instrument standards; revised scopes for IVS 200 Business and Business Interests; and IVS 400 Real Property Interests. Moreover, the SRB has overseen the publication of the first half of IVS 500 Financial Instruments Exposure Draft and the second half of this exposure draft is due to go into publication early 2022. The SRB has also overseen the publication of a new chapter on Inventories, which will be incorporated into IVS later this year.

The SRB is currently in the process of reviewing the IVS Additional Technical Revisions consultation process with the revised IVS (effective from the 31st January 2022 - due to be published on 31 July 2021) and the IVS Basis of Conclusions.

The SRB has also overseen the publication of several Perspectives Papers, all of which have been well received in the market. The IVSC publishes Perspectives Papers from time to time to focus on pertinent valuation topics and emerging issues. Perspectives Papers serve a number of purposes;

- They initiate and foster debate on valuation topics as they relate to the International Valuation Standards (IVS).
- They provide contextual information on a topic from the perspective of the standard setter.
- They support the valuation community in their application of IVS through guidance and case studies.

Perspectives Papers are complementary to the IVS and do not replace or supercede the standard although valuers have a responsibility to read and follow the standards when carrying out valuations. Recent Perspectives Papers published include a three-part series on Goodwill; the first two papers in a series on ESG and Business Valuation; and papers exploring Market Value, Social Value, IBOR reform, and personal property.

PERSPECTIVES PAPER

ESG - A FRAMEWORK TO ASSESS VALUE CREATION



Perspectives Papers seek to initiate discussion and debate on some of the most pressing issues shaping valuation. They are authored by representatives of the IVSC's technical boards and published on the website. Perspectives Papers enable us to explore emerging areas of interest and seek early guidance on the relevance of, and potential need for, standards.

In 2020-21 the IVSC issued Perspectives Papers exploring topics including ESG, Social Value, Goodwill, IBOR reform, and Challenges to Market Value.



[Find out more](#)

The Board also set up a number of working groups over the past year to assist in the standard-setting process. The working groups are created on a task-finish basis to assist the Standards Review Board. They are mainly comprised of existing board members (sometimes supplemented by external specialists if additional skills are required) to work on exploring specific valuation issues and making recommendations for the relevant Board to consider. The current SRB working groups are as follows:

- AVM, Data and Modelling Working Group
- ESG Working Group
- IVS 101 to IVS 105 Working Group
- IVS Glossary Working Group
- IVS Harmonisation Working Group
- Social Value Working Group
- TAB ESG Working Group
- IFRS 16 Working Group
- Market Value Working Group
- IVS 300 Income Approach Working Group

The SRB views market engagement with key stakeholders as a key part of its role. This year, the Board has led outreach and market engagement with organisations such as: Appraisal Institute of Canada (AIC), American Institute of Certified Public Accountants (AICPA), the Appraisal Foundation (TAF), Chartered Financial Analyst Institute (CFA), European Mortgage Federation (EMF),

European Mortgage Federation (EMF), European Financial Reporting Advisory Group (EFRAG), European Public Real Estate (EPRA), Financial Accounting Standards Board (FASB), European Association for Investors in Non-Listed Real Estate Vehicles (INREV), International Accounting Standards Board (IASB), International Auditing and Assurance Standards Board (IAASB) and the US Securities and Exchange Commission (SEC).

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 centred 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.



Andreas Ohl, Chair

In 2020 the Business Valuation Board (BVB) continued to focus on the primary issues facing the profession. With key updates incorporated into IVS effective 31 January 2020, the BV Board had completed nearly all of the standard-setting priorities as identified by the 2017 agenda consultation including: 1) additional language on discount rate derivation, with particular focus on company-specific risk premiums, 2) substantial additions to Capital Structure Considerations, and 3) the introduction of an entirely new chapter for Non-Financial Liabilities, IVS 220. Additionally, during the past year the BV Board also finalised IVS 230 Inventory, which will be published in Q3 2021 and become effective in 2022.

With major standard-setting priorities substantially complete, the BV Board continued to address emerging issues critical to the profession, as well as to various stakeholders in the broader capital markets. In the first half of 2020 the BV Board completed work on its three-part series on goodwill. 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. Although our major efforts in this area are complete, we continue to work with accounting standard setters and investors as the debate continues on.

