International Financial Reporting Standard 13: Fair Value Measurement

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IFRS 13?

IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), but **not** to:

(a) Share-based payments;

(b) leasing transactions under IFRS 16 Leases; &

(c) Net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

IFRS 13 not required

IFRS 13 disclosures are not required for:

(a) plan assets measured at fair value in accordance with IAS 19 Employee Benefits;

(b) retirement benefit plan investments measured at fair value in accordance with IAS 26 Accounting and Reporting by Retirement Benefit Plans; and

(c) assets for which recoverable amount is fair value less costs of disposal in accordance with IAS 36.

IFRS 13 Fair Value Measurement

The single source of IFRS guidance on fair value measurements; requirements for the measurement of fair value; the methods of determining fair value applied in the past may no longer be acceptable; no need to measure more items at fair value; other IFRSs say when to measure fair value; IFRS 13 tells how.

Assets at Fair Value (1)

IAS 16 permits two accounting models: the **Cost model**: The asset is carried at cost less accumulated depreciation and impairment. **Revaluation model:** The asset is carried at a revalued amount, being its fair value at the date of revaluation less subsequent depreciation and impairment, provided that fair value can be measured reliably.

Assets at Fair Value (2)

- IFRS 5: After classification as held for sale: non-current assets or disposal groups that are classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell (fair value less costs to distribute in the case of assets classified as held for distribution to owners).
- IAS 40, investment properties, permits entities to choose between: a fair value model, and a cost model.

Definition of fair value

The IFRS 13 fair value measurement framework applies to both **initial** and **subsequent** measurement if fair value is required or permitted by other IFRSs.
IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement is for a particular asset or liability.

Measuring fair value

Therefore, when measuring fair value an entity must take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Such characteristics include, for example, the following:

(a) the condition and location of the asset; and

(b) restrictions, if any, on the sale or use of the asset.

The transaction

15 A fair value measurement assumes that the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions.

16 A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

(a) in the principal market for the asset or liability; or

(b) in the absence of a principal market, in the most advantageous market for the asset or liability.

Market participants

22 An entity measures the fair value of an asset or a liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

24 Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (ie an exit price) regardless of whether that price is directly observable or estimated using another valuation technique

Transaction & transport costs

25 The price in the principal (or most advantageous) market used to measure the fair value of the asset or liability shall not be adjusted for transaction costs. Transaction costs are not a characteristic of an asset or a liability; rather, they are specific to a transaction and will differ depending on how an entity enters into a transaction for the asset or liability.

26 Transaction costs do not include transport costs. If location is a characteristic of the asset (as might be the case, for example, for a commodity), the price in the principal (or most advantageous) market shall be adjusted for the costs, if any, that would be incurred to transport the asset from its current location to that market.

Highest and best use for non-financial assets

27 A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

29 Highest and best use is determined from the perspective of market participants, even if the entity intends a different use

Application to liabilities & an entity’s own equity instruments

34 A fair value measurement assumes that a financial or non-financial liability or an entity’s own equity instrument (eg. equity interests issued as consideration in a business combination) is transferred to a market participant at the measurement date. The transfer of a liability or an entity’s own equity instrument assumes the following: (a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date. (b) An entity’s own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

Liabilities & equity instruments held by other parties as assets

37 When a quoted price for the transfer of an identical or a similar liability or entity's own equity instrument is not available and the identical item is held by another party as an asset, an entity shall measure the fair value of the liability or equity instrument from the perspective of a market participant that holds the identical item as an asset at the measurement date.

Fair value of a liability or equity instrument

38 In such cases, an entity shall measure the fair value of the liability or equity instrument as follows: (a) using the quoted price in an active market for the identical item held by another party as an asset, if that price is available; (b) if that price is not available, using other observable inputs, such as the quoted price in a market that is not active for the identical item held by another party as an asset; (c) if the observable prices in (a) and (b) are not available, using another valuation technique, such as: (i)an income approach (e.g. a present value technique that takes into account the future cash flows that a market participant would expect to receive from holding the liability or equity instrument as an asset); (ii) a market approach (e.g. using quoted prices for similar liabilities or equity instruments held by other parties as assets.

