Australian Government
Australian Accounting Standards Board

Staff Paper

Project:	**Fair Value Measurement for NFP Entities**	**Meeting:**	AASB March 2020 (M174)
Topic:	**ROU assets under concessionary leases and draft ED**	**Date of this paper:**	19 February 2020
Contact(s):	Patricia Au pau@aasb.gov.au (03) 9617 7621 Fridrich Housa fhousa@aasb.gov.au (03) 9617 7618 Jim Paul jimpaul87@hotmail.com	**Agenda Item:**	11.1
		Project Priority:	Medium
		Decision-Making:	Medium
		Project Status:	Consider draft of the ED and decide on the next steps

Objective of this agenda item

1. The objective of this agenda item is for the Board to:

- **decide** whether a revised working draft of an Exposure Draft (draft ED) proposing amendments and accompanying guidance (including the draft illustrative examples) in AASB 13 *Fair Value Measurement* for application by not-for-profit entities (Agenda Paper 11.2) reflects the decisions made by the Board at its November 2019 meeting;

- **decide** the principles and guidance on the fair value measurement of right-of-use (ROU) assets arising under concessionary leases to be set out in the Exposure Draft (refer to Appendix B); and

- **decide** on the next steps, including further consultation required to finalise the ED and suggested outreach activities to follow the issuance of the ED.

Reasons for bringing this agenda item to the Board at this meeting

2. The Board considered the initial version of the working draft ED at its June 2019 meeting. At its November 2019 meeting, the Board considered an updated version of the draft ED, which included staff's preliminary suggested guidance on fair value measurement of ROU assets arising under concessionary leases.

3. Staff have amended the draft ED based on decisions made by the Board at the November 2019 meeting (Agenda Paper 11.2). Additionally, this paper includes staff's alternative proposals regarding the fair value measurement of concessionary ROU assets, for the Board's consideration. This alternative approach was developed upon consideration of the comments from Project Advisory Panel members at the Panel meeting held on 10 February 2020 (see paragraph 7) and staff consider more practical and less costly for NFP entities to measure the fair value of concessionary ROU assets. Staff's proposed alternative approach to the fair value

measurement of concessionary ROU assets has not been reflected in the draft ED given the timeframes and the fact that Board had not discussed the alternative approach.

4. In this meeting, staff ask for the Board's view on the alternative proposals on fair value measurement of ROU assets arising under concessionary leases, and make decisions on the drafting of the proposed amendments and additional illustrative examples to be set out in the ED. [**Note: the Basis of Conclusions has been marked up to show key changes made since the November 2019 draft. Changes made in other sections of the draft ED have not been marked up; however, new illustrative examples are identified in the draft.]**

5. Staff also request Board members to consider the next steps and proposed outreach activities and project timeline.

Structure

6. This paper is structured as follows:

   (a) Overview (paragraphs 7–11);

   (b) Appendix A: High-level summary of feedback from Panel members and other stakeholders and proposed next steps;

   (c) Appendix B: Staff's proposed alternative approach to fair value measurement of ROU assets arising under concessionary leases; and

   (d) Appendix C: Proposed project milestones and timeline including outreach activities.

Attachments

Agenda Paper 11.2	Working draft of Exposure Draft *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Entities Held Primarily for their Service Capacity*

Feedback from Panel members and other stakeholders

7. The AASB's Fair Value Measurement Project Advisory Panel met on 10 February 2020 to provide feedback on the revised and additional illustrative examples on ROU assets under concessionary leases and the new illustrative example on 'composite assets' (Agenda Paper 11.2 - Illustrative Examples 6-10 and 11, respectively). Additionally, staff have consulted with other stakeholders since the November 2019 meeting. A high-level summary of the feedback received from these stakeholders is included in Appendix A with the staff proposal on the next steps for Board's consideration.