After culminating major efforts related to goodwill, the recent focus of the BV Board has continued to be the identification of the primary issues impacting the profession which will guide the agenda for the next 12-18 months.

In this regard, the BV Board has noted a renewed focus on value creation, specifically as it relates to intangible assets. This broader debate has coalesced around two general topics, Environmental, Social, and Governance (ESG) considerations and internally generated intangible assets.

With ESG becoming central tenets for both investor analysis and enterprise corporate strategy, the BV Board published two perspective papers on ESG. In our first article 'ESG and Business Valuation', we began to explore how ESG characteristics are, or can be, incorporated into the value measurement process. In the second article, A Framework to Assess ESG Value Creation, we analysed the impact of ESG on value creation and explored how such a framework may be incorporated into the capital allocation process and bring much needed financial discipline to ESG investments.

The second ESG article explores the overlap in the debate on ESG and internally generated intangibles, and thus provides a direct transition to our upcoming Perspectives Papers on internally generated intangibles. We expect to publish the first article in 2021. These topics are of primary interest to numerous IVSC stakeholders, and like the goodwill article series, we expect the Perspective Papers on these topics will provide us an opportunity to coordinate directly with these stakeholders over the next year or more.

"Global businesses such as JLL need global standards. The IVS are the only recognisable global valuation standards."



[Find out more](#)



MARK WYNNE-SMITH
GLOBAL HEAD OF
VALUATION ADVISORY,
JLL



Gavin Francis, Chair

The Financial Instruments Standards Board (FI Board), established in December 2018, comprises international leaders in valuation and financial markets from diverse stakeholder groups. It has ten members from global banks and other financial institutions, prudential regulators, major valuation, and audit and accounting firms, professional bodies, standard setters, and data providers.

Consistent with the plan developed by the Board a project to significantly improve the existing IVS 500 Financial Instruments has started. The aim is to outline principles and guidance for the valuation of financial instruments in all market conditions and circumstances, and for whatever purpose it is required, including for financial, tax and regulatory reporting.

The Board agreed that the improvements to IVS 500 would be done in stages with the Exposure Draft on the improvements covering Governance and Data being published first, followed by Methods and Models and Controls and Reporting. The Board also recognising the interdependencies between the areas, decided that although the Exposure Draft would be published in stages, they would be cumulative. The second Exposure Draft containing the proposals on Methods and Models, and Controls and Reporting would also include the sections on Governance and Data duly revised to reflect the comments received on the first Exposure Draft.

The Board published the first of the two Exposure Drafts on improvements to IVS 500 addressing Governance and Data on 11 December 2020. Following the publication of the Exposure Draft several outreach events were organised including a webinar on the proposals in the Exposure Draft. Comment letters have been received from banks, valuation professional organisations, professional services organisations, and accounting standard setters. Some of the comment letters have provided detailed comments and analysis including drafting suggestions. The Board is currently in the process of discussing the comments to decide the amendments required to the proposals in the Exposure Draft.

The Board has started deliberations on the second phase of the Exposure Draft that will cover guidance on 'Methods and Models' and 'Controls and Reporting'. Working groups for both topics have been formed and they began their deliberations in February 2021, meeting on a monthly basis.. The Board aims to complete their deliberations on the second phase of the project by the end of this calendar year, with the aim of issuing the second Exposure Draft during 2022.

The Board also published a Perspectives Paper on IBOR Reform on 15th February 2021 addressing valuation challenges arising from this transition, which received a positive response from constituents. A successful webinar on the topic was held on 27th May 2021 with strong participation from industry specialists, regulators, and Board members.

It is my strong belief that the improved IVS 500 has an important part to play in building confidence for the many stakeholders that rely on high quality valuations of financial instruments for many different reasons. 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.



The IVSC's 2020 AGM and webinar series was attended by more than 2,000 participants from 79 countries, making it the largest and most international AGM in the IVSC's history.

In addition to public meetings of the IVSC's standards boards, the AGM programme included a series of webinars covering major topics shaping the world of valuation. Panellists included former Deputy Commissioner of the Bank of England, Paul Tucker; Goldman Sachs Chief Asia Economist, Andrew Tilton; U.S. Financial Reporting Foundation Chair, Kathleen Casey; IASB Board member, Tom Scott; and Hammerson UK Managing Director, Mark Bourgeois.



