

The IVSC's mission is to establish and maintain effective, high-quality international valuation and professional standards, and to contribute to the development of the valuation profession globally, thereby serving the public interest.

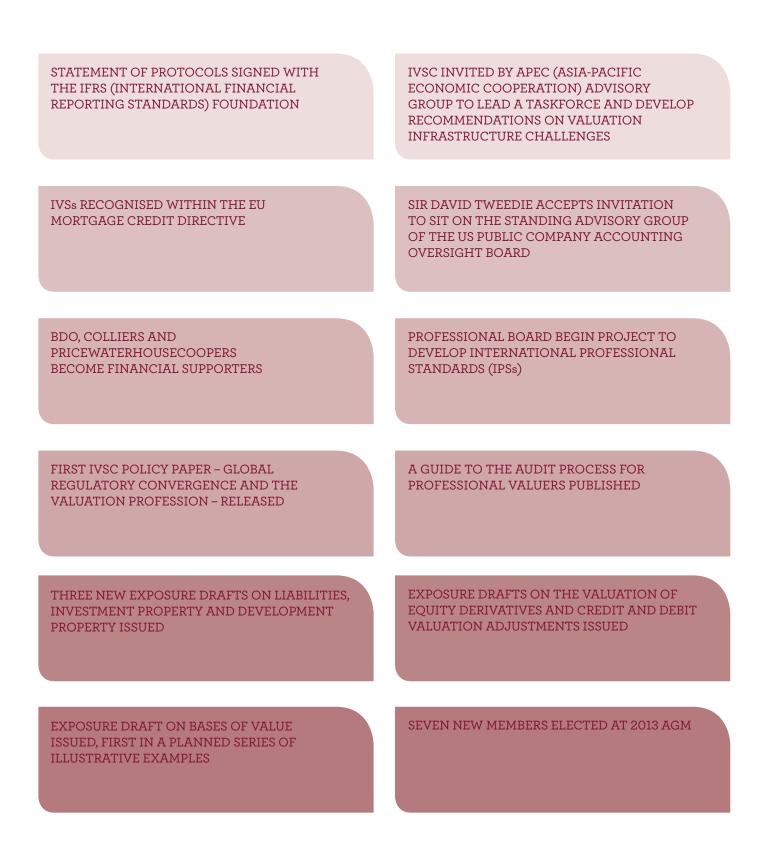


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2013–14 KEY ACHIEVEMENTS



REPORT FROM SIR DAVID TWEEDIE CHAIRMAN OF THE IVSC BOARD OF TRUSTEES

SIR DAVID TWEEDIE CHAIRMAN, IVSC BOARD OF TRUSTEES

Valuation matters. Whatever the reason for conducting a valuation – financial reporting, M&A activity, financing, asset sales or determining the capital adequacy of financial institutions – reliable and trusted valuations are crucial. In turn this helps foster financial stability and sustainable economic growth.

This is the IVSC message that is receiving increasingly close attention from financial and property markets and the wider business community. There is a long overdue need to recognise the international valuation standards – both technical and professional – as an essential part of the post-crisis reform programme.

OUR STRATEGIC OBJECTIVES

In my first report as IVSC chairman published last year, I referred to the three major strategic objectives identified by the Board of Trustees. I am delighted that progress has been made on all three, but much still remains to be done. The chairs of the Standards and Professional Boards update on two of these objectives – developing and promoting the recognition and adoption of the International Valuation Standards (IVSs) and the new project to develop International Professional Standards (IPSs) – in their later reports.

In terms of achievements, of particular note throughout the past year is the work to develop a Memorandum of Understanding (MoU) with a number of leading organisations. This will commit the signatories to work towards adoption of, or compliance with, the IVSs within three years, and ensure that local valuation standards unite around IVS as the single set of high quality, global standards that serve the public interest.

This is a significant step for the IVSC and the global valuation profession and I will be delighted to sign this MoU on behalf of the Board of Trustees this year.

Valuation of financial instruments

The Board of Trustees is currently taking the lead on our third strategic objective - developing and promoting a comprehensive set of standards and guidance for the valuation of financial instruments. The initiative was raised with the Financial Stability Board (FSB) and we were encouraged that it was discussed and mentioned in their press statement following the November 2013 FSB plenary. In May 2014, I accepted an invitation to lead the discussion on Financial Instruments Valuation at a meeting of the FSB Regional Consultative Group - Europe, providing a further opportunity to



seek widespread support for the IVSC project.

The IVSC will be taking this strategic objective forward by bringing a selection of stakeholders (regulators, standard setters, preparers and auditors) together at a roundtable to discuss what gives rise or could give rise to known and potential differences in valuation of financial instruments and discuss what action, if any, needs to be taken by standard setters to narrow these differences.

ENGAGEMENT WITH KEY STAKEHOLDERS

IFRS Foundation

In March, the Chairman of the International Financial Reporting Standards (IFRS) Foundation and I signed a statement of protocols for co-operation on the IFRSs and IVSs. This formally recognises that closer collaboration between our two bodies will continue to improve standards and increase transparency, consistency and confidence in financial reporting.

International institutions

Crucially, we are continuing to develop our links and relationships with other international organisations in order to fully integrate our activities and standards into the fabric of the global regulatory infrastructure. Over the past twelve months, meetings have been held with the International Forum for Independent Audit Regulators, Basel Committee on Banking Supervision,

REPORT FROM SIR DAVID TWEEDIE CHAIRMAN OF THE IVSC BOARD OF TRUSTEES

the International Monetary Fund, the World Bank, the International Actuarial Association, and the International Federation of Accountants, among others. This all goes to demonstrate the extensive appetite that exists for international standards and their implementation.