Staff's proposed alternative approach to fair value measurement of ROU assets arising under concessionary leases

8. Upon consideration of feedback received from the Panel and consultations with other stakeholders, staff have proposed an alternative approach in providing guidance on the fair value measurement of ROU assets arising under concessionary leases. The proposal is outlined in Appendix B, for the Board's consideration.

Proposed timeline

9. A proposed project milestones and timeline including proposed outreach activities is included in Appendix C for the Board's consideration.

Questions to the Board

10. Staff have included a number of comment boxes in the working draft ED (Agenda Paper 11.2) to explain the main changes made to the draft ED since the November 2019 draft. Specific questions for the Board have also been included as comment boxes in the working draft ED.

11. Specific questions for the Board regarding staff's proposals contained in Appendix A, B and C have been included in respective Appendices.

Appendix A – High-level summary of feedback from Panel members and other stakeholders and proposed next steps

A1. The AASB's Fair Value Measurement Project Advisory Panel met on 10 February 2020 to discuss fair value measurement of ROU assets arising under concessionary leases. Staff considered the feedback received at this meeting (including commentary on fair value measurement of underlying assets being the reference for valuation of some ROU assets under concessionary leases) and further information obtained during the consultations with other stakeholders as important input for Board's deliberation when developing guidance on fair value measurement.

A2. Below is a high-level summary of the feedback received:

1. Different methodologies are currently used to measure the fair value of restricted land and restricted buildings on that land due to different understanding of the meaning of 'service capacity' and its relationship to exit value – some entities consider that the service capacity of a parcel of restricted land has been reduced by the restriction; and therefore it would be appropriate to apply a discount to adjoining land to reflect the restriction – the discount may represent market evidence, but may also be an estimate of the probability of the land restriction being lifted to enable its highest and best use in the future. In contrast, they are of the view that a similar discount would not need to be applied to a restricted building on that land because the building is built to fulfil a specific purpose, as confined to the restriction; and therefore, the service capacity of the building is not reduced by the restriction. This seems to be a common practice across Australian public sector NFP entities and is not seen as applying 'inconsistent' methodologies. They see the combination of the discount for 'loss of service potential' and the current replacement cost of the building to be consistent with the exit value of the land and building. In contrast, the Board's discussion to date reflects a view that a true 'exit value' under AASB 13 would reflect the combined land and building capacity for future cash flows.

2. Some stakeholders commented that land and buildings are sometimes valued as a composite asset with one value—and one discount—that needs to be allocated between the land and the buildings. To identify the value of an individual component, some valuers might estimate the fair value of the building (using current replacement cost (CRC) in most cases if the building has restrictions) and the value of the land would the difference between the composite asset and the value of the building.

3. Number of stakeholders expressed concerns regarding the availability of data about the fair value of equivalent restricted/unrestricted assets, and the cost associated with obtaining this data and the application of the current proposals. Those stakeholders commented that the proposals would be likely to require valuations of assets, particularly restricted land, to be reperformed, which would incur a high cost. Some stakeholders commented that the revaluation would be considerably more complex than simply removing the discount that had been applied to the restricted asset; however, some other commentators thought removing the discount that had been applied to a valuation would not be an onerous exercise.

4. With respect to concessionary ROU assets, some stakeholders are concerned that data related to market rentals and both the fair value and useful life of the underlying asset might not be readily available. In addition, where the fair value of the underlying asset is ascertainable, it is challenging to determine the difference between that value and the fair value of the ROU asset, particularly when the underlying asset includes land.

5. Some stakeholders in the NFP private sector also raised concerns that some smaller NFP entities might not have the financial capability to perform valuations on concessionary ROU assets or have the resources to obtain observable evidence to measure the fair value of concessionary ROU assets.

6. Australian Bureau of Statistics (ABS) currently uses the fair value amounts stated in public sector financial statements for their Government Finance Statistics (GFS) reporting. However, they have expressed that they want to further discuss with the AASB about the current practice in the public sector and how the proposals would impact these financial statements.