Ben Elder, Chair

In 2020-21 the technical work of Tangible Assets Board (TAB) has been focused on:

- Amendments to IVS 400 Real Property Interests to include further reference to agriculture and land whether registered or unregistered and to include informal tenure rights for communal/community and or collective or tribal land and urban/rural informal settlements or transition economies, which can take the form of possession, occupation and rights to use.
- Continued work on the harmonisation of IVS with established standards in the US (USPAP) and Canada (CUSPAP) published in the IVS Additional Technical Revisions Exposure Draft.
- Publication of the first in a series of Perspectives Papers on the challenges to Market Value to aid market discussion and further harmonisation.

- Publication of first of a series of Perspectives Papers on Social Value.
- Publication of a Perspectives Paper on the art of Personal Property Valuation.
- 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.
- Discussions in relation to the potential adoption of a conservative market value by the EBA, as part of Basel 3, which may lead to an additional bases of value and further valuation methods being incorporated into IVS.

The TAB has continued to make a significant contribution to the evolution of the IVS over the last twelve months, with the publication of the latest IVS Agenda consultation 2020 (Invitation To Comment). In addition to some of the revisions to the IVS General Standards contained in the IVS Additional Technical Revisions the TAB also proposed revisions to IVS 400 Real Property Interests to incorporate informal land tenure rights.

The TAB has participated in all the SRB cross-specialism working groups and has also set up the following four cross-specialism working groups which are due to explore, and potentially issue Perspectives Papers on key topics:

- TAB ESG working group
- IFRS 16 Working Group
- Market Value Working Group
- IVS 300 Income Approach Working Group

The TAB's ESG working group is currently drafting a Perspective Paper on ESG and tangible asset valuations and the IFRS 16 working group is looking to publish a Perspectives Paper providing additional guidance on the interpretation of IFRS 16 to ensure a more consistent global application. The Market Value Working Group Working Group is currently working on a second Perspectives Paper. The first paper looked at recent challenges to market value emanating partly from the coronavirus crisis and the second Perspectives Paper will explore market value as an established basis of value. The TAB are also reviewing IVS 300 Plant and Equipment to see if any further revisions are needed to meet market needs.

The work to harmonise IVS with USPAP and CUSPAP has continued throughout 2020–21 with further fruitful discussions between the organisations, the IVSC, Appraisal Foundation and Appraisal Institute of Canada and the agreed core standard-setting and core valuation principles are now contained within IVS (effective from the 31 January 2022).

Further to the publication of the IVS Agenda Consultation and the Summary of responses the TAB will be focussing on the following topics during the course of the next year;

- Analysis of Commercial Lease Transactions
- Automated Valuation Models
- Environmental Social and Governance (ESG)
- Long-Term Value (Prudent Value)
- Personal Property
- Social Value
- Valuation of Individual Trade-Related Proper

Finally, the board has continued its outreach to key stakeholders and representatives from many key organisations such as UN-Habitat, FIG, the European Mortgage Federation (EMF), the European Financial Reporting Advisory Group (EFRAG), the European Public Real Estate Association (EPRA), the German Art Experts Society and Sotheby's have presented to the TAB and in some instances have invited representatives of the TAB to attend their meetings and engage with them on key market issues.

I would like to take this opportunity to thank my fellow TAB members for their time and commitment to the IVSC and for the expertise they contribute to the International Valuation Standards. I look forward to being able to meet in person again in the near future.

INTERNATIONAL VALUATION STANDARDS COUNCIL

REPORTS:

ADVISORY FORUM WORKING GROUP (AFWG),
MEMBERSHIP & STANDARDS RECOGNITION BOARD
(MSRB), AND EUROPE BOARD

ADVISORY FORUM WORKING GROUP



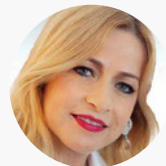
JOHN MARTIN
AUSTRALIA



MUATH ALKHALAF
SAUDI ARABIA



JACK BECKWITH
USA



NEHAMA BOGIN
ISRAEL



DAVID BUNTON
USA



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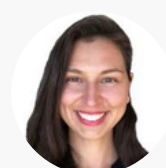
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AIDA DEDAJIC
TECHNICAL DIRECTOR

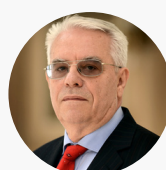
MEMBERSHIP & STANDARDS RECOGNITION BOARD



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CAO ZHONG
CHINA

*TERM ENDED FEB 2021

**TERM ENDED MARCH 2021

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GERMANY



CHRISTIAN LUFT
UK



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. This network continues to grow with more than 170 members today.