Asia-Pacific Economic Cooperation (APEC)

The IVSC has been asked by the APEC Advisory Group on Financial System Capacity-Building to lead a task force to develop recommendations on how to address the valuation infrastructure challenges facing APEC economies, with the ultimate objective being to develop a strategy to secure acceptance and recognition of IVSs by all major regional and national regulatory authorities. The initial update of the task force will be provided to a meeting of the Advisory Group being held in Seattle in July.

Europe

A particular highlight last year was, of course, that the IVSs were recognised within the European Union's Mortgage Credit Directive. That said, we do remain concerned that valuation guidance exists from many different sources – professional bodies, national standard setters, regulatory bodies, or legal precedents - governing the conduct of valuations and the reporting of valuation conclusion. We have held meetings and discussions with EU institutions, arguing that provisions should be in accordance with a single set of high quality, understandable, enforceable and globally accepted valuation standards if they are to ensure

consistency and reduce valuation diversity across the continent.

North America

I was also pleased to accept the invitation to represent the IVSC on the Standing Advisory Group of the US Public Company Accounting Oversight Board. We have continued to engage fully with the various regulatory and other bodies in the US such as the Securities and Exchange Commission and the Federal Insurance Deposit Corporation.

GROWING THE ORGANISATION

Our membership continues to expand and we welcomed the following new members at the 2013 AGM:

- American Institute of Certified Public Accountants, USA
- Ankara University, Real Estate Development Department, Turkey
- Bureau for Court Expertise, Macedonia
- Institute of Valuers and Appraisers of Singapore, Singapore
- Leventhal School of Accounting, University of Southern California, USA
- The Appraisal Foundation, USA
- Saudi Authority for Accredited Valuers, Saudi Arabia

The Board of Trustees continues its efforts to increase the funding available to the IVSC. During the year BDO, Colliers and PricewaterhouseCoopers joined the list of organisations that provide financial sponsorship and so far added to that list are JLL who have also agreed to act as sponsors from the 2014/15 financial year. I would like to personally thank all sponsors for their support that is so crucial to the success of the IVSC and the aim of gaining global recognition for IVSC standards.

During the year we have managed to build the staff team. April Mackenzie volunteers in the role of Chief Operating Officer; Sean Thomson was appointed as Technical Manager; Danuta Wojtowicz as Administration and Finance Manager; and Janet Smy as PA.

THANKS

My thanks go to my fellow Trustees, and to members of the IVSC Boards, Advisory Forum and working groups, who are so generous of their time and expertise. I would also like to thank the Appraisal Foundation who have generously allowed Paula Douglas Seidel to provide administrative support to the IVSC Advisory Forum and its working group and to KPMG for allowing Mary Jane Andrews to act as consultant to the Professional Board to support the project to develop International Professional Standards.

Finally, I would like to thank the staff team for their cheerful enthusiasm and stamina. We are poised at the verge of some major triumphs and break-throughs which I look forward to seeing come to fruition. Without their hard work and dedication to the cause none of this would be possible.

MEMBERS OF THE IVSC BOARD OF TRUSTEES 2013–14



Sir David Tweedie (Chairman) – former Chairman of the International Accounting Standards Board (IASB); President of the Institute of Chartered Accountants of Scotland 2012 – 2013



Patrick Gounelle (Vice Chairman) – former Global Managing Partner, EY



Roel Campos (Vice Chairman) – Partner with law firm Locke Lord LLP; former commissioner of the US Securities and Exchange Commission, 2002 – 2007



Nicholas Brooke – Chairman of Professional Property Services Ltd, Hong Kong; past President, RICS



Brad Dalgliesh – former Senior Partner of KPMG's Canadian and Global Valuation Services Practice; past President, Canadian Institute (term of office ended October 2013)



Lee Hackett - Executive Vice President, Global Operations, American Appraisal Associates Inc



Malcolm Knight - Visiting Professor of Finance at the London School of Economics and Political Science and Distinguished Fellow, Centre for International Governance Innovation; former Vice Chairman of Deutsche Bank Group (2008 - 2012); General Manager and CEO, the Bank for International Settlements (2003 - 2008)



Madame Liu Ping – Secretary General, China Appraisal Society



April Mackenzie – former Global Head of Public Policy and external affairs for Grant Thornton International (resigned December 2013)



Jens Røder – Secretary General of the Nordic Federation of Public Accountants; retired Senior Partner of PricewaterhouseCoopers (PwC), Denmark; former trustee and executive member of the International Accounting Standards Committee Foundation (IASCF)



John Smith - former Partner in the US National Office of Deloitte and Touche; part-time member of the IASB 2002 - 2007; reappointed as a full-time member of the IASB 2007 - 2012 (elected June 2013)



Frank Vettese – Managing Partner & Chief Executive, Deloitte Canada; Member of the Deloitte Global Executive Committee



Akihiro Watanabe – Representative Director, GCA Savvian Group Corporation and Managing Director of GCA Savvian Corporation

REPORT FROM GREGORY FORSYTHE CHAIRMAN OF THE IVSC PROFESSIONAL BOARD

GREGORY FORSYTHE CHAIRMAN, IVSC PROFESSIONAL BOARD

This has been a landmark period for the Professional Board as it begins an ambitious project to develop a suite of International Professional Standards (IPSs). Respondents to the discussion paper on the notion of developing international professional standards for valuers were overwhelmingly in favour of the idea, while also raising some very valid questions. In response to this, the Board developed a set of frequently asked questions available on the IVSC website to address the concerns raised.