A3. Some private sector NFP entities also commented that it seems to be unclear whether they would be allowed to continue to apply the temporary relief (to not measure concessionary ROU assets initially at fair value) as the fair value guidance is being finalised. Staff noted that when issuing AASB 2018-8 *Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities* the Board decided that, for private sector NFP entities, this temporary relief would be reassessed after the financial reporting framework for private sector NFP entities has been finalised.

A4. Some stakeholders continue to support the Board's current proposals; however, this appear to be a significant minority.

Next steps

A5. Staff's proposed immediate next steps regarding the above are:

1. Continue focused discussion with stakeholders prior to the finalisation of the ED (in line with the timeline proposed in Appendix C) to obtain further information regarding their concerns, methodologies actually applied in practice, and the conceptual support for the current approaches, in particular on:

    a. the current valuation approach to measuring the fair value of restricted land and restricted buildings on that land;

    b. targeted feedback from users of not-for-profit financial statements, including national accounts users, GFS users and credit analysts;

    c. extent of change that would be involved in implementing the Board's current proposals; and

    d. subject to Board's decision, stakeholders' views on the alternative approach to fair value measurement of ROU assets arising from concessionary leases (Appendix B).

2. Consider additional comments and suggested examples provided by Panel members regarding fair value measurement of concessionary ROU assets.

3. Analyse additional measurement-related issues raised by individual Panel members and bring some of them for the Board's deliberation at a future meeting.

4. In respect of private sector NFP lessees, staff recommend the Board reaffirm to these stakeholders that the Board would not consider whether to abolish the temporary relief (to not measure concessionary ROU assets initially at fair value) until after the financial reporting framework for private sector NFP entities has been finalised. Staff recommend

that it would be beneficial to provide an overview of some options the Board would consider when reassessing the temporary relief, for example:

- whether to provide a permanent option for private sector NFP entities to not measure concessionary ROU assets initially at fair value, in respect of:
    - those concessionary leases entered into prior to the application date of AASB 16 for concessionary leases; or
    - all concessionary leases; and
- whether a permanent option (whichever of the above options is selected, or another variation) should be provided in all financial reporting tiers of NFP private sector entities or only for those in the middle and lower reporting tiers.

Questions for Board members
Q1: Do Board members agree with staff's proposed immediate next steps in paragraph A5? Do Board members consider any other issues staff should further consult on?

Appendix B – Staff’s proposed alternative approach to fair value measurement of ROU assets arising under concessionary leases

B1. This Appendix outlines staff’s proposed alternative approach to fair value measurement of ROU assets arising under concessionary leases, for the Board’s consideration.

B2. Staff’s suggested alternative approach is designed to provide a practical way for NFP entities to measure the fair value of concessionary ROU assets, by providing ROU-specific guidance that includes more explicit steps than the valuation methodology applicable to the fair value measurement of owned assets. Despite these differences, the suggested alternative approach to concessionary ROU assets would:

- still broadly reflect the Board’s tentative decision in November 2019 that the fair value of such ROU assets should be estimated based on the same fundamental principles as those for measuring the fair value of owned assets; and

- conform to the core principle in AASB 13 paragraph 61 to use “… techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, **maximising the use of relevant observable inputs** and minimising the use of unobservable inputs” (emphasis added).

B3. When considering ‘relevant observable inputs’ for measuring fair value of concessionary ROU assets, staff considered the following factors:

- some lessees of concessionary leases might sublease part of the underlying asset in an arm’s length transaction and as a result obtain a market rental for the sublease. The sublease rental could be considered an observable input in measuring the fair value of the ROU asset under the head lease if both leases were considered equivalent; and

- the fair value of the asset underlying a lease is often used as a reference point in the determination of the rental amount that should be applied to the lease. Staff consider that the fair value of the underlying asset can be considered an observable input in measuring the fair value of the ROU asset.