The Advisory Forum Working Group (AFWG) continues to meet monthly. Despite the many challenges that the Covid-19 pandemic has posed, the AFWG continues to discuss projects and initiatives designed to support the wider IVSC member community.

Over the last year the AFWG has initiated regular webinars to members of the Advisory Forum predominantly focusing on the impacts of the pandemic on the Valuation profession across the world.

The AFWG has increased webinar frequency to quarterly offerings. Webinars enable more in-depth discussion on pertinent topics, with a focus on current issues facing the Advisory Forum members. The webinars represent an important and unique grouping of VPOs 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.

The AFWG as a group remains committed to working with all VPOs and stakeholders across the IVSC network to provide support where we can.

The AFWG continues to play 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.

A key focus for the AFWG continues to be the adoption of IVS by VPOs, noting over the past year a significant amount of work continues to be undertaken by many VPOs to ensure national standards embrace internationally-agreed principles through the IVS. The AFWG was pleased that the harmonisation process between the IVSC, The Appraisal Foundation, and the Appraisal Institute of Canada continued the Core Principles of Valuation and the Core Principles of Standards.

The valuation profession faces a constant stream of issues for which a unified global coordinated response or position is needed. Other professions such as law, medicine and accounting tend to be better recognised by regulators, governments, and the legal system, usually with a requirement for a professional qualification and ongoing membership of a professional body. The latter is usually accompanied by a responsibility for continuing development and oversight.

The valuation profession still lacks the requisite level of recognition due in part to the fragmented nature of the profession which can lead to a lack of knowledge amongst regulators, governments, and legal decision-makers as to the importance of valuation to the financial system, often wrongly presumed to be covered by accountants.

The AFWG has agreed in principle to consider whether there are any better ways to approach increasing the relevance, reputation, and value of the profession. This should be owned and driven by the Advisory Forum members.

The inability to conduct face-to-face meetings continues to frustrate progress on a number of fronts, however we have all had to reset the way we live and work.

Online platforms will continue to dominate our meeting schedules, until the world reopens. In times such as this, the importance of dialogue and collaboration cannot be overstated.

The AFWG members continue to bring new ideas and insights to the group, and the diverse geographic and technical representation continues to enhance the profession.

There remain significant challenges ahead for the profession and the broader global community as we navigate the way forward against a backdrop of an ongoing global pandemic and the economic fallout that continues to evolve.

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.

**Eric Teo, Chair**

It is my honour to present the Chairman's report for the Membership and Standards Recognition Board (MSRB). During the year we said farewell to Ken Creighton of the Royal Institution of Chartered Surveyors and Soltan Aljorais of TAQEEM, the Saudi Authority for Accredited Valuers, who retired from the Board as they took on new roles in their respective areas of work. On behalf of the Board, I would like to express our heartfelt gratitude to both members for their contributions to the Board. At the same time, we welcome Cao Zhong of the China Appraisal Society to the MSRB and we look forward to her participation going forward.

The MSRB continues to participate actively in the deliberation of new members admission to the IVSC, an important process that contributes to the quality and growth of the IVSC's membership base.

Our programme to partner and support Associate Valuation Professional Organisations (VPOs) in their transformation to achieve higher standards of professionalism continued this year. Our Board members Allan Beatty, Aart Hordijk, Phil Western and Gheorghe Badescu actively engaged with these Associate VPOs throughout the year. Leveraging on their insights, knowledge, and experience of how VPOs operate, they provided valuable guidance to the Associate VPOs to further develop their standards of professionalism and to attain full VPO status. As the membership base of IVSC continues to grow, the MSRB will be expanding further to be adequately resourced to support this important initiative.

At the request of IVSC Trustees, the Board embarked on a project last year to ensure an alignment of the membership admission process to IVSC membership criteria and to provide clarity on the requirements that Associate VPOs need to fulfil to attain full VPO status. This project is now completed, and the Board has made a submission of its recommendations to the IVSC. I would like to thank Allan Beatty, who led the committee that was formed for this purpose, as well as Gheorghe Badescu, Jeannette Koger and Phil Western, for their efforts and contributions to this project.