It is in the public interest to enhance the quality and consistency of valuation practice throughout the world, and thereby strengthen the public's confidence in the competence of the valuation profession globally. With this in mind, the IPSs will be a set of high-quality standards that prescribe the professional knowledge, skills, values, ethics and attitudes required of professional valuers. Developing, implementing and promoting these standards will help foster a common understanding of the skills and attributes of professional valuers which will, in turn, strengthen public trust.

A road map for production of the IPSs, a framework document and structure template have been agreed by the Board and a call has just been published seeking volunteers to join a number of working groups that will advise us and help progress this project.

Furthermore, the Board continues to develop other projects to enhance practice by professional valuers. In January, the Valuer's Guide to the Audit Process was published. The guide is aimed at raising awareness of audit procedures among professional valuers, to help ensure that the service they provide enables a company's management to include high-quality valuation estimates in their financial statements and to adequately assess those estimates.

The Board is developing a series of 'illustrative examples' to explain some of the concepts in the IVS framework. In January the first chapter *Bases of Value* was issued for exposure and comments received are currently being considered.



We have also recently developed the first IVSC policy paper called Global Regulatory Convergence and the Valuation Profession. Available on the website, it argues that global regulatory convergence is critical for the evolution of a sound, global financial system; that valuation is a vital component of much financial information that is relied on by investors or otherwise used to support decisions in the financial markets; and that the public interest is best served where there is consistent adoption and implementation of high-quality, internationally accepted standards.

I am immensely grateful to the members of the Board and to Mary Jane Andrews, who acts as a consultant on the IPSs project, for their commitment and energy. We have made significant progress over the last year as the Board leads and contributes to the development of the valuation profession globally.

MEMBERS OF THE IVSC PROFESSIONAL BOARD 2013–14

Greg Forsythe (Chairman) -

Director, Business Valuation practice, Deloitte Financial Advisory Services LLP, USA

Roy Farthing (Vice Chairman) – Partner, Valuation and Business Modelling, EY, Australia, and leader of the Capital Equipment Group

Mauro Bini - Professor at Bocconi University, Milan, Italy and Chairman of the Management Board of the Organismo Italiano di Valutazione (OIV) **David Faulkner** – Regional Director, Consultancy and Valuation, Colliers International, Hong Kong

Nick French – Professor of Real Estate in the Department of Real Estate and Construction, Oxford Brookes University, UK

Chris Mercer – Founder and CEO of Mercer Capital, USA

Doug McPhee – Partner, Corporate Finance, KPMG London and Global Head, Valuation Services **Marianna Todorova** – Director in the Office of Professional Practice, Duff & Phelps LLC, USA

Jiang Wei - Professor and Head of the Department of Finance in the College of Economics at Shenyang University, PR China



Left to right: Jiang Wei, Marianna Todorova, Doug McPhee, Roy Farthing, Greg Forsythe, Chris Mercer, Nick French, Mary Jane Andrews (Advisor to Board) and Mauro Bini Board members at March 2014 meeting. David Faulkner not pictured

REPORT FROM STEVEN J SHERMAN CHAIRMAN OF THE IVSC STANDARDS BOARD

STEVEN J SHERMAN CHAIRMAN, IVSC STANDARDS BOARD

I am pleased to report on another year during which the Standards Board has made significant progress.

Last year I reported on the successful review and updating of the International Valuation Standards (IVSs), first issued in 2011. These revised standards became effective from 1 January 2014. Consistent with the Board's policy of reviewing and, if necessary, updating the standards every two years, we will soon be starting the process again of consultation on possible improvements. This is a big undertaking but we are very optimistic that we can deliver an even stronger more market-relevant product than ever before.

I also reported that the Standards Board is working on an important project to promote the adoption and wider use of the IVSs. This project involves discussions with a number of other organisations in membership of the IVSC who currently issue their own standards and I am pleased to confirm that good progress is being made in this area.

Furthermore, we continue to produce material on the valuation of financial instruments. I am delighted by the interest generated by our first two exposure drafts on the valuation of equity derivatives, and credit and debit valuation adjustments. It is fair to say that this interest level is consistent with the growing recognition that standards are receiving, given the complexity and significant diversity in practice we have observed in recent times. There have been so many highlights over the past year that it is difficult to name them all but we have seen some significant traction in a number of projects that are worthy of note.

Investment Property

It was decided to address issues concerning investment property by amending the current IVSs 230 and 300 further to feedback from a discussion paper, released November 2012. In March 2014 an exposure draft of those amendments was issued and the Board will be reviewing responses over the coming months.

Development Property

As a result of the responses to the discussion paper on investment property, the Board is proposing to retire the current IVS 233 Investment Property under Construction, and replace it with more broadly based guidance on the approach to the valuation of all types of property under construction. An exposure draft was issued in March 2014 in parallel with the exposure draft issued under the Investment Property project.

Liabilities

Further to feedback on its February 2013 discussion paper, the Board reviewed the relevance of some of the provisions of the IVSs as they relate to liabilities and started to develop guidance on how the IVS principles can be applied to different types of liabilities. We anticipate issuing an exposure draft reflecting the proposed changes, as well as some additional concepts towards the end of 2014.



Although the Board currently has a full agenda for the next twelve months, we welcome views on projects to prioritise in the coming years. A consultation paper will be released in mid-2014 and, once again, your views are not only welcome but vital in helping us develop the standards that the market needs.

On a very different note, the 2013 AGM saw us say farewell to Jim Eales who had completed his term as a member of the Board and welcome Raj Brar as Jim's replacement. Raj brings us a unique perspective given his role at the Prudential Regulation Authority in the UK. Crucially, his presence will strengthen the Board's expertise in the valuation of financial instruments which will prove a major focus for the IVSC throughout the coming years.

