

**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 17<sup>th</sup> to 19<sup>th</sup> 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:**
  - Focusing on requirements for valuation professionals

**2. Intangible Assets**

- SG: update on the Intangible Asset framework to be implemented in Singapore.
- **Actions required:**
  - IVSC to remain involved with the Singapore IP valuation ecosystem.
  - 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:**
  - Retain mention of OECD FMV basis to facilitate a dialogue.
  - 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:**
  - 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:**
  - Consider whether proposed IVS 105.10.3 should be expanded to include mention of "responsibility".
  - 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:**
  - Area is ripe for standard-setting.
  - Valuation ranges should be the subject of a perspective paper.
  - 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:**
  - 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.