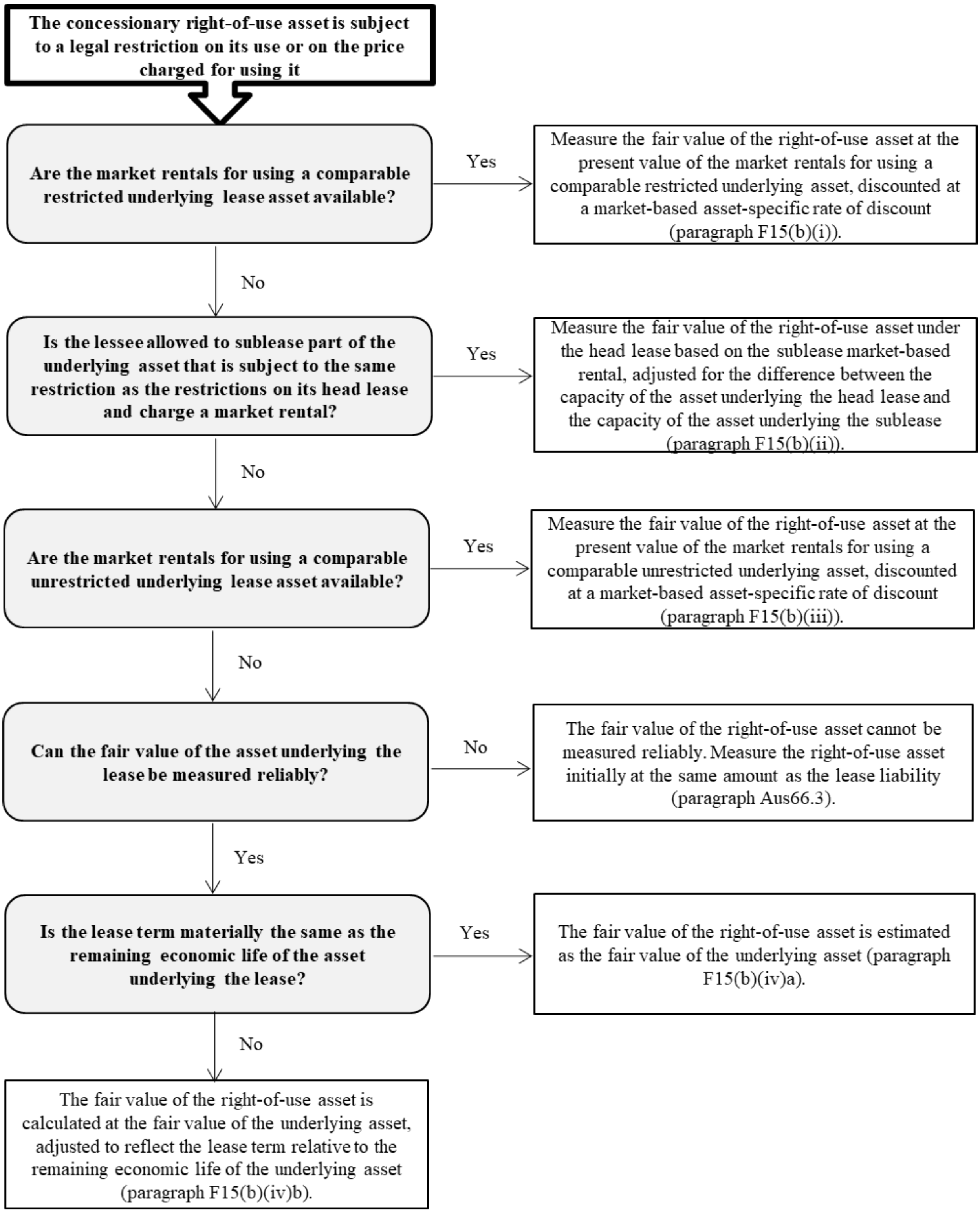
B4. Therefore, based on paragraph B3, staff have prepared the following flowchart and related guidance to:

- illustrate a possible methodology to maximise observable inputs when measuring the fair value of concessionary ROU assets;

- include a practical expedient where it is necessary to refer to the fair value of the underlying asset—to avoid some of the potential complexities in adjusting the fair value of the underlying asset to reflect a shorter lease term than the economic life of the underlying asset; and

- identify the exceptional circumstance in which the fair value of the concessionary ROU asset cannot be measured reliably.