During the year, the Board continued to play an active role in raising the profile of the International Valuation Standards (IVS) globally.

Through its ongoing engagement with the academic networks, professional organisations and the corporate community, Board members have actively promoted the IVS to stakeholders across various markets. In terms of academic outreach, the Board has started a collaboration with the Europe Board and the Advisory Forum Working Group to work with Universities with a view to incorporate IVS in their teaching curriculum. As part of this initiative, webinars will be organised targeting the international academic community to promote IVS.

In this fifth year of the Board's operation, we continue to make good progress in our work despite having to navigate the uncertainties brought on by the COVID-19 pandemic, and the various 'lock-downs' imposed by governments across the world. I would like to thank all my Board members for their unwavering dedication and their invaluable time and efforts expended on the initiatives of this Board, during such challenging times. On behalf of the Board, I would like to express our sincere gratitude to Nick Talbot and the team at the IVSC for their ongoing support rendered throughout the year. Whilst the COVID-19 pandemic may continue to pose great challenges to governments, business and academic communities in the following year, this Board remains committed to advance the valuation profession globally through its ongoing programs and community engagement.



[Find out more](#)



The IVSC issues an **Agenda Consultation** every three years. The feedback to this consultation helps to define the work programmes of the IVSC's technical boards and, ultimately, the evolution of the International Valuation Standards.

The IVSC Agenda Consultation is an integral part of the open and transparent standards-setting process. Feedback is welcomed from organisations and individuals throughout the world.

The IVSC issued its latest Agenda Consultation in 2020.



Yann Magnan, Chair

Despite an inability to meet physically during the last year due to COVID restrictions, the Europe Board has continued to convene, virtually, on at least a monthly basis. Over this period, I have been immensely grateful and proud of the energy and commitment offered by my fellow board members. There is a strong shared belief that our collective efforts can go a long way to enhancing valuation professionalism and consistency across the European continent and beyond. I am also grateful to members of the IVSC's other boards, both technical and geographic, for their support and willingness to collaborate on common agendas. It is this spirit of collaboration which underpins the success of IVS.

In addition to our ongoing outreach efforts with key European valuation stakeholders

including domestic standard-setters and regulators, the Europe Board has led a number of initiatives aimed at building wider awareness of the importance of valuation standards and professionalism and the need to align approaches with the internationally recognised IVS.

The Board identified the importance of working with and alongside academic institutions to support educational programmes. Led by board members Klaus Rabel and Olesya Perepechko, we have held meetings and webinars with more than three dozen higher education providers across Europe including some of the leading business and finance schools. Our efforts have centred on updating them on the latest IVS developments and working with them to ensure the next generation of valuers have the tools and standards insights they need to build their careers on an international stage. This work is ongoing and we are looking forward to fostering these partnerships in the months and years ahead.

The Board has also taken a keen interest in the legislative programme of the European Union and in particular in Directives that have a valuation dimension to them. In this vein, board members Marc Broekema and Karthik Balisager hosted a successful webinar on the subject of the EU's new insolvency and restructuring directive which is being transposed across member states now. Leading experts from several European countries participated in the webinar which was attended by 300+ participants.

The discussions focused on the valuation impact of the Directive and posed some interesting questions for valuers and domestic regulators. The Board will continue to monitor and provide commentary on the transposition process while evaluating other pertinent legislative developments. I am grateful to all Board members for their insights as we monitor this programme and must thank Wolfgang Kaelberer and Jose Manuel Gómez de Miguel in particular for their extensive contribution this year.

This year we have seen a marked uplift in European organisations seeking to work with and in line with the IVS. Several new member organisations have joined the IVSC's network including the European Mortgage Federation (EMF) the Society of Chartered Surveyors of Ireland (SCSI); the University of Economics, Prague; the Institute of Public Auditors in Germany (IDW); the Austrian Chamber of Tax Advisors and Public Accountants; and the National Forensic Bureau of Georgia. We are continuing to receive a growing number of requests to collaborate and/or to support the implementation of IVS. This will continue to be a focus for the Board in the future years. It is also encouraging to see so many European organisations and valuation stakeholders showing an interest in, and contributing to, the IVSC's standards consultations. I hope that this Board will continue to play an important role in championing and facilitating these consultations so that the IVS is relevant and empowering to the European valuation profession.

