NOTES FROM BVB MEETING IN TOKYO  
17-19 July 2023

The Business Valuation Board held a physical meeting in the offices of KPMG in Tokyo over two and a half days, from 17th to 19th July 2023.

SYNOPSIS OF WORK SESSIONS

1. Impact of ISSB S1 and S2 on IVS
   • General agreement that S1 and S2 are very generic for the moment.
   • Actions required:
     o Focusing on requirements for valuation professionals

2. Intangible Assets
   • SG: update on the Intangible Asset framework to be implemented in Singapore.
   • Actions required:
     o IVSC to remain involved with the Singapore IP valuation ecosystem.
     o IVSC BVB should intensify its contacts with EFRAG and IASB

3. Is there a need for fewer basis of value?
   • Some BVB members deal exclusively with IFRS FV, and sometimes MV.
   • Discussion reflects differences in BVB members and practitioners’ practices, not any inherent flaw in the bases.
   • Actions required:
     o Retain mention of OECD FMV basis to facilitate a dialogue.
     o Bases of value should be included in the forthcoming agenda consultation.

4. Data Providers, Specialists and Service Providers for BV
   • The emergence of service organisations, data providers and other consultants is creating some ambiguity and confusion.
   • Actions required:
     o Formulate a suggestion for IVS to clarify the requirement for competence.

5. Automated Valuation Models (AVM) for Business Valuation
   • AVMs poses create several issues for Business valuation, including the use of “black boxes” and apportionment of liability.
   • Actions required:
     o Consider whether proposed IVS 105.10.3 should be expanded to include mention of “responsibility”.
     o Consider whether proposed IVS 500.180 should be adapted to BV Standards.

6. Appropriateness of Ranges
   • Use of ranges is widespread in BV practice, depending on jurisdiction and purpose.
   • Ranges communicate several things
   • Actions required:
     o Area is ripe for standard-setting.
     o Valuation ranges should be the subject of a perspective paper.
     o Valuation ranges should be included in forthcoming agenda consultation.

7. Appropriateness of Weightings
   • The issue of weightings of valuation findings is related to the issue of ranges.
   • IVS 105.10.6 (2021) precludes weighing widely divergent indications of value.
   • Actions required:
     o Issue of weightings should be included in forthcoming agenda consultation.

8. Valuation of Data:
   • Presentation by Laura Veldkamp (Columbia)
   • Actions required:
Submission of topic form to SRB for approval of topic.
  Assuming approval, preliminary draft by Paris meeting.

9. **Transfer Pricing and IVS**
   - No luck so far engaging with OECD.
   - **Actions required:**
     - Include or retain language in the new IVS that is compatible with TP (e.g. bases of value).
     - Respond to HMRC consultation.
     - Issue of Transfer Pricing should be included in forthcoming agenda consultation.

10. **Public vs Private**
    - Examination of document submitted by Alexander Aronsohn and Kim Hildebrandt.
    - **Actions required:**
      - NK to collate comments on the paper and forward for further discussion.

11. **Agenda consultation**
    - Proposed topics to be included in 2024 agenda consultation.
    - **Actions required:**
      - Design appropriate questions for agenda consultation

12. **Governance of collective investments (ESMA report on Common Supervisory Action)**
    - Clear distinction by ESMA between normal and stressed market conditions.
    - ESMA recommends valuations of funds at same frequency as computation of NAV.
    - **Actions required:**
      - Start discussions with ESMA.
      - Reach out to Alternative Investment Management Association (AIMA)

13. **Cryptocurrencies**
    - Under IAS 38, Crypto currencies are intangible assets.
    - BVB consensus is that they do not fall under the remit of Intangible Asset standards as understood.
    - **Action required:**
      - Monitor changes.

14. **Intangible Asset series of perspective papers**
    - Discussion around what BVB want to achieve with series.
    - **Actions required:**
      - Publish a perspective paper asset on data.
      - Publish a final capstone paper on intangible assets.