B5. The flowchart assumes the concessionary ROU assets are subject to restrictions. Staff consider that the process for measuring the fair value of a concessionary ROU asset that is not subject to restrictions would be similar (Note: paragraph references in the flowchart relate to staff’s draft guidance in paragraph B6).



B6. A draft version of the staff's proposed amendments to AASB 13 and draft implementation guidance is enclosed below for the Board's consideration.

Amendments to AASB 13

Valuation techniques

(Paragraphs Aus66.1, Aus66.2, Aus66.3 are added. Paragraphs 61–66 have not been amended but have been included for ease of reference.)

…

61 An entity shall use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

62 The objective of using a valuation technique is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Three widely used valuation techniques are the market approach, the cost approach and the income approach. The main aspects of those approaches are summarised in paragraphs B5–B11. An entity shall use valuation techniques consistent with one or more of those approaches to measure fair value.

63 In some cases a single valuation technique will be appropriate (eg when valuing an asset or a liability using quoted prices in an active market for identical assets or liabilities). In other cases, multiple valuation techniques will be appropriate (eg that might be the case when valuing a cash-generating unit). If multiple valuation techniques are used to measure fair value, the results (ie respective indications of fair value) shall be evaluated considering the reasonableness of the range of values indicated by those results. A fair value measurement is the point within that range that is most representative of fair value in the circumstances.

64 If the transaction price is fair value at initial recognition and a valuation technique that uses unobservable inputs will be used to measure fair value in subsequent periods, the valuation technique shall be calibrated so that at initial recognition the result of the valuation technique equals the transaction price. Calibration ensures that the valuation technique reflects current market conditions, and it helps an entity to determine whether an adjustment to the valuation technique is necessary (eg there might be a characteristic of the asset or liability that is not captured by the valuation technique). After initial recognition, when measuring fair value using a valuation technique or techniques that use unobservable inputs, an entity shall ensure that those valuation techniques reflect observable market data (eg the price for a similar asset or liability) at the measurement date.

65 Valuation techniques used to measure fair value shall be applied consistently. However, a change in a valuation technique or its application (eg a change in its weighting when multiple valuation techniques are used or a change in an adjustment applied to a valuation technique) is appropriate if the change results in a measurement that is equally or more representative of fair value in the circumstances. That might be the case if, for example, any of the following events take place: (a) new markets develop; (b) new information becomes available; (c) information previously used is no longer available; (d) valuation techniques improve; or (e) market conditions change.

66 Revisions resulting from a change in the valuation technique or its application shall be accounted for as a change in accounting estimate in accordance with AASB 108. However, the disclosures in AASB 108 for a change in accounting estimate are not required for revisions resulting from a change in a valuation technique or its application.

<u>Aus66.1</u> <u>Notwithstanding paragraphs 61–66, but excluding the right-of-use assets referred to in paragraph Aus66.2, to measure the fair value of a non-financial asset of a not-for-profit entity held primarily for its service capacity, if the asset has a legally restricted use or is subject to a legal restriction on the prices that may be charged for using it and:</u>

<u>(a)</u> <u>an equivalent restricted asset is obtainable in the marketplace at the measurement date for a price supported by observable market evidence, the asset is measured at fair value based on the available market evidence for the equivalent restricted asset; or</u>

<u>(b)</u> <u>an equivalent restricted asset is not obtainable in the marketplace at the measurement date for a price supported by observable market evidence, the asset is, subject to paragraph Aus66.2, measured at its current replacement cost without a discount to the current market buying price of an equivalent but unrestricted asset, which is deemed to be its fair value.</u>

<u>Aus66.2</u> <u>In respect of paragraph 61 and notwithstanding paragraphs 62–66, a not-for-profit entity that is a lessee shall measure the fair value of a right-of-use asset arising under a lease with significantly below-market terms and conditions principally to enable the entity to further its objectives by using techniques that are</u>

appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Relevant observable inputs for measuring such right-of-use assets include market rentals of a comparable underlying asset, the lessee's market rentals received for subleasing a part of the same underlying asset, and the fair value of the underlying asset.