"Comparability across jurisdictions around the globe is an overarching principle that policy makers should pursue, as it supports greater transparency and facilitates a better functioning of capital markets."

SASKIA SLOMP

CEO, EUROPEAN FINANCIAL REPORTING
ADVISORY GROUP (EFRAG)



[Find out more](#)



INTERNATIONAL VALUATION STANDARDS COUNCIL

FINANCIAL STATEMENTS



COMPANY REGISTRATION NUMBER FC030067

INTERNATIONAL VALUATION STANDARDS COUNCIL

FINANCIAL STATEMENTS

31 MARCH 2021

INTERNATIONAL VALUATION STANDARDS COUNCIL
TRUSTEES' REPORT & STATEMENT OF RESPONSIBILITIES
YEAR ENDED 31 MARCH 2021

Company registration number	FC030067
The Board of Trustees	Alistair Darling <i>(Chair)</i> Ethiopia Tafara <i>(Vice Chair)</i> Kathleen Casey Anton Colella Ana Maria Elorrieta Jay E Fishman Mark Gerold <i>(to Oct-20, term completed)</i> Alan Johnson Hwee Hua Lim <i>(from Jun-20)</i> Christian Mouillon <i>(to Oct-20, term completed)</i> Iseo Pasquali Aiko Sekine <i>(from Oct-20)</i> Ranjit Singh Howard Wetston Tatsumi Yamada <i>(to Oct-20, term completed)</i> Genghua Zhang
IVSC Audit Committee	Christian Mouillon <i>(Chair, to Oct-20, term completed)</i> Alan Johnson <i>(Chair, from Oct-20)</i> Ana Maria Elorrieta <i>(from Oct-20)</i> Lim Hwee Hua <i>(from Oct-20)</i> Tatsumi Yamada <i>(to Oct-20, term completed)</i>
Registered office	200 W. Madison Street, Suite 1500 Chicago, Illinois, 60606 United States of America
Operating office	20 St. Dunstan's Hill London EC3R 8HL United Kingdom
Auditor	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW United Kingdom
Bankers	HSBC Bank PLC Sussex Corporate Banking Centre 1 st Floor, First Point Buckingham Gate London Gatwick Airport Gatwick West Sussex RH6 0NT United Kingdom

INTERNATIONAL VALUATION STANDARDS COUNCIL
TRUSTEES' REPORT & STATEMENT OF RESPONSIBILITIES
YEAR ENDED 31 MARCH 2021

The Trustees present their report and financial statements for the year ended 31 March 2021.

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. It creates an uncertain environment, and management have taken steps to contain costs in order to better position ourselves to deal with the potential consequences.

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 to ensure financial stability.

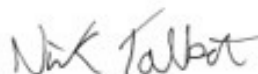
AUDITOR

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

Approved and authorised for issue on 15th June 2021 by the Board of Trustees and signed on its behalf by:



.....
Alistair Darling
Chairman



.....
Nicholas Talbot
CEO

INTERNATIONAL VALUATION STANDARDS COUNCIL
TRUSTEES' REPORT & STATEMENT OF RESPONSIBILITIES (CONTINUED)
YEAR ENDED 31 MARCH 2021

The Trustees are responsible for the preparation 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.

INTERNATIONAL VALUATION STANDARDS COUNCIL
INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF
INTERNATIONAL VALUATION STANDARDS COUNCIL (CONTINUED)
YEAR ENDED 31 MARCH 2021

Other information

The Trustees are responsible for the other information contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context was the taxation legislation.

INTERNATIONAL VALUATION STANDARDS COUNCIL
INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF
INTERNATIONAL VALUATION STANDARDS COUNCIL
YEAR ENDED 31 MARCH 2021

Opinion

We have audited the financial statements of The International Valuation Standards Council (IVSC) for the year ended 31 March 2021 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 2021 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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on IVSC's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

INTERNATIONAL VALUATION STANDARDS COUNCIL
INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF
INTERNATIONAL VALUATION STANDARDS COUNCIL (CONTINUED)
YEAR ENDED 31 MARCH 2021

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and inappropriate revenue recognition. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases corroborating balances recognised to supporting documentation on a sample basis and ensuring accounting policies are appropriate under the relevant accounting standards.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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:

INTERNATIONAL VALUATION STANDARDS COUNCIL

INCOME STATEMENT

YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Income	3	1,502,207	1,430,614
Standard setting and professional development	4	(1,119,779)	(1,352,338)
Publications and associated costs		(33,955)	(23,940)
OPERATING SURPLUS BEFORE TAX	4	348,473	54,336
Tax expense		-	-
SURPLUS FOR THE YEAR		348,473	54,336

There was no other comprehensive income for the year.