I conclude by thanking my fellow Board members for the considerable time and effort that they have invested in moving our agenda forward. I also acknowledge the contribution that volunteers on our various project working groups make by providing their expertise and enthusiasm. Having such a broad base of knowledge and experience involved on working groups helps ensure that the standards we develop are of the high quality that the market requires and that they contribute to the public interest.

MEMBERS OF THE STANDARDS BOARD 2013–14

Steven J Sherman (Chairman) – Managing Director and head of Loop Capital's Financial Consulting Services business, USA

Frank Bollmann (Vice Chairman) – Managing Director of Vossius & Partner, Germany

Thomas Boyle – Chief Appraiser, Senior Vice President, U.S. Bank Real Estate Ragveer (Raj) Brar – Manager, Valuation & Controls, Prudential Regulation Authority, Bank of England. (appointed Nov 2013)

Ana Castañeda-Ortega – CEO, InterMoney Valora Consulting S.A., Spain

Jim Eales – Global Head, EY Valuation and Business Modelling Group, UK (term of office ended Nov 2013) **Paul Hawkes** – Chief Financial Officer, Weisshorn Re, Switzerland

Simon Landy – Managing Director, Primo Co. Ltd and Executive Chairman, Colliers International, Thailand

Cindy Ma – Managing Director, and Co-Head of the Portfolio Valuation practice, Houlihan Lokey, USA

Chris Stanley – Director, Telfer Young, New Zealand



Left to right: Steven J Sherman, Frank Bollmann, Ragveer (Raj) Brar, Cindy Ma, Simon Landy, Chris Stanley, Thomas Boyle Board members at March 2014 meeting. Ana Castañeda-Ortega, Jim Eales and Paul Hawkes not pictured

REPORT FROM JOHN MARTIN CHAIRMAN OF THE IVSC ADVISORY FORUM

JOHN MARTIN CHAIRMAN, IVSC ADVISORY FORUM

The full Advisory Forum met last November in Tokyo and I was delighted to see both an outstanding turnout and a good-humoured, vibrant debate. Crucially, we addressed the issues and challenges that face the valuation profession and the conclusions we came to have been used by the Advisory Forum Working Group (AFWG) to prioritise its annual work programme.

I am also pleased to tell you that at the meeting the Forum elected two new members to the Working Group – Minghai Chen, representing the China Appraisal Society, and Gilles de Courcel, representing the Fédération Française des Experts en Evaluation. I am certain that we will greatly benefit from their expert knowledge and input over the coming years.

In terms of ongoing projects, the AFWG has a number of projects on its work plan. In 2013, the IVSC published a guide *Establishing and Developing a Valuation Professional Organisation* which had been developed by the AFWG. We are now working to produce practical guides and resources in support of this initial publication to assist valuation professional organisations to grow and strengthen. During the year we have continued to debate the issues raised by the increasing use of Appraisal (Valuation) Management Companies. The AFWG is currently developing a discussion paper regarding the impact of valuation management companies on real estate valuations prepared for mortgage security purposes.

At the time of writing the Forum has just concluded a face-to-face meeting in London where we were pleased to welcome Greg Forsythe, chair of the Professional Board. Greg led the discussion on the Board's project to develop International Professional Standards. We very much look forward to assisting the Professional Board and encouraging valuation professional organisation members to get involved in this exciting project.

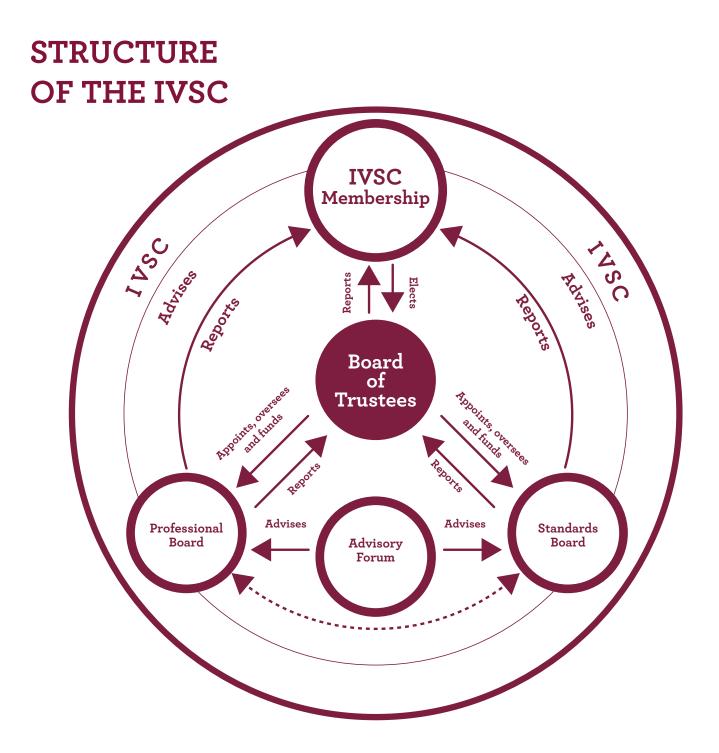
We are working to strengthen ties with all of our members, not just those with a long tradition of IVSC involvement. We are also seeking to develop relationships with those valuation professional bodies who are not yet members, encouraging them to seek membership. To this end, the Forum is looking to introduce a newsletter to encourage our members to share information, exchange views and provide access to resources.



The Forum is also developing a programme for our 2014 meeting to be held later this year in Toronto that will encourage a much greater level of engagement. That meeting will provide an opportunity for IVSC members to engage in peer networking, share best practices and gain insight into how others are addressing challenges and opportunities that are common to many valuation organisations.