Non-performance risk

42 The fair value of a liability reflects the effect of non-performance risk. Non-performance risk includes, but may not be limited to, an entity's own credit risk. Non-performance risk is assumed to be the same before and after the transfer of the liability.

Credit risk

43 When measuring the fair value of a liability, an entity shall take into account the effect of its credit risk (credit standing) and any other factors that might influence the likelihood that the obligation will or will not be fulfilled. That effect may differ depending on the liability, for example:

(a) whether the liability is an obligation to deliver cash (a financial liability) or an obligation to deliver goods or services (a non-financial liability).

(b) the terms of credit enhancements related to the liability, if any.

Exception to IFRS 13 (1)

48 An entity that holds a group of financial assets and financial liabilities is exposed to market risks and to the credit risk of each of the counterparties. If the entity manages that group of financial assets and financial liabilities on the basis of its net exposure to either market risks or credit risk, the entity is permitted to apply an exception to this IFRS for measuring fair value.

Exception to IFRS 13 (2)

That exception permits an entity to measure the fair value of a group of financial assets and financial liabilities on the basis of the price that would be received to sell a net long

position (i.e. an asset) for a particular risk exposure or paid to transfer a net short position (i.e. a liability) for a particular risk exposure in an orderly transaction between market participants at the measurement date under current market conditions.

Accordingly, an entity shall measure the fair value of the group of financial assets and financial liabilities

consistently with how market participants would price the net risk exposure at the measurement date.

Fair value at initial recognition

57 When an asset is acquired or a liability is assumed in an exchange transaction for that asset or liability, the transaction price is the price paid to acquire the asset or received to assume the liability (an entry price). In contrast, the fair value of the asset or liability is the price that would be received to sell the asset or paid to transfer the liability (an exit price). Entities do not necessarily sell assets at the prices paid to acquire them. Similarly, entities do not necessarily transfer liabilities at the prices received to assume them.

58 In many cases the transaction price will equal the fair value (e.g. that might be the case when on the transaction date the transaction to buy an asset takes place in the market in which the asset would be sold).

Initial recognition at fair value

59 When determining whether fair value at initial recognition equals the transaction price, an entity shall take into account factors specific to the transaction and to the asset or liability.

60 If another IFRS requires or permits an entity to measure an asset or a liability initially at fair value and the transaction price differs from fair value, the entity shall recognise the resulting gain or loss in profit or loss unless that IFRS specifies otherwise.

Valuation techniques

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.

Estimate the price

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. An entity shall use valuation techniques consistent with one or more of those approaches to measure fair value.

Market approach

B5 The market approach uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities, such as a business.

B6 For example, valuation techniques consistent with the market approach often use market multiples derived from a set of comparables. Multiples might be in ranges with a different multiple for each comparable. The selection of the appropriate multiple within the range judgement, considering qualitative and quantitative factors specific to the measurement.

B7 Valuation techniques consistent with the market approach include matrix pricing. Matrix pricing is a mathematical technique used principally to value some types of financial instruments, such as debt securities, without relying exclusively on quoted prices for the specific securities, but rather relying on the securities' relationship to other benchmark quoted securities.

Cost approach

B8 The cost approach reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

B9 From the perspective of a market participant seller, the price that would be received for the asset is based on the cost to a market participant buyer to acquire or construct a substitute asset of comparable utility, adjusted for obsolescence. That is because a market participant buyer would not pay more for an asset than the amount for which it could replace the service capacity of that asset. Obsolescence encompasses physical deterioration, functional (technological) obsolescence and economic (external) obsolescence and is broader than depreciation for financial

reporting purposes (an allocation of historical cost) or tax purposes (using specified service lives). In many cases the current replacement cost method is used to measure the fair value of tangible assets that are used in combination with other assets or with other assets and liabilities.

Income approach

B10 The income approach converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

B11 Those valuation techniques include, for example, the following: (a) present value techniques;

(b) option pricing models, such as the Black-Scholes-Merton formula or a binomial model (i.e. a lattice model), that incorporate present value techniques and reflect both the time value and the intrinsic value of an option; and

(c) the multi-period excess earnings method, which is used to measure the fair value of some intangible assets.

