

**WELCOME ADDRESS BY HARSHA BASNAYAKE, CHAIRMAN, INSTITUTE OF VALUERS AND APPRAISERS, SINGAPORE AND ASIA PACIFIC DEPUTY AREA MANAGING PARTNER AT EY AT THE IVAS-IVSC BUSINESS VALUATION VIRTUAL CONFERENCE ON 6 AND 7 OCTOBER 2021**

**Introduction**

Minister Indranee Rajah, Minister in the Prime Minister's Office and Second Minister for Finance and National Development

Mr Alistair Darling, Chairman of the Board of Trustees of the International Valuation Standards Council

Mr Chaly Mah, Chairman of the Singapore Accountancy Commission

Members of the SAC Board, IVAS Council, CVA Charter holders, Industry Partners

Ladies and Gentlemen:

1. Good morning! Welcome to the annual IVAS–IVSC Business Valuation Conference. Once again, we are meeting virtually and all of us at IVAS are delighted that we have another enthusiastic participation from Singapore and across the Region. Thank you for joining us and investing your time over these two days.
2. Reflecting on our collective experiences here in Singapore and in the wider Asia Pacific Region, we continue to remain physically distanced, largely confined domestically due to the Covid pandemic. The consequences and the magnitude of uncertainties can only be explained by our individual and collective experiences. In times like this, I am reminded of one of the important attributes that is well known to us as business valuers - we must set our expectations with realistic optimism. As vaccination programs continue to be rolled out at a steady pace across the region, and governments and businesses alike work to address multiple challenges, we have to imagine that as societies we will overcome this. But getting there may not be easy.

### **Welcome Minister Indranee Rajah**

3. As we kick off the Conference this morning, we are delighted that Minister Indranee Rajah, Minister in the Prime Minister's Office, Second Minister for Finance and National Development is once again joining us as our Guest of Honour. Minister Indranee has been a great support and encouragement to IVAS and the broader valuation profession and I want to thank the Minister for her generous time commitment to be part of the Conference, despite her multiple priorities.

### **Welcome Alistair Darling and relationship with IVSC**

4. IVAS is once again partnering with the International Valuations Standards Council (IVSC) to host this Conference. It is our fifth year. Mr Alistair Darling, Chairman of the Board of Trustees of IVSC is also joining us once again to be part of the Conference – Alistair thank you both for your time and your leadership in steering the valuations profession across the world in these unprecedented times.
5. As many of you know IVAS has become a Valuation Professional Organization (VPO) member of IVSC early this year. And we continue to invest into our relationship with IVSC for the benefit of all business valuers and the broader valuation profession in Singapore and the wider region.
6. This Conference is one of the marquee events that emerged from our relationship. Based on responses we have been receiving over the years, IVAS-IVSC Business Valuations Conference has become a signature event for all valuers and corporate finance professionals as it is a platform for sharing of ideas for high standards of conduct for valuers, promoting technical, ethical standards and practices and debate issues that are of interest. Your enthusiastic participation makes this all possible.

## Conference Theme

7. Building on our last year's Conference, we selected **Reframing Valuations: Intangibles, ESG and Long Term Value** is the theme for this year's Conference. To reflect on the importance of this topic for us all I want to quote a passage written by Mr Mark Carney, the distinguished former Governor of the Bank Of England as well the Bank of Canada in his book titled "Value(s): Building a Better World for All". I quote:

*"What is value?*

*How is it grounded?*

*Which values underpin value?*

*Can the very act of valuation shape our values and constrain our choices?*

*How do the valuations of markets affect the values of our society?*

*Does the narrowness of our vision, the poverty of our perspectives, mean we undervalue what matters to our collective wellbeing?"*

8. In many respects these are profound questions for us all as professionals that carry the expertise and the expectation of knowing the value of everything. Our work and our opinions form an important attribute in the better functioning of our capital markets and the broader financial system, regardless of its geopolitical orientation. Business valuations are critical for the world to work better.
9. For that responsibility to be upheld we must as a profession - beyond compliance with professional standards and ethics and getting the math right - carry the burden of being in the know of emerging trends that are impacting businesses and values.
10. Today a business will not survive if it doesn't make decisions and capital choices through the lens of long-term value. Smart companies are those that strike a balance between short-term decisions that impact the continuing financial health of the business as well as long-term value accretive strategies.

11. When considering long-term value, we must also acknowledge the new movement of broader stakeholder consciousness, that has accelerated with pace to recognize that the purpose of a business is to profitably solve problems of people and the planet and not to profit from creating problems.
12. This shift in focus of purpose of a business to move beyond the interests of its shareholders to its stakeholders – its customers, employees, wider society, and the planet - recognizes the importance of environmental, social and governance policy choices of a business to ensure its sustained longevity.
13. This consciousness is further broadening the appreciation of intangible value of a business and its stakeholders that results not just from innovation-led activities and capital choices but also **purpose-led** policy and capital choices that are solution oriented to climate change and social equity and inclusion.
14. Businesses are recognizing that there is a growing demand for products and services where the underlying supply chains deployed are deeply rooted to positively impacting climate change, just and equitable employee policies and social good. This demand represents new business opportunities and risks - physical, regulatory transition or reputational - that businesses will have to face in the long run.

