



To:	AASB members	Date:	24 May 2011
From:	Mischa Ginns and Raymond Yu	Agenda Item:	3.1
Subject:	Fair Value Measurement	File:	

Action

Note issues raised in the AASB's submissions to the IASB on ED/2009/5 *Fair Value Measurement* and ED/2010/7 *Measurement Uncertainty Analysis Disclosure for Fair Value Measurement* that have not been adequately addressed in IFRS 13 *Fair Value Measurement* with a view to informing Board members for the purpose of their voting, out-of-session, at a future date on the publication of AASB 13 *Fair Value Measurement*.

Background

On 12 May 2011 the IASB issued IFRS 13, which is effective from 1 January 2013. IFRS 13 defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 does not specify when an asset, a liability or an entity's own equity instruments is required to be measured at fair value. Rather, the measurement and disclosure requirements of IFRS 13 apply when another IFRS requires or permits the item to be measured at fair value (with limited exceptions).

The fair value measurement project was part of the Memorandum of Understanding between the IASB and the Financial Accounting Standards Board (FASB). The new requirements result in IFRSs and US GAAP having the same definition of fair value and the same disclosure requirements about fair value measurements.

The Board considered an issues paper at its March 2011 meeting, on whether any NFP-specific modifications to the forthcoming IFRS on Fair Value Measurement would be warranted in the light of comments received on AASB ED 181 *Fair Value Measurement* and AASB ED 199 *Measurement Uncertainty Analysis Disclosure for Fair Value Measurements*. The Board decided that none of the issues in the issues paper warranted a NFP-specific modification to the forthcoming IFRS 13 when it is incorporated in an Australian Accounting Standard. For the March 2011 meeting, a copy of the IASB pre-ballot draft *Fair Value Measurement* was provided. For the April 2011 meeting, the Board received the near final Standard of IFRS 13 as part of its agenda papers when considering issues pertaining to IAS 41 *Agriculture* and the proposals in the IVSC Exposure Draft (*Proposed Technical Information Paper 2*) *Depreciated Replacement Cost*.

Overview

Staff have compared the AASB's comments on the key issues in ED/2009/5 and ED/2010/7 with the requirements in IFRS 13, in Agenda Paper 3.2, and have identified some issues raised by the AASB that have not been adequately addressed in IFRS 13. Although there are some concerns regarding the requirements in IFRS 13, AASB staff think that there are no significant fatal flaws that would cause us to recommend that the AASB should not incorporate IFRS 13 into AASB 13.

Tier 2 Disclosure Requirements

Staff note that the draft Tier 2 Disclosure Requirements for IFRS 13 has been sent to the RDR Subcommittee for review. Staff will also provide the RDR Subcommittee in due course with the draft Tier 2 Disclosure Requirements for the consequential amendments to other AASBs as a result of issuing AASB 13.

Attachments

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| Agenda Paper 3.2 | AASB Staff Paper – Comparison of IFRS 13 with the AASB's submissions on selected issues in the related Exposure Drafts |
| Agenda Paper 3.3 | IFRS 13 <i>Fair Value Measurement</i> |
| Agenda Paper 3.4 | AASB submission on ED/2009/5 <i>Fair Value Measurement</i> |
| Agenda Paper 3.5 | AASB submission on ED/2010/7 <i>Measurement Uncertainty Analysis Disclosure for Fair Value Measurement</i> |

Copies of Agenda Papers 3.3, 3.4 and 3.5 have not been provided for the June 2011 meeting. If Board members need copies, please contact Mischa Ginns at mginns@asb.gov.au.