The issues facing the valuation profession are varied and complex. As it stands, the Forum provides one of the best opportunities for all valuation disciplines to unite and work together as a truly professional global valuation body.

I would like to thank the Appraisal Foundation for allowing staff member Paula Douglas Seidel to provide administrative support to the Forum and, of course, thanks to Paula herself. I must also thank all members of the working group who volunteer their time and expertise, and for the support provided by their organisations that allows them to attend the various meetings. Thanks must also go to IVSC trustee, Lee Hackett, and IVSC staff members, April Mackenzie and Marianne Tissier, for their contributions to the work of the Advisory Forum. Here's to another successful year.



HOW THE IVSC STRUCTURE WORKS

The IVSC Standards Board and the IVSC Professional Board both bring together experienced valuation professionals who are selected on the basis of technical competence and experience. Professional and geographic diversity is sought. As each Board looks after an important sphere of work for the IVSC with overlapping synergies, the two Boards regularly liaise and advise each other on common matters. The technical boards are overseen by an independent global Board of Trustees, responsible for governance, overall strategic direction and funding of the IVSC. The IVSC is membership based. It co-operates with national professional valuation organisations, users and preparers of valuations, and academic bodies, all of whom can become members of the IVSC. IVSC members, through the IVSC Advisory Forum, play an important role in advising the Boards on technical matters, work priorities and emerging issues.

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IVSC BOARDS AT WORK















IVSC MEMBER ORGANISATIONS (AS AT OCTOBER 2013)

VALUATION ORGANISATION MEMBERS

🕙 Australia

Australian Property Institute

Institute of Foresters of Australia

Belarus (Republic of)

Belarusian Society of Valuers

🚫 Bosnia and Herzegovina

Association of Certified Appraisers in Bosnia and Herzegovina

🛑 Botswana

Real Estate Institute of Botswana

\delta Brazil

Instituto Brasileiro Avaliacoes

Bulgaria Chamber of Inder

Chamber of Independent Appraisers in Bulgaria

(Canada Appraisal Institute of Canada

Canadian Institute of Chartered Business Valuators

China

China Appraisal Society

🛑 Colombia

Registro Nacional de Avaluadores

Croatia Croatian Society of Valuers

Egypt The Egyptian Association

of Real Estate Appraisers

Finland Finnish Association for

Real Estate Valuation

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

🐕 Hong Kong, China

Hong Kong Institute of Surveyors

India The Practising Valuers Association of India

Indonesia Indonesian Society

of Appraisers

🚺 Ireland

Institute of Professional Valuers and Auctioneers

Italy

Consiglio Nazionale Geometri

🔵 Japan

Japanese Association of Real Estate Appraisal

🥑 Kazakhstan

Chamber of Professional Appraisers of Kazakhstan

Republican Chamber of Appraisers of Kazakhstan

Kenya Institution of

Surveyors of Kenya

() Korea Korea Appraisal Board

Korea Association of Property Appraisers

Latvia Latvian Association of Appraisers

Lithuania Lithuanian Association of Property Valuers

Malawi Indonesian Society of Appraisers

🕒 Malaysia

The Royal Institution of Surveyors, Malaysia

Mexico

Federación de Colegios, Institutos y Sociedades de Valuadores de la Republica Mexicana, A.C.

Namibia Namibian Institute of Valuers

The Netherlands

Raad voor Onroerende Zaken (ROZ, the Real Estate Council)

🔄 New Zealand

Property Institute of New Zealand

Norway Norges Takseringsforbund

Nigeria Nigerian Institution of Estate Surveyors and Valuers

Philippines Institute of Philippine Real Estate Appraisers

Poland The Polish Federation of Valuers Associations

Romania The National Association of Romanian Valuers

🛑 Russia

Russian Society of Appraisers

Self-Regulated Inter-Regional Appraisers Association

🖲 Serbia

National Association of Valuers of Serbia

🖢 Slovenia

Slovenian Institute of Auditors

≽ South Africa

South African Institute of Valuers

💶 Spain

Asociación Profesional de Sociedades de Valoración

🛑 Sweden

ASPECT - Association for Chartered Surveying, Property Evaluation and Transactions

Thailand Thai Valuers Association

Ukraine Ukrainian Society of Appraisers

🖨 USA

American Institute of Certified Public Accountants

American Society of Appraisers

Appraisal Institute

International

The Royal Institution of Chartered Surveyors

PROVISIONAL VALUATION PROFESSIONAL ORGANISATIONS

🔵 Bangladesh

Institute of Chartered Valuers Bangladesh

CORPORATE MEMBERS

😵 Hong Kong Greater China Appraisal Ltd

Canada International Association of Consultants, Valuators and Analysts

Japan Japan Valuers Co. Ltd

Malaysia Khong & Jaafar Sdn

INSTITUTIONAL MEMBERS

Bulgaria Chamber of Professional Valuers

France Fédération Française des Experts en Evaluation

India Institute of Cost Accountants of India

Utaly E-Valuations Instituto di Estimo e Valutazioni

Lithuania State Budgetary Institution Property Valuation Oversight Agency



Bureau for Forensic Expertise 💛 Namibia

Ministry of Lands and Resettlement

Russian Federation Ministry of Economic

Development

Saudi Arabia Saudi Authority for Accredited Valuers

Singapore Institute of Valuers and Appraisers of Singapore

South Africa South African Council for Property Valuers Profession

Sri Lanka Sri Lanka Accounting and Auditing Standards Monitoring Board

Ukraine

Federation of Appraisers of Business and Intellectual Property

United Arab Emirates

Department of Municipal Affairs in the Emirate of Abu Dhabi

Taqyeem (Real Estate Appraisal Centre), Dubai Land Department

₩ ик

Institute of Chartered Accountants in England and Wales

USA

The Appraisal Foundation

National Council for Real Estate Investment Fiduciaries

★ Vietnam

Price Control Department, Ministry of Finance

ACADEMIC MEMBERS

Russia

The State University – Higher School of Economics, Institution for Real Estate Economics, Moscow

