

IVSC BVB September 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 **12th Sept 2023 at 1300 UTC**

NOTES

1. **Declaration of conflict of interest**
 - a. No conflicts recorded.
 - b. Action required: None
 - c. No decision was taken, nor any vote held on this topic.
2. **Record of previous meeting notes**
 - a. No comments recorded.
 - b. Action required: None
 - c. No decision was taken, nor any vote held on this topic.
3. **Opening remarks by the Chair (RJS)**
 - a. Brief introduction
 - b. Introduction by Director of Communications and by IVSC Asia External Affairs Manager.
 - c. Action required: None
 - d. No decision was taken, nor any vote held on this topic.
4. **Update on Communications**
 - a. The Director of Communications expanded on:
 - i. IVSC Rebranding in March 2023
 - ii. Exposure Draft Consultation for standards: big focus on new stakeholders
 - iii. Future focus of IVSC will be on Education, and IVS.
 - iv. Future focus will be on translation of Standards
 - v. IVSC will generate infographics, videos.

- vi. IVSC is aiming to enrol the Board members for discussion and debate around trends.
- vii. Reach: Audience has been growing on all platforms.
- viii. Relevance of changes to IPEV guidelines.
- ix. This creates spikes in interest.
- x. Noted that IVSC has seen growth of interest and demand from universities.

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

5. **Update on Communications and new content by JO.**

- a. A Board member enquired about the modalities of leveraging media appearances for the benefit of IVSC
 - i. The Director of Communications indicated that the IVSC will try to amplify any media appearance Board members might have.
- b. Action required: Board members to respond to survey (available on page 5 of presentation).
- c. No decision was taken, nor any vote held on this topic.

6. **Changes to General Standards by the IVSC Technical Director**

- a. The IVSC's Technical Director presented the main changes to General Standards:
- b. Questions and Discussion:
 - i. A Board member enquired on whether the SRB's position is that AVMs are service organisations? Was that discussed?
 - 1. IVSC's Technical Director explained that the definition was included for the FI Board. It is not used by any other constituency. In substance, if there is no input from a valuer, it cannot be compliant with IVS. Nonetheless, one person's "specialist" is another person's "service organisation".
 - ii. A Board member noted that his position is that "valuation risk" is inappropriate. Now defined in glossary as the possibility that the value is not appropriate for the intended use. Question: who is the risk taker? These are deficiencies, not risk.
 - 1. IVSC's Technical Director responded that the SRB felt that IVS had to include valuation risk. Finding a compromise was effectively tabled for later.
 - 2. IVSC's Technical Director stated that the basis of conclusions will clarify what the IVSC is doing with this topic. This is a holding definition.

- c. Action required: None
 - d. No decision was taken, nor any vote held on this topic.
7. **Account of SRB meeting**
- a. The vice-chair relayed the five points raised at the SRB:
 - i. Valuation risk
 - ii. Ambiguity around which Board is responsible for valuing minority stake: BV or FI?
 - iii. Review of Bases of value, which are more adapted for tangible assets.
 - iv. Valuation hierarchy and subjectivity.
 - v. Educational matter responsibility of VPO.
 - b. Action required: None
 - c. No decision was taken, nor any vote held on this topic.
8. **Discussion of comments and proposed changes to BV200- IVS 230:**
- a. The BVB's Technical Director noted that he had disseminated one excel and a word document. They present the same information in two different ways.
 - i. XLS: 2 sheets
 - 1. Enumeration of all respondents. No action required in most case.
 - 2. Includes every single comment, criticism, or remark; cross referenced to the specific standard. All BVB members should fill in the cells in tab "*IVS BV Detailed*".
 - a. The Chair noted that the BVB would review these at the next physical meeting in Paris..
 - b. Action required: Board Members requested to fill in spreadsheet with their recommendation for each comment in Exposure Draft ("*IVS BV Detailed*")
 - c. No decision was taken, nor any vote held on this topic.
9. **Update on data valuation perspective paper**
- a. The BVB Technical Director noted that he was aiming to disseminate to the BVB a draft of the perspective paper on valuation of data as an asset before the Paris meeting.
 - b. The draft will include the ideas that were generated by BVB in Tokyo.
 - c. A Board member and co-author acknowledged that this perspective paper was challenging on an emerging topic.

- d. Action required: Authors to submit rough draft of Data Valuation paper to BV Board before Paris meeting.
 - e. No decision was taken, nor any vote held on this topic.
10. **Update on goodwill impairment submission working group**
- a. A Board member gave a synopsis:
 - i. The Board member stated that the working group had reiterated the IVSC's position expounded in the perspective papers previously published:
 - 1. IVSC advocates better disclosure,
 - 2. IVSC prefers the headroom approach.
 - b. Action required: BVB members to provide comment on response to the consultation by end of week (15th Sept).
 - c. No decision was taken, nor any vote held on this topic.
11. **Valuation risk discussion paper for comments**
- a. The Chair commented on the limitations of current definition.
 - b. Actions required:
 - i. BVB to discuss in Paris.
 - c. No decision was taken, nor any vote held on this topic.
12. **Closing Remarks / Other Business.**
- a. The BVB Technical Director gave an update on the IVSC's contribution to the upcoming "Handbook on intangibles".
 - i. Comments were generally positive, with some some requirement asking for more context around practical applicability of standards.
 - ii. Action required: NK to amend chapter and submit for review.
 - b. The BVB Technical Director announced that a segment of a BVB virtual meeting will be made public before year-end 2023.
 - i. Action required: NK to organise broadcast for November BVB meeting (date TBD)
 - c. A Board member requested for information and fixing dates for 2024 meetings
 - i. The Chair announced that this would be referred to the upcoming Chairs' call.
 - ii. The BVB Technical Director reiterated that tentative dates were currently:
 - 1. Week of 26 Feb 2024 in Middle East.

2. Week of 13 May for USA.

iii. Action required: The BVB Technical Director will obtain finalised dates and locations ASAP.

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

[ENDS 14:30Z]