INTERNATIONAL VALUATION STANDARDS COUNCIL

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2021

	Retained surplus	Foreign exchange reserve	Total
	£	£	£
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
Balance at 1 April 2020	794,393	70,352	864,745
Total recognised surplus for the year	348,473	-	348,473
Balance at 31 March 2021	1,142,866	70,352	1,213,218

The notes on pages 11 to 18 form part of these financial statements.

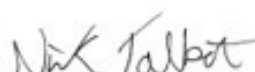
INTERNATIONAL VALUATION STANDARDS COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Notes	2021 £	2020 £
TOTAL ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	3,148	1,529
CURRENT ASSETS			
Inventories		2,072	2,072
Trade and other receivables	10	382,834	396,153
Prepayments and accrued income		1,665	48,511
Cash and cash equivalents	11	1,191,828	723,822
		<u>1,581,547</u>	<u>1,172,087</u>
CAPITAL AND RESERVES			
Retained surplus	13	1,142,866	794,393
Foreign exchange reserve	13	70,352	70,352
CURRENT LIABILITIES			
Deferred income		145,719	135,117
Trade and other payables	12	222,610	172,225
		<u>1,581,547</u>	<u>1,172,087</u>
TOTAL EQUITY AND LIABILITIES			
		<u>1,581,547</u>	<u>1,172,087</u>

The financial statements on pages 8 to 10 were approved by the Board of Trustees and have been authorised for issue on 15th June 2021 and were signed on its behalf by:



Alistair Darling, Chairman



Nicholas Talbot, CEO

Company registration number: FC030067

The notes on pages 11 to 18 form part of these financial statements.

INTERNATIONAL VALUATION STANDARDS COUNCIL
STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2021

	2021	2020
	£	£
Total operating surplus	348,473	54,336
Depreciation	933	1,496
Decrease in inventory	-	471
Decrease in trade and other receivables	13,319	66,640
Decrease/ (increase) in prepayments	46,846	(14,865)
Increase in deferred income	10,602	32,730
Increase/ (decrease) in trade and other payables	50,385	(1,175)
CASH FLOWS FROM OPERATING ACTIVITIES	470,558	139,633
Purchase of property, plant and equipment	(2,552)	(1,803)
CASH FLOWS FROM INVESTING ACTIVITIES	(2,552)	(1,803)
NET INCREASE IN CASH AND CASH EQUIVALENTS	468,006	137,830
Opening cash and cash equivalents	723,822	585,992
CLOSING CASH AND CASH EQUIVALENTS	1,191,828	723,822

The notes on pages 11 to 18 form part of these financial statements.

INTERNATIONAL VALUATION STANDARDS COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2021

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.

INTERNATIONAL VALUATION STANDARDS COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2021

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.

INTERNATIONAL VALUATION STANDARDS COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2021

5. EMPLOYEE EXPENSES

	2021	2020
	£	£
Wages and salaries	661,571	615,005
Post-employment expense for defined contribution plans	62,265	37,827
National insurance costs	77,745	71,972
	801,581	724,804

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 2021 was £323,449 (2020: £333,333).

6. FIXTURES, FITTINGS AND EQUIPMENT

	Computer Equipment
	£
Cost	
<i>At 1 April 2019</i>	5,049
Additions	1,803
Disposals	-
	<hr/>
<i>To 31 March 2020</i>	6,852
Additions	2,552
Disposals	-
	<hr/>
To 31 March 2021	9,404
	<hr/>
Depreciation	£
<i>At 1 April 2019</i>	3,827
Charge for the year	1,496
	<hr/>
<i>To 31 March 2020</i>	5,323
Charge for the year	933
Disposals	-
	<hr/>
To 31 March 2021	6,256
	<hr/>
Net book value	£
<i>At 31 March 2019</i>	1,222
	<hr/>
<i>At 31 March 2020</i>	1,529
	<hr/>
At 31 March 2021	3,148
	<hr/>

INTERNATIONAL VALUATION STANDARDS COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2021

2. ACCOUNTING POLICIES *(continued)*

Impairment of financial assets

The IVSC has two types of financial asset which are subject to IFRS 9's 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.