Aus66.3 There is a rebuttable presumption that a not-for-profit entity that is a lessee can reliably measure the fair value of its right-of-use asset under a lease with significantly below-market terms and conditions principally to enable the entity to further its objectives. However, if, in exceptional cases, there is clear evidence when an entity first acquires a right-of-use asset that the fair value of the right-of-use asset cannot be measured reliably, the entity shall initially measure such a right-of-use asset at the same amount as the lease liability. This circumstance arises when, and only when:

(a) the fair value of the right-of-use asset can only be estimated by reference to available evidence of the fair value of the underlying asset that is the subject of the lease; and

(b) the fair value of the underlying asset cannot be measured reliably.

…

Appendix F [FOR AASB 13] Australian implementation guidance for not-for-profit entities

…

Fair value of lessees' right-of-use assets under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives

F15 Under paragraphs 61 and Aus66.2, for right-of-use assets held by not-for-profit entities under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives:

(a) if a right-of-use asset has neither a legally restricted use nor is subject to a legal restriction on the prices that may be charged for using it, and:

(i) if observable evidence for estimating market rentals of a comparable underlying asset is available, the fair value of the right-of-use asset shall be measured at the present value of the observable market rentals for using the comparable underlying asset, discounted at a market-based asset-specific rate of discount; or

(ii) if the lessee has sublet a part of the underlying lease asset to a third party, and the lessee obtained a market-based rental (ie an arm's length transaction) for the sublease, the lessee shall measure the fair value of its right-of-use asset under the head lease based on the sublease market-based rental, adjusted for the difference between the capacity of the asset underlying the head lease and the capacity of the asset underlying the sublease using market comparison techniques; or

(iii) if observable evidence in paragraphs F15(a)(i)–F15(a)(ii) is not available, as a practical expedient, the fair value of the lessee's right-of-use asset shall be measured at:

a. the fair value of the asset underlying the lease, if the lease term is materially the same as the remaining economic life of the underlying asset; or

b. the fair value of the asset underlying the lease, adjusted to reflect the lease term relative to the remaining economic life of the underlying asset, if the lease term is not materially the same as the remaining economic life of the underlying asset; or

(b) if a right-of-use asset has a legally restricted use or is subject to a legal restriction on the prices that may be charged for using it and:

(i) if observable evidence for estimating market rentals of a comparable restricted underlying asset is available, the fair value of the right-of-use asset shall be measured as the present value of the observable market rentals for using the comparable restricted underlying asset, discounted at a market-based asset-specific rate of discount; or

(ii) if the lessee has sublet a part of the underlying lease asset to a third party with the same restrictions as the restrictions on its head lease, and the lessee obtained a market-based rental (ie an arm's length transaction) for the sublease, the lessee shall measure the fair value of its right-of-use asset under the head lease based on the sublease market-based rental, adjusted for the difference between the capacity of the asset underlying the head lease and the capacity of the asset underlying the sublease using market comparison techniques; or

(iii) if observable evidence in paragraphs F15(b)(i)–F15 (b)(ii) is not available, the current replacement cost of the right-of-use asset shall be measured as the present value of the observable market rentals for using the comparable unrestricted underlying asset, discounted at a market-based asset-specific rate of discount; or

(iv) if observable evidence in paragraphs F15(b)(i)–F15(b)(iii) is not available, as a practical expedient, the fair value of the lessee's right-of-use asset shall be measured at:

a. the fair value of the asset underlying the lease, if the lease term is materially the same as the remaining economic life of the underlying asset; or

b. the fair value of the asset underlying the lease, adjusted to reflect the lease term relative to the remaining economic life of the underlying asset, if the lease term is not materially the same as the remaining economic life of the underlying asset.

