



**The Japanese Institute of
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April 30, 2020
The International Valuation Standards Council
4 Lombard Street
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Comments on the *Exposure Draft “IVS 230 Inventory”*

The Japanese Institute of Certified Public Accountants (the “JICPA”) welcomes this opportunity to comment on the Exposure Draft of International Valuation Standards (IVS) 230 Inventory (the “Exposure Draft”). The JICPA, hereby, states its replies to the questions stated in the Exposure Draft as follows.

1. Please provide any comments or suggested edits to the draft standard for consideration by the Boards.

(Comment)

[Guidance on volume]

Although inventory is made up of two important components (volume and unit price), there is no guidance on volume in this IVS. As volume is crucial to the valuation of inventory, we ask the Board to consider adding a guidance on the points to note when confirming credibility or reliability of volume to the general standard, IVS 102, or IVS 230.

[Paragraph 60.4 the measurement date]

The term “the measurement date” is found in paragraph 60.4. We believe, however, that the term “the valuation date” would be more appropriate. If not, could you provide an explanation of the difference between the two terms?

2. Are you aware of additional applicable guidance not cited in this Exposure Draft?

(Comment)

No.

3. Are you aware of additional methods or best practices to value inventory not cited in this Exposure Draft?

(Comment)

No.

4. Do you believe that the addition of IVS 230 to IVS will help reduce diversity in practice and enhance practice with regard to the valuation of inventory?

(Comment)

We believe that the addition of IVS 230 will enhance practice with regard to the valuation of inventory.

5. Do you agree with the classification of the Top-Down Method and Bottom-Up Method under the Income Approach? If not, do you believe they would be more appropriately classified under the Market or Cost Approach, or under a new category such as the Hybrid Approach?

(Comment)

We agree. Both the Top-Down Method and the Bottom-Down Method align with the basic concept of the Income Approach. Therefore, the three valuation approaches (the Income Approach, the Market Approach, and the Cost Approach), will suffice and no new category such as the Hybrid Approach is necessary.

6. Do you agree that real property assets should be excluded from the scope of IVS 230?

(Comment)

We agree.