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

	2021 £	2020 £
Donations, Sponsorships and Grants	1,032,260	1,010,217
Membership subscription fees	424,247	361,382
Publications and related activities	45,220	58,095
Other income	480	920
	1,502,207	1,430,614

4. OPERATING SURPLUS/ (DEFICIT)

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

	2021 £	2020 £
Depreciation of property, plant and equipment	933	1,496
Net foreign currency losses/ (gains)	51,281	(13,292)
Inventory recognised as an expense	-	471
Rental expense	67,109	63,560
Auditor's remuneration – audit services	12,750	12,250
	2021	2020
	£	£
Included in standard-setting and professional development:		
Employee benefits expense	801,581	724,804
Depreciation	933	1,496
Net foreign currency losses/ (gains)	51,281	(13,292)

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.

INTERNATIONAL VALUATION STANDARDS COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2021

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

	<i>Carrying amount</i>		<i>Fair value</i>	
	2021	2020	2021	2020
	£	£	£	£
Financial assets				
UK £ Current Account 1	963,099	597,084	963,099	597,084
UK £ Current Account 2	77,309	86,867	77,309	86,867
UK £ Current Account 3	8,903	1,591	8,903	1,591
US \$ Current Account	142,517	38,280	142,517	38,280
Trade and other receivables	382,834	396,153	382,834	396,153
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Financial liabilities				
Trade and other payables	(222,610)	(172,225)	(222,610)	(172,225)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

INTERNATIONAL VALUATION STANDARDS COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2021

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>(Member Emeritus, Business Valuation Committee, American Society of Appraisers; Fellow, RICS)</i>
Zhang Genghua	<i>(Secretary General, China Appraisal Society)</i>
Ethiopia Tafara	<i>(Vice President and Chief Risk, Legal and Administrative Officer, Multilateral Investment Guarantee Agency (MIGA))</i>
Iseo Pasquali	<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

	2021	2020
	£	£
Receivable from sponsors and members	350,952	365,452
Other receivables	10,800	17,021
Other receivables – VAT	21,082	13,680
	<u>382,834</u>	<u>396,153</u>

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

	2021	2020
	£	£
0-30 days	152,280	23,441
31-60 days	1,451	139,028
61-90 days	-	110,452
Greater than 90 days	203,488	93,788
	<u>357,219</u>	<u>366,709</u>

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, 46.9% (2020: 69.4%) was invoiced in US Dollar and the remaining 53.1% (2020: 30.6%) 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 £79,775 (2020: £3,006).

Post year-end receipts totalled £212,666 as at 25 May 2021 (2020: £52,000 as at 7 May 2020).

INTERNATIONAL VALUATION STANDARDS COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2021

10. TRADE AND OTHER RECEIVABLES *(Continued)*

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

	2021	2020
	£	£
Provision brought forward	1,257	10,030
Increase/ (Decrease) in provision	5,010	(8,773)
Provision carried forward	<u>6,267</u>	<u>1,257</u>

11. CASH AND CASH EQUIVALENTS

	2021	2020
	£	£
Cash at bank	<u>1,191,828</u>	<u>723,822</u>

The US \$ account was revalued at the closing rate of 1.37832 (2020: 1.24297).

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

12. TRADE AND OTHER PAYABLES

	2021	2020
	£	£
Payable to trade suppliers	84,812	29,949
Other payables	1,326	-
Accrued liabilities	87,222	74,655
Tax payable – PAYE & NI	49,250	67,621
	<u>222,610</u>	<u>172,225</u>

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.

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 2020 to Mar 2021
APEC Leader	1 day per week	PPS Ltd	Apr 2020 to Mar 2021
Technical Support	1 day per week	AICPA	Apr 2020 to Mar 2021
Technical Support	1 day per week	Bloomberg	Apr 2020 to Mar 2021

Additionally, volunteers to the IVSC contributed approximately 740 days of service in kind in the period April 2020 to March 2021.



International
Valuation
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Council



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