Apply valuation techniques consistently

65 Valuation techniques used to measure fair value shall be applied consistently. However, a change in a valuation technique or its application (e.g. 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.

Change in accounting estimate

- 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 IAS 8. However, the disclosures in IAS 8 for a change in accounting estimate are not required for revisions resulting from a change in a valuation technique or its application.

Inputs to valuation techniques

67 Valuation techniques used to measure fair value shall maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

69 An entity shall select inputs that are consistent with the characteristics of the asset or liability that market participants would take into account in a transaction for the asset or liability. In some cases those characteristics result in the application of an adjustment, such as a premium or discount. However, a fair value measurement shall not incorporate a premium or discount that is inconsistent with the unit of account in the IFRS that requires or permits the fair value measurement In all cases, if there is a quoted price in an active market (i.e. a Level 1 input) for an asset or a liability, an entity shall use that price without adjustment when measuring fair value.

Fair value hierarchy

- 72 To increase consistency and comparability in fair value measurements and related disclosures, this IFRS establishes a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 inputs

76 Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

77 A quoted price in an active market provides the most reliable evidence of fair value and shall be used without adjustment to measure fair value whenever available, except as specified in paragraph 79.

78 A Level 1 input will be available for many financial assets and financial liabilities, some of which might be exchanged in multiple active markets (e.g. on different exchanges). Therefore, the emphasis within Level 1 is on determining both of the following: (a) the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability; and (b) whether the entity can enter into a transaction for the asset or liability at the price in that market at the measurement date.

Adjusting level 1 input (1)

79 An entity shall not make an adjustment to a Level 1 input except in the following circumstances:

(a) when an entity holds a large number of similar (but not identical) assets or liabilities (e.g. debt securities) that are measured at fair value and a quoted price in an active market is available but not readily accessible for each of those assets or liabilities individually (i.e. given the large number of similar assets or liabilities held by the entity, it would be difficult to obtain pricing information for each individual asset or liability at the measurement date). In that case, as a practical expedient, an entity may measure fair value using an alternative pricing method that does not rely exclusively on quoted prices (e.g. matrix pricing). However, the use of an alternative pricing method results in a fair value measurement categorised within a lower level of the fair value hierarchy.

Adjusting level 1 input (2)

(b) when a quoted price in an active market does not represent fair value at the measurement date. That might be the case if, for example, significant events (such as transactions in a principal-to-principal market, trades in a brokered market or announcements) take place after the close of a market but before the measurement date. An entity shall establish and consistently apply a policy for identifying those events that might affect fair value measurements. However, if the quoted price is adjusted for new information, the adjustment results in a fair value measurement categorised within a lower level of the fair value hierarchy.

Adjusting level 1 input (3)

(c) when measuring the fair value of a liability or an entity's own equity instrument using the quoted price for the identical item traded as an asset in an active market and that price needs to be adjusted for factors specific to the item or the asset. If no adjustment to the quoted price of the asset is required, the result is a fair value measurement categorised within Level 1 of the fair value hierarchy. However, any adjustment to the quoted price of the asset results in a fair value measurement categorised within a lower level of the fair value hierarchy.

Asset or liability traded

80 If an entity holds a position in a single asset or liability (including a position comprising a large number of identical assets or liabilities, such as a holding of financial instruments) and the asset or liability is traded in an active market, the fair value of the asset or liability shall be measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity. That is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 inputs

81 Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

82 If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include the following: (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in markets that are not active; (c) inputs other than quoted prices that are observable for the asset or liability, for example: (i) interest rates and yield curves observable at commonly quoted intervals; (ii) implied volatilities; and (iii) credit spreads; (d) market-corroborated inputs.

Level 3 inputs

86 Level 3 inputs are unobservable inputs for the asset or liability.

87 Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

Disclosure (1)

91 An entity shall disclose information that helps users of its financial statements assess both of the following: (a) for assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition, the valuation techniques and inputs used to develop those measurements.

(b) for recurring fair value measurements using significant unobservable inputs the effect of the measurements on profit or loss or other comprehensive income for the period.

