

IVSC BVB January 2023 Meeting

Items shown in bold italics should include links to the relevant documents

This IVSC Update highlights preliminary decisions of the IVSC Business Valuation Board (Board). Projects affected by these decisions can be found on the ***IVSC Publication Schedule***. The Board's final decisions on IVS® Standards and Amendments as set out in the ***IVSC Standards Review Board Due Process and Working Procedures***.

The Board met virtually on **10th January 2023 at 20:00 UTC**

PRESENT:

Richard J. Stewart (RJS)
Kevin Prall (KP)
Diana Nikolaeva (DN)
Henk Oosterhooft (HO)
Robert Boulton (RB)

Takako Iwata (TI)
Wolfgang Ballwieser (WB)
Nicolas Konialidis (NK)

APOLOGIES:

Jan Marek (JM)

Jay Shaw (JS)

IN ATTENDANCE:

Alexander Aronsohn (AA) – IVSC Technical Director (Tangible Asset Standards)

The topics in order of Discussion, were:

Contents

1. General Standards and TAB updates
2. ISSB and latest regulatory developments
3. Logistics : BV Upcoming meetings (March, June/July)
4. Discussion of Draft on the Valuation of Technology
5. Other Business

No conflicts of interested were declared.

1. General Standards and TAB updates

The BVB received from AA an update on the latest progress from the Standards Review Board (SRB) and the Tangible Asset Board (TAB). This update included the creation of several working groups.

No decision was taken nor any vote held on this topic.

Next Steps

The BVB are to review the proposed the amendments to the IVS General Standards Exposure and are to consider the following:

- Restructuring the Asset Standards to align with the IVS General Standards structure.
- Consequential amendments to the Asset standards including revised references to the IVS General Standards.
- Additions/Revisions to Asset Standards in light of new sections on Data and Inputs, Models and Quality Control within the IVS Asset Standards.

2. ISSB and latest regulatory developments

The BVB received from AA and NK updates on various contacts held with the IFRS and the ISSB. The subject of such contacts is the possibility of the IVSC participating in the IFRS or ISSB's technical working groups. These preliminary contacts have not yielded any formal engagement yet.

No decision was taken nor any vote held on this topic.

Next Steps

The IVSC Technical Directors will contact their counterparts at IFRS to gain further information on how to increase the participation of the IVSC Technical Directors and IVSC Board members in the IFRS and ISSB technical working groups.

3. Logistics : BV Upcoming meetings (March, June/July)

Logistical and scheduling details were reviewed for the forthcoming BVB meetings:

- Sydney (AUS) on 20-22 March 2023 and
- Tokyo (JPN) on 17-19 July 2023. The exact date of this meeting had not been previously set.

The decision to hold the meeting from 17th to 19th July 2023 in Tokyo was taken by consensus. It was not subject to a formal vote.

Next Steps

The BVB should book their flights for the March and July 2023 meetings. The IVSC BVB Technical Director and staff will provide further administrative details regarding hotel accommodation and other matters in due course.

4. Discussion of Draft on the Valuation of Technology

The BVB noted that a draft perspective paper on the valuation of Technology had been circulated by NK. Several Board members have already submitted edits and comments. Other members of the BVB undertook to provide comments shortly.

Comments were made to the effect that the format and the language of the paper should be changed, to make it more accessible to the general reader. There was a suggestion that some details be included in the footnotes rather than the body of the article.

Other comments included:

- The importance of technology in transfer pricing, and specifically the importance of tax deductibility of software.

The Board reiterated that a subsequent paper will conclude the series of Perspective Papers on Intangible Assets. The Board agreed that the next paper will include a discussion on the valuation of data.

The BVB will try to finalise the paper on the valuation of technology at the meeting in Sydney.

No decision was taken nor any vote held on this topic.

Next Steps

The BVBV will continue to revise and review the perspectives paper on Technology with a view to publishing the perspectives paper in Q1/Q2 2023.

5. Other Business

The BVB held a brief discussion on the matter of uncertainty and risk in valuation.

This was understood in two ways:

The risk incurred by the valuer in the course of his/her work, as determined by the scope of the engagement. A Board member pointed out that a proper labelling of the nature of the engagement can be helpful. For instance, in Australia, a valuation calculation is not as robust as a full valuation.

The uncertainty in the findings, inherent to the nature of the asset(s) being valued. The valuation of certain assets (e.g. technology) is naturally more volatile than the valuation of other assets (e.g. Real Estate).

There was a general agreement that:

- The two issues (risk to the valuer and uncertainty around the valuation) should not be conflated.
- That this is an emerging topic worthy of future consideration by the BVB.

No decision was taken nor any vote held on this topic.

Next Steps

The BVB chair and Technical Director are to raise the issue of valuation risk and uncertainty in the coming months.

The meeting ended at 2126 UTC.