

## **IVSC BVB March 2024 Update**

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 **19 March 2024 at 21:00 London Time**

### **Agenda:**

1. Record of previous meeting notes (Feb 2024)
2. Opening remarks by the Chair
3. Global updates from BVB members
4. Perspective paper on the valuation of data
5. Update on Capstone Perspective Paper on Intangible Assets.
6. Upcoming Physical meeting in London in May 2024:
7. IASB Exposure Draft Business Combinations—Disclosures, Goodwill, and Impairment (released 14 March 2024).
8. Miscellaneous

The Board was asked if there were any conflicts of interest in relation to the proposed topics and no conflicts were declared.

1. **Record of previous meeting notes (Feb 2024)**
  - a. The Chair asked attendees if they had any remarks on the record of the previous BVB meeting that had been previously circulated.
  - b. One Board member said they had a small editorial suggestion they would communicate to the TD later.
  - c. Other Board members present acknowledged they had received the comments and had no comments.
  - d. Next steps:
    - i. None.
2. **Opening remarks by the Chair**
  - a. The Chair welcomed the attendees.
  - b. Next steps:
    - i. None.
3. **Global updates from BVB members**
  - a. The Chair noted that members of the BVB had provided feedback to EFRAG about IFRS 16. He also pointed out that he was involved in an academic study examining fairness opinions in **Australia**.
  - b. The member from **Luxemburg** remarked that she had delivered several addresses in her area and was scheduled to host the Technical Director of the IVSC and of the IVSC's BVB at a webinar organised by the LVPA.
  - c. The member from the **Netherlands** said he had conducted a course at the Vrije Universiteit Amsterdam focusing on valuation.
  - d. The Board member from **Canada** noted the progress of the initiative on the ESG Request for information.
  - e. The following forthcoming events were mentioned:
    - i. A scheduled, virtual presentation by the BVB TD and other IVSC Board members to the AASB and Auditing and Assurance Standards Board (**Australia**).
    - ii. An in-person conference to be held in Shanghai (PRC) on 11<sup>th</sup> April, hosted by the **China** Appraisal Society.
    - iii. The BVB TD disclosed that the **Singapore** team is working on a project of a one-day conference in Q4 on "IVS and the Law", to gather lawyers, judges, arbitrators and other persons involved in the legal profession. He also noted that the Intangible Asset Framework Disclosure initiative was being implemented.
  - f. Next steps:
    - i. None.
4. **Perspective paper on the valuation of data**
  - a. The BVB TD disclosed the Download count for the recent perspective paper "Valuing Data", published on 29<sup>th</sup> February 2024.

- b. Website: The article has been the fourth most visited page on the IVSC website, after the homepage, the article on the update to IVS, and the 'Our Standards' page. The page has been visited by 3,317 unique IP addresses as of 19.03.24.
  - c. LinkedIn: The paper was promoted through two LinkedIn posts which, taken together, would make this Perspectives Paper one of the most 'viewed' perspectives papers we have issued.
    - i. The first (01.03.24) had 9,419 unique impressions, 477 clicks through to the PDF, and 37 reposts.
    - ii. The second (13.03.24) had the PDF embedded. It obtained 6,385 unique impressions, 4,907 clicks, and 29 reposts.
  - d. The TD also disclosed he had received approximately 20 emails of appreciation and two substantial and positive comments emanating from one professional in the US and a former Board member of a Financial Reporting standard-setter.
  - e. Next steps:
    - i. None.
5. **Update on Capstone Perspective Paper on Intangible Assets.**
- a. The BVB TD remarked that he had circulated a draft version of the perspective paper on Intangible assets that would examine customer related assets and conclude the series.
  - b. The Board agreed to comment in writing and discuss the paper at the next physical meeting to be held in London in May.
  - c. Next steps:
    - i. None.
6. **Upcoming Physical meeting in London in May 2024:**
- a. The chair requested that Board members forward to the BVB TD their suggestions for items to be included on the agenda of the upcoming physical meeting in London in May 2024
    - i. Besides guest meetings and standing items, the following topics were suggested:
      - 1. Possible review of IVS 230 Inventory
      - 2. Possible review of IVS 220 Non-Financial liabilities: the impact of differences US GAAP and IFRS on valuation.
  - b. The Board discussed possible external guests for meetings in London. He disclosed that a working session had already been arranged for a meeting with the IASB. The TD BVB will endeavour to arrange meetings with:
    - 1. A specialist on Blockchain and Crypto from Kroll.
    - 2. A senior executive from EY
    - 3. Representative(s) from the UKEB
    - 4. An academic from the LSE.
    - 5. Former equity analysts who write on valuation techniques.

- c. Next steps:
    - i. None.
- 7. **IASB Exposure Draft Business Combinations—Disclosures, Goodwill, and Impairment (released 14 March 2024).**
  - a. The chair noted that the IASB Exposure Draft Business Combinations—Disclosures, Goodwill, and Impairment had been circulated to Board members.
  - b. The Board agreed to consider the paper at the next physical meeting to be held in London in May and informally communicate the tenor of its discussions to representatives of the IASB whom it is scheduled to meet then.
  - c. Next steps:
    - i. None.
- 8. **Miscellaneous**
  - a. The Board held an impromptu discussion following the statement by a large professional services firm that its valuations were “consistent” with IVS.
  - b. The Board noted that this was an encouraging development, despite falling short of systematic compliance with IVS.
  - c. Several Board members pointed out that the reluctance to comply with IVS might stem from the perceived incompatibility of the IVS with other statutory rules in effect in various jurisdictions.
  - d. A participant mentioned that this reluctance was also observable in judicial settings where expert witnesses use, and adjudicators expect, valuations to be aligned with IVS despite not claiming formal compliance.
  - e. A participant observed that major institutional investors should be encouraged to reference the IVS in their annual reports.
  - f. Board members agreed that it would be beneficial that firms be encouraged to state that valuations are consistent with IVS.
  - g. Next steps:
    - i. None.

[Meeting ends at 2155 London time].