Disclosure (2)

92 To meet the objectives in paragraph 91, an entity shall consider all the following: (a) the level of detail necessary to satisfy the disclosure requirements; (b) how much emphasis to place on each of the various requirements; (c) how much aggregation or disaggregation to undertake; and (d) whether users of financial statements need additional information to evaluate the quantitative information disclosed. If the disclosures provided in accordance with this IFRS and other IFRSs are insufficient to meet the objectives in paragraph 91, an entity shall disclose additional information necessary to meet those objectives.

Disclosure (3)

93 To meet the objectives in paragraph 91, an entity shall disclose, at a minimum, the following information for each class of assets and liabilities measured at fair value (including measurements based on fair value within the scope of this IFRS) in the statement of financial position after initial recognition: (a) for recurring and non-recurring fair value measurements, the fair value measurement at the end of the reporting period, and for nonrecurring fair value measurements, the reasons for the measurement. Recurring fair value measurements of assets or liabilities are those that other IFRSs require or permit in the statement of financial position at the end of each reporting period.

Disclosure (4)

93 (a)Nonrecurring fair value measurements of assets or liabilities are those that other IFRSs require or permit in the statement of financial position in particular circumstances (e.g. when an entity measures an asset held for sale at fair value less costs to sell in accordance with IFRS 5 Noncurrent Assets Held for Sale and Discontinued Operations because the asset's fair value less costs to sell is lower than its carrying amount).

Disclosure (5)

(b) for recurring and non-recurring fair value measurements, the level of the fair value hierarchy within which the fair value measurements are categorised in their entirety (Level 1, 2 or 3).

(c) for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis, the amounts of any transfers between Level 1 and Level 2 of the fair value hierarchy, the reasons for those transfers and the entity's policy for determining when transfers between levels are deemed to have occurred. Transfers into each level shall be disclosed and discussed separately from transfers out of each level.

Disclosure (6)

(d) for recurring and non-recurring fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, a description of the valuation technique(s) and the inputs used in the fair value measurement. If there has been a change in valuation technique (e.g. changing from a market approach to an income approach or the use of an additional valuation technique), the entity shall disclose that change and the reason(s) for making it. For fair value measurements categorised within Level 3 of the fair value hierarchy, an entity shall provide quantitative information about the significant unobservable inputs used in the fair value measurement

Disclosure (7)

An entity is not required to create quantitative information to comply with this disclosure requirement if quantitative unobservable inputs are not developed by the entity when measuring fair value (e.g. when an entity uses prices from prior transactions or third-party pricing information without adjustment). However, when providing this disclosure an entity cannot ignore quantitative unobservable inputs that are significant to the fair value measurement and are reasonably available to the entity.

Disclosure (8)

(e) for recurring fair value measurements categorised within Level 3 of the fair value hierarchy, a reconciliation from the opening balances to the closing balances, disclosing separately changes during the period attributable to the following: (i) total gains or losses for the period recognised in profit or loss, and the line item(s) in profit or loss in which those gains or losses are recognized; (ii) total gains or losses for the period recognised in other comprehensive income, and the line item(s) in other comprehensive income in which those gains or losses are recognized; (iii) purchases, sales, issues and settlements (each of those types of changes disclosed separately).

Disclosure (9)

(iv) the amounts of any transfers into or out of Level 3 of the fair value hierarchy, the reasons for those transfers and the entity's policy for determining when transfers between levels are deemed to have occurred. Transfers into Level 3 shall be disclosed and discussed separately from transfers out of Level 3; (f) for recurring fair value measurements categorised within Level 3 of the fair value hierarchy, the amount of the total gains or losses for the period in (e)(i) included in profit or loss that is attributable to the change in unrealised gains or losses relating to those assets and liabilities held at the end of the reporting period, and the line item(s) in profit or loss in which those unrealised gains or losses are recognised

Disclosure (10a)

(g) for recurring and non-recurring fair value measurements categorised within Level 3 of the fair value hierarchy, a description of the valuation processes used by the entity (including, for example, how an entity decides its valuation policies and procedures and analyses changes in fair value measurements from period to period) (h) for recurring fair value measurements categorised within Level 3 of the fair