F16 In respect of the practical expedient in paragraphs F15(a)(iii) and F15(b)(iv) in calculating the fair value of the lessee's right-of-use asset, if observable market evidence is readily available that the underlying asset conveys to a market participant buyer valuable rights other than the right to use it, the fair value of those other rights arising from ownership of the underlying asset shall be excluded from the fair value of the underlying asset (eg an adjustment is made to reflect the probability of a capital gain of the underlying asset). An entity need not undertake an exhaustive search to ascertain whether other valuable rights are conveyed by ownership of the asset underlying the lease.

F17 For the purposes of applying the practical expedient in paragraphs F15(a)(iii) and F15(b)(iv), if the asset underlying the lease includes land, the remaining economic life of the land shall be deemed to be 99 years.

F18 The guidance in paragraphs 18-21 and B34–B41 of AASB 16 applies in determining the non-cancellable lease term of the contract. B35 indicates that if only the lessor has the option to terminate a lease, the lessee ignores the lessor's right to terminate the lease when determining the non-cancellable lease term. However, in respect of the fair value measurement of right-of-use assets for the purposes of paragraph F15, as a practical expedient, from the lessee's perspective, if the lessor of a lease with significantly below-market terms and conditions principally to enable the lessee to further its objectives has an unconditional right to terminate a lease without cause at any time (or other terms economically similar):

(a) if the not-for-profit entity lessee has few such leases, the fair value of its right-of-use asset under the lease(s) is deemed to be immaterial; or

(b) if the not-for-profit entity lessee has more than a few such leases, it measures the fair value of its right-of-use assets as a portfolio of leases and estimating the probability overall for the portfolio that leases will not be cancelled.

[**Note to Board members: some valuers have indicated that if the lessor has the right to terminate a concessionary lease without cause, the fair value of the concessionary ROU asset would be low because of the uncertainty of the term.]**

F19 Under paragraph Aus66.2 of the [draft] Standard, in exceptional circumstances, if a not-for-profit entity lessee cannot measure reliably the current replacement cost of its right-of-use asset held primarily for its service capacity under a lease with significantly below-market terms and conditions principally to enable the entity to further its objectives, it initially measures that asset at the same amount as the lease liability.

Location of the guidance

B7. If Board members agree with staff's proposed alternative approach outlined in paragraphs B2–B5, staff recommend including this guidance in AASB 16 *Leases* instead of AASB 13. This is because:

- The proposal would establish a specific valuation method for measuring fair value of concessionary ROU assets that do not relate to fair value measurement of other assets;
- Under this alternative approach, other principles of AASB 13 (other than paragraph 61) and requirements (e.g. disclosure requirements) wouldn't apply to fair value measurement of a concessionary ROU asset. It could cause confusion to readers if this guidance is included in AASB 13; and
- It would be easier for preparers to refer to the rest of AASB 16 for guidance on other aspects of the lease arrangement, for example, definition of a lease and guidance on separating components.

Proposed next steps to progress this guidance

B8. If Board members agree with staff's proposed alternative approach outlined in paragraphs B2–B6, staff plans to consult with valuers and the Fair Value Measurement Project Advisory Panel for feedback on the alternative view, including practical application issues, and prepare a revised draft ED for the Board's consideration in April meeting.

Questions for Board members

Q2: Do Board members agree with staff's proposal to adopt a different valuation methodology to measure the fair value of concessionary ROU assets to that applied to the fair value measurement of owned assets?

Q3: Do Board members agree with the staff's proposed alternative approach in the paragraph B6?

Q4: If Board members agree with the proposal in Q2, do they agree with staff recommendation in paragraph B7 to put this guidance on fair value measurement of concessionary ROU assets in AASB 16 *Leases* rather than in AASB 13?

Q5: Do Board members agree with the proposed next steps and their timing outlined in paragraph B8?