C Switzerland

Swiss Institute of Real Estate Appraisal

💽 Turkey

Ankara University, Real Estate Development Department

🖨 USA

Leventhal School of Accounting, University of Southern California

IVSC SPONSORS

The IVSC is grateful to the following organisations who provided financial support to the IVSC during the 2013–14 financial year:

- American Appraisal Associates Inc
- American Society of Appraisers
- The Appraisal Foundation (US)
- Appraisal Institute (US)
- Appraisal Institute of Canada
- BDO
- BNP Paribas
- Canadian Institute of Chartered Business Valuators
- China Appraisal Society
- Colliers International
- Deloitte Touche Tohmatsu Ltd
- Duff & Phelps, LLC
- EY, LLP
- Grant Thornton
- Houlihan Lokey Inc
- KPMG, LLP
- Organismo Italiano di Valutazione
- PwC, LLP
- RICS
- UBS
- The City of London Corporation provides financial support to the location of the IVSC office in the City of London

IVSC FINANCIAL STATEMENTS 31 MARCH 2014



FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2014

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TRUSTEES AND PROFESSIONAL ADVISERS YEAR ENDED 31 MARCH 2014

COMPANY REGISTRATION NUMBER

FC030067

BOARD OF TRUSTEES March 2013

Sir David Tweedie Nicholas Brooke Roel Campos Brad Dalgliesh (Term Expired November 2013) Patrick Gounelle Lee Hackett Malcolm Knight Ping Lui April Mackenzie (Resigned December 2013) Jens Roder John Smith (Elected June 2013) Frank Vettese Akihiro Watanabe

REGISTERED OFFICE

200 W. Madison Street, Suite 1500 Chicago, Illinois, 60606 United States of America

OPERATING OFFICE

1 King Street London EC2V 8AU United Kingdom

AUDITOR

Crowe Clark Whitehill LLP St. Bride's House 10 Salisbury Square London EC4Y 8EH United Kingdom

BANKERS

HSBC Bank PLC 153 North Street Brighton East Sussex BN1 1SW United Kingdom

TRUSTEES' REPORT YEAR ENDED 31 MARCH 2014

The Trustees present their report and financial statements for the year ended 31 March 2014.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the Trustees are aware:

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

AUDITOR

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

Approved and authorised for issue on 18 June 2014 by the Trustees and signed on its behalf by:

Sir David Tweedie Chairman

STATEMENT OF TRUSTEES' RESPONSIBILITIES YEAR ENDED 31 MARCH 2014

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF INTERNATIONAL VALUATION STANDARDS COUNCIL YEAR ENDED 31 MARCH 2014

We have audited the financial statements of the International Valuation Standards Council (the Council) for the year ended 31 March 2014 which comprise the Income Statement, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows and the related notes numbered 1 to 14.

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

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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

SCOPE OF THE AUDIT OF THE FINANCIAL ACCOUNTS

Ethical Standards for Auditors.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the entity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF INTERNATIONAL VALUATION STANDARDS COUNCIL (CONTINUED) YEAR ENDED 31 MARCH 2014

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- * the financial statements give a true and fair view of the state of the Council's affairs as at 31 March 2014 and of its surplus for the year then ended; and
- * the financial statements have been properly prepared in accordance with IFRS.

Crowe Clark Whitehill LLP Statutory Auditor London

18 June 2014



INCOME STATEMENT YEAR ENDED 31 MARCH 2014

	Notes	2014	2013
		\$	\$
Income	3	1,681,025	1,366,693
Standard-setting and professional development		(1,505,395)	(1,185,688)
Publications and associated costs		(149,797)	(148,643)
OPERATING SURPLUS	4	25,833	32,362
Other non-operating income		24	30
SURPLUS BEFORE TAX		25,857	232,392
Tax expense		-	-
SURPLUS FOR THE YEAR		25,857	32,392

There was no other comprehensive income for the year.

STATEMENT OF CHANGES IN EQUITY YEAR ENDED 31 MARCH 2014

	Retained surplus
	\$
Balance at 1 April 2013	792,648
Total recognised surplus for the year	25,857
Balance at 31 March 2014	818,505
	Retained surplus
	\$
Balance at 1 April 2012	760,256
Total recognised surplus for the year	32,392
Balance at 31 March 2013	792,648



STATEMENT OF FINANCIAL POSITION YEAR ENDED 31 MARCH 2014

· · · · · · · · · · · · · · · · · · ·				
	Notes	2014	2013	2012
		\$	\$	\$
ASSETS				
NON CURRENT ASSETS				
Property, plant and equipment	6	5,924	4,815	12,036
CURRENT ASSETS				
Inventories		26,375	18,610	7,511
Trade and other receivables	10	138,699	114,135	387,747
Prepayments	11	39,914	16,159	-
Cash and cash equivalents	12	935,004	858,729	730,358
		1,145,916	1,012,448	1,137,652
EQUITY				
ISSUED CAPITAL AND RESERVES				
Retained surplus	14	818,505	792,648	760,256
CURRENT LIABILITIES				
Deferred income	13	54,039	71,931	191,666
Trade and other payables	13	273,372	147,869	185,730
		327,411	219,800	377,396
TOTAL EQUITY AND LIABILITIES		1,145,916	1,012,448	1,137,652

