



**The Japanese Institute of
Certified Public Accountants**

4-4-1 Kudan-Minami, Chiyoda-ku, Tokyo 102-8264, Japan
Phone: 81-3-3515-1160 Fax: 81-3-5226-3356
Email: smp@jicpa.or.jp

April 30, 2021
The International Valuation Standards Council
4 Lombard Street
LONDON
EC3V 9AA
United Kingdom

Comments on the IVS Additional Technical Revisions 2021 Exposure Draft

We at the Japanese Institute of Certified Public Accountants express our respect to the International Valuation Standards Council (“IVSC”) for making continuous efforts and welcome the opportunity to comment on the IVS Additional Technical Revisions 2021 Exposure Draft.

The following are our answers to those of the questions contained in the exposure draft which we thought we should comment on, other than those which we agree to or have no particular comments on.

I IVS Introduction

Question 1.2: Are there any revisions or additions that you would make to the Core Principles of Valuation? If yes, please provide full details of the recommended revisions or additions, together with your reasoning for the proposed changes.

(Our comments)

Regarding the “scope of work” stated in IVS103 30.1(a), this provision sets out what should be described in valuation reports. As part of the proposed changes, IVS101 10.1 Scope of Work includes the types of valuers, as shown below. We believe it is preferable to expressly state that the types of valuers are included in the scope of work that should be described in valuation reports.

- (a) Valuations performed by valuers for their own employers (employed)
- (b) Valuations performed by valuers for clients other than their employers (engaged)

III IVS Framework

Question 3.2: Do you agree with the proposed revisions to Section 30 Valuer to incorporate an individual or groups of individuals whether employed or engaged? If not please provide your reasoning.

(Our comments)

We agree with the proposed revision. We have made comments in relation to this question in Question 1.2.

Question 3.3: Do you agree with the proposed revisions to Section 50 Competence to incorporate groups of individuals whether employed or engaged? If not please provide your reasoning.

(Our comments)

We agree with the proposed revision. We have made comments in relation to this question in Question 1.2.

VII IVS104 Bases of Value

Question 7.3: Should the valuer expressly state the primary reason for the sum of the value of the individual allocated components differing from the value of the assets on an aggregate basis as stated in 220.3? If not, please provide your reasoning.

(Our comments)

Some members have expressed concerns that valuers may sometimes find it difficult to expressly state the primary reason.

Question 7.4: Section 220 has been drafted to apply to all specialisms. Should additional Information be included within the Assets Standards for Business Valuation, Financial Instruments or Tangible Assets? If yes, please provide examples of the initial information to be include.

(Our comments)

To facilitate understanding among IVS users, we believe it is preferable to set out specific aspects to which allocation of value is applied (such as PPAs, the OPM on the allocation of values between preferred and common stocks, and the allocation of values between land and buildings), in an appropriate section, such as basis for conclusions.

VIII IVS105 Valuation Approaches and Methods

Question 8.1: Do you think that IVS 105 Valuation Approaches and Methods should include a section on the Hybrid Approach? If not, please provide your reasoning.

(Our comments)

Some members have commented that the existing three approaches would be sufficient for financial instruments for the sake of consistency with the definitions of IFRS 13 Fair Value Measurement.

Question 8.3: Do you think that valuers should consider the elements contained within Section 100.1 on Data Management in order to ensure the accuracy and appropriateness of the data? Are there any elements that you feel should be added or removed? Please provide your reasoning.

(Our comments)

We understand that the intent of the proposed change to IVS105 as set out in 100.1 is to require valuers to comprehensively consider the usability of these elements, taking account of purposes and the scope of work, rather than requiring them to provide opinions about each of the elements from a. to e. If this is not the case, it is concerned that any elements provided from outside, in particular, might cause problems to opine those elements with practical business.