Appendix C – Proposed project milestones and timeline including outreach activities

The following table contains a proposed project timeline for the Board's consideration and comment. The milestones and timeline will periodically be reviewed and updated to ensure the project path remains appropriate and the project can be adequately resourced.

<table>
<tr><th>Meeting / Deliverable</th><th>Project Milestones</th></tr>
<tr><td>5-6 March 2020:
Board meeting</td><td>Present updated analysis of fair value measurement issue regarding ROU assets in the form of illustrative examples in the draft ED.
Board to consider revised draft ED, feedback received from the panel and other stakeholder, staff alternative proposals on measurement of ROU assets arising under concessionary leases and decide on the next steps.</td></tr>
<tr><td>10 March – 14 April 2020</td><td>Subject to Board decisions at March meeting:
Staff to update draft ED based on decisions made in the March Board meeting;
Staff to perform further targeted consultation on remaining key issues:
the current valuation approach to measuring the fair value of restricted land and restricted buildings on that land;
stakeholders' views on the alternative approach to fair value measurement of ROU assets arising under concessionary leases.</td></tr>
<tr><td>29-30 April 2020:
Board meeting</td><td>Board to consider a revised draft of the ED reflecting outcome of further targeted consultations since March meeting.</td></tr>
<tr><td>1 – 25 May 2020</td><td>Subject to Board decisions at April meeting, staff to update draft ED based on decisions made in the April Board meeting.</td></tr>
<tr><td>11 June 2020:
Board meeting</td><td>Subject to Board decisions at April meeting, Board to consider ballot draft of the Exposure Draft.</td></tr>
<tr><td>25 June – 24 September 2020</td><td>Issue ED on 25 June 2020 for public comment for a period of 90 days. Comment period ends 24 September 2020.</td></tr>
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Meeting / Deliverable	Project Milestones
June – September 2020	Staff to conduct the following outreach activities to engage with stakeholders in relation to the proposals in the Exposure Draft: • Webinars and roundtables in key States • Discussion with the following stakeholders: - The AASB's Fair Value Measurement Project Advisory Panel - The Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC) - The Australasian Council of Auditors-General (ACAG) - The Australian Valuation Standards Committee (AVSC) - Australian Bureau of Statistics (ABS) - Key users of financial statements of NFP entities.
25 September – 26 October 2020	Staff to collate and analyse comments from submissions on ED. Staff to draft Board papers and draft Amending Standard reflecting Staff recommendations on how to address constituent comments, which could include changes to examples/guidance in ED and/or drafting more examples/guidance supporting AASB 13.
11-12 November 2020: Board meeting	Board to consider comments from submissions on ED and comments from stakeholders during outreach activities and decide how to proceed based on staff recommendations.
***November 2020 – January 2021**	Staff to update draft Standard based on decisions made in November 2020 meeting if Board decides to proceed and issue a Standard– this will be drafted as a ballot-draft Fatal-Flaw Review draft Standard (if Board decides to issue a Fatal-Flaw Review draft).
***January 2021:**	Board to vote out-of-session on ballot-draft Fatal-Flaw draft Standard (if Board decides to issue a Fatal Flaw).
***February – March 2021**	Issue Fatal-Flaw Review draft Standard for public comment with a comment period of 30 days (if Board proceeds with this option) and circulate to Panel members for comment. Comment period ends 31 March 2020.
***April 2021**	Collate comments on Fatal-Flaw Review draft Standard, prepare Staff paper, and update draft Standard with Staff recommendations on how to address constituent comments.
***May 2021**	Board to consider Staff paper and comments on Fatal-Flaw draft Standard and decide on the amendments/guidance (either at the meeting or in out-of-session).
***June 2021**	Issue final Standard

*Note: the timeline will change if the Board decides to make significant changes to the proposals in the ED as a result of feedback received and, as part of the due process, the Board needs to expose those revisions.

Question for Board members

Q6: Do Board members agree with staff's proposed project milestones and timeline?

Q7: Do Board members agree with the proposed outreach activities? Are there any other stakeholders staff and Board members should engage with?