The financial statements on pages 24 to 27 were approved by the Trustees and have been authorised for issue on 18 June 2014 and were signed on its behalf by:

, L

Sir David Tweedie, Chairman Company registration number: FC030067

STATEMENT OF CASH FLOWS YEAR ENDED 31 MARCH 2014

	2014	2013
	\$	\$
Total operating surplus	25,857	32,392
Interest income	(24)	(30)
Depreciation	7,776	7,221
Increase in inventory	(7,765)	(11,099)
(Increase)/decrease in trade and other receivables	(48,319)	257,453
Increase/(decrease) in trade and other payables	107,611	(157,596)
Cash generated from operations	85,136	128,341
CASH FLOWS FROM OPERATING ACTIVITIES	85,136	128,341
Interest income	24	30
Purchase of property, plant and equipment	(8,885)	-
CASH FLOWS FROM INVESTING ACTIVITIES	(8,861)	30
NET INCREASE IN CASH AND CASH EQUIVALENTS	76,275	128,371
Cash and cash equivalents as at 1 April 2013	858,729	730,358
CASH AND CASH EQUIVALENTS AS AT 31 MARCH 2014	935,004	858,729

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2014

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

The Council's financial statements for the year ended 31 March 2014 were authorised for issue and the statement of financial position signed on the Council's behalf by Sir David Tweedie. The International Valuation Standards Council was incorporated on 1 April 2004 as a not-forprofit corporation in Illinois, USA.

The Council was registered on 15 February 2011 under the Companies Act 2006 as having a UK establishment in the United Kingdom.

Basis of preparation

The Council's financial statements have been prepared in accordance with International Financial Reporting Standards published by the International Accounting Standards Board (IFRS) and applicable law. In the previous year, the Council prepared the financial statements using International Financial Reporting Standards as adopted by the European Union. The Trustees do not consider that there are any differences in the presentation of the financial statements arising from this change in terms of either monetary amounts or the form and content of the financial statements.

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

The functional currency of the Council is US Dollars. Most of the Council's income and cash inflows are denominated and settled in US Dollars. Most of the Council's expenses and cash outflows are denominated and settled in UK Sterling. The presentational currency of the financial statements is US Dollars.

2. ACCOUNTING POLICIES

Income recognition

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

Donations and sponsorships

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

Membership subscription fees

Membership subscription fees are recognised in accordance with the membership subscription period.

Publications

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

Royalties

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

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2. ACCOUNTING POLICIES (CONTINUED)

Foreign currency exchange

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

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

Tax

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

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

Fixtures, fittings 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 are recognised by the Council and carried at original invoice amount less an allowance for any uncollectible or impaired amounts.

Other receivables are recognised at fair value.

Estimates and judgements

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Debts are written off when they are identified as being non recoverable.

Cash and cash equivalents

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

Trade and other payables

Trade and other payables are measured at amortised cost.

2. ACCOUNTING POLICIES (CONTINUED)

Standards in issue not yet adapted

The financial statements have been prepared on the basis of accounting standards, interpretations and amendments effective on 1 April 2013. The Council has concluded that there are no relevant standards or interpretations in issue not yet adopted which will have a material impact on the financial statements.

3. REVENUE

	2014	2013
	\$	\$
Donations and sponsorships 1,	286,826	1,037,553
Membership subscription fees	319,750	249,824
Publications and related activities	52,778	70,529
Other income	21,671	8,787
1,	,681,025	1,366,693

4. OPERATING SURPLUS

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

	2014	2013
	\$	\$
Depreciation of property, plant and equipment	7,776	7,221
Net foreign currency differences	5,722	34,195
Inventory recognised as an expense	18,935	17,383
Rental expense	88,837	58,918
Auditor's remuneration - audit services	17,469	15,617

	2014	2013
Included in standard-setting and professional development:	\$	\$
Employee benefits expense	607,180	462,746
Depreciation and amortisation	7,776	7,221
Net foreign currency exchange	5,722	34,195

The auditors are remunerated in Pounds Sterling (£) and the amounts charged for the year were £10,500 (2013 £10,000)

5. EMPLOYEE EXPENSES

		•••••••••••••••••••••••••••••••••••••••
	2014	2013
	\$	\$
Wages and salaries	509,979	383,130
Post employment expense for defined contribution plans	33,474	28,337
Social security costs	63,727	51,279
	607,180	462,746

6. FIXTURES, FITTINGS AND EQUIPMENT

Cost At 1 April 2012 Additions At 1 March 2013 Additions At 1 March 2014	
At 1 April 2012 Additions At 1 March 2013 Additions	Computer
At 1 April 2012 Additions At 1 March 2013 Additions	Equipment
At 1 April 2012 Additions At 1 March 2013 Additions	\$
Additions At 1 March 2013 Additions	
At 1 March 2013 Additions	21,664
Additions	_
	21,664
At 1 March 2014	8,885
	30,549
Depreciation	
At 1 April 2012	9,628
Charge for the year	7,221
At 31 March 2013	16,849
Charge for the year	7,776
At 31 March 2014	24,625
Net book value	
At 1 April 2012	12,036
At 31 March 2013	4,815
At 31 March 2014	5,924

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Reserves policy

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

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

The Council's reserves policy is to hold in excess of \$500,000 as cash or cash equivalents to meet the Council's financial risk management objectives.

Credit risk

The Council trades only with recognised, credit worthy customers. All customers who wish to trade on credit are subject to credit verification checks. Customer balances are checked regularly to ensure that the risk of exposure to bad debts is minimised.