### ***New paradigm for measuring business performance***

15. A substantial proportion of this purpose-led value is under measured in traditional balance sheets. The reality is that generally accepted accounting standards and practices and how we measure financial performance of businesses has not kept pace with this shift in mindset, especially in relation to corporate action and capital decisions for long-term value bias.
16. Remeasurement of the financial performance is making it possible for one to approach the assessment of the intrinsic value of a business differently, by

recognizing the impact resulting from the behavior of newer market forces at play in the face of innovation and purpose-led influences.

17. Thinking about and analyzing valuation implications of strategic capital choices – whether innovation-led or purpose-led – enables companies to frame opportunities and challenges with clear alignment their purpose of profitably solving problems of people and the planet. Valuations can be used as the common language and framework to articulate the true long-term value contribution of a business and a positive influence for action for change.

18. We will debate these issues at the various sessions of over these two days. I have no doubt that the speakers and panelists that will share their insights will add great value to our own thinking and provide clarity to our own curiosity on all these issues.

### **IVAS Activities**

19. I also want to spend a few minutes to share with you few important initiatives that IVAS has undertaken over the past year.

20. Early this year IVAS hosted the Singapore Business Valuation Roundtable with the participation of American Society of Appraisers (ASA), CBV Institute, China Appraisal Society, Royal Institution of Chartered Surveyors and IVSC to debate and discuss two key trends that we are also discussing in this Conference. Namely:

- The increasing significance of Intangible Assets; and
- The growing movement to redefine the value of a business as value to all stakeholders.

21. We recently published a summary of the discussions from that roundtable for the benefit of the wider profession. As a follow up, some of the participating VPOs have formed a working group to identify issues for the purpose of contributing to the development of the global valuation profession in relation ESG and Intangible Assets and the broader qualitative narrative, in terms of measuring the value of businesses or assets.

22. We have also formed a taskforce to proactively contribute to SIPS 2030, partnering with IPOS to ensure alignment between our goals. This includes:

- (a) Developing Intangible Assets (IA)/ Intellectual Property (IP) valuation guidelines that are interoperable with other jurisdictions, and based on International Valuation Standards; and
- (b) Building a pipeline of IA/IP valuation experts who will increasingly be required to help organisations value their growing intangible assets.

23. We have expanded our partnership with NTU through the signing of a new 5-year partnership agreement earlier this year, to ensure that the Chartered Valuer and Appraiser (CVA) Programme remains relevant and that candidates are offered the best possible learning journey. A joint Learning and Assessment Working Group (LAWG) that has been established. LAWG will be responsible for the refresh of the CVA Programme.

24. Through this renewal of our relationship with Nanyang Technological University (NTU), the CVA programme will be streamlined from the current 6 modules into 4 modules culminating in a Capstone module. The introduction of the Capstone module will allow candidates to better appreciate the application of what they have learned from earlier modules in real life work situations. The new CVA programme will be introduced in phases with the first 2 new modules to be launched in January 2022.

25. I am very pleased that the CVA programme has now become a unique qualification for mid-career professionals and the standard bearer for Business Valuers in Singapore and the wider region. We are incredibly encouraged by the steady enrollments that we have continued to experience even with the Covid disruptions. The CVA programme is developed based on a robust curriculum with a strong practical orientation designed to provide technical knowledge, high professional standards and develop competencies for existing and aspiring Business valuers.

## **Conclusion**

26. In conclusion, I want to thank all our stakeholder for the tremendous guidance that we continue to receive including NTU, IVSC, Industry Partners and fellow CVA Charter holders - who volunteer their resources and time to make our initiatives a reality.
27. To the Chairman and Board of Directors of the Singapore Accountancy Commission for your continued support of IVAS and the tireless SAC team that support and act as IVAS secretariat.
28. My sincere thanks also go to by my Council Members in IVAS – both past and present. It has been my deepest honour and privilege to serve the profession together with this team as we continue to navigate our journey forward.
29. Finally, our sincere thanks to all of our Conference speakers and panelists as well as the organizing committee for coming together to provide us two rich days of content. We want to specially thank our Premier Sponsor – ACCA, as well as our Platinum Sponsors – Deloitte Southeast Asia, EY, KPMG Singapore, Duff & Phelps, Nexia TS and PwC Singapore.
30. Once again, thank you for your participation and I wish you an enjoyable and insightful experience over the next two days. Take care of your wellbeing and stay healthy, be responsible so that we can proactively and collectively do our part to save lives and livelihoods. Thank you!