Liquidity risk

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

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

Interest rate risk

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

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

Currency risk

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

NOTES TO THE FINANCIAL STATEMENTS (continued) YEAR ENDED 31 MARCH 2014

8. FINANCIAL ASSETS AND LIABILITIES

	Car	rying amount		Fair value
	2014	2013	2014	2013
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	935,004	858,729	935,004	858,729
Trade and other receivables	138,699	114,135	138,699	114,135
Prepayments	39,914	16,159	39,914	16,159
Financial liabilities				
Deferred income	(54,039)	(71,931)	(54,039)	(71,931)
Trade and other payables	(273,372)	(147,869)	(273,372)	(147,869)

9. RELATED PARTY TRANSACTIONS

Key management compensation

The Chairman received remuneration of \$77,154 for the year ended 31 March 2014 (2013: \$31,774 for the six months from 1 October 2012 to 31 March 2013).

The other Trustees are not remunerated but are reimbursed for out of pocket expenses incurred while undertaking work on behalf of the International Valuation Standards Council.

10. TRADE AND OTHER RECEIVABLES

	2014	2013
	\$	\$
Receivable from sponsors and members 92	2,479	50,879
Other receivables 2	1,486	-
Other receivables - VAT 10),852	17,200
Accrued income 13	3,882	46,056
138	3,699	114,135

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

	2014	2013
	\$	\$
0-30 days	3,129	10,158
	25,000	-
60-90 days	1,522	-
Greater than 90 days	62,828	40,721
	92,479	50,879

11. PREPAYMENTS

	2014	2013
	\$	\$
Current		
Prepayments	39,914	16,159

12. CASH AND CASH EQUIVALENTS

	2014	2013
	\$	\$
Cash at bank	935,004	858,729

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

13. TRADE AND OTHER PAYABLES

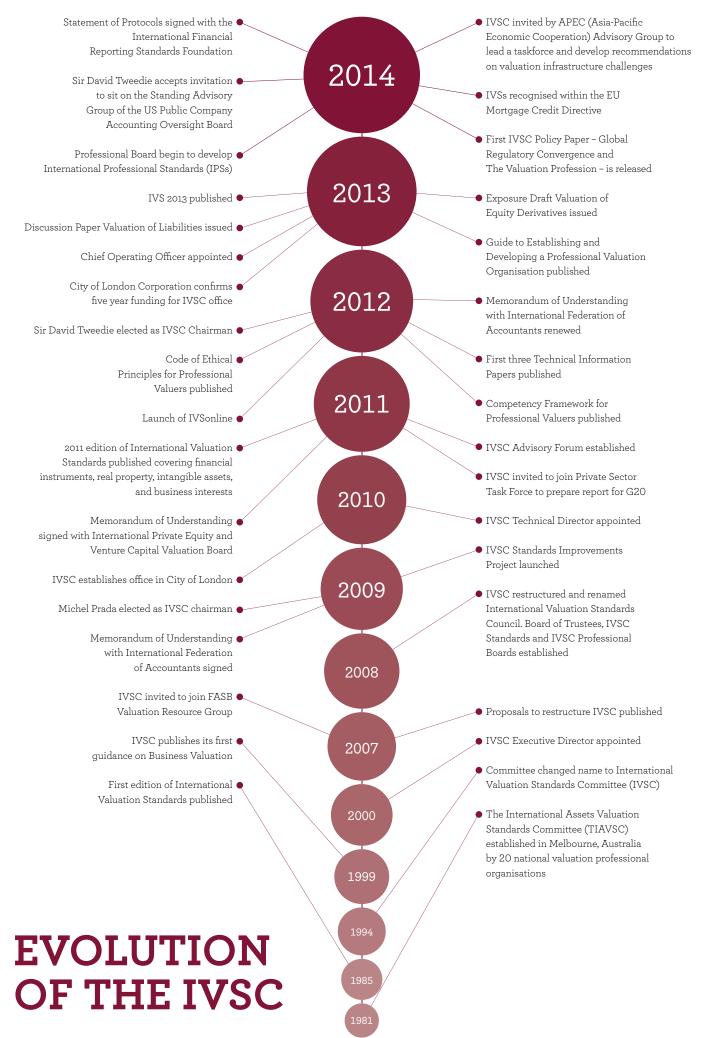
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	2014	2013
	\$	\$
Payable to suppliers	121,080	83,346
Other payables	19,968	18,227
Accrued liabilities	104,202	25,982
Tax payable – PAYE & NI	28,122	20,314
	273,372	147,869

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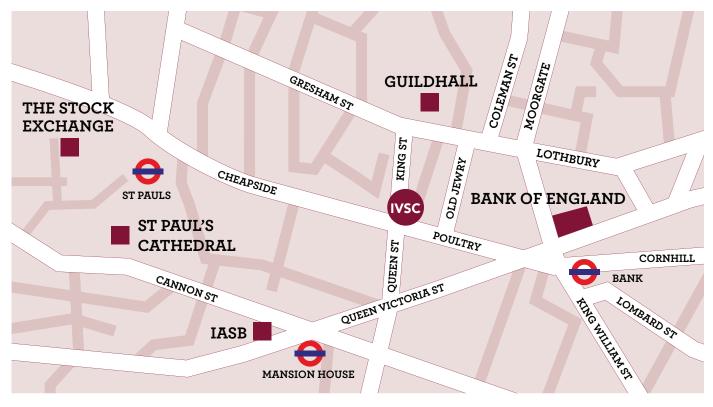
14. RESERVES

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

ANNUAL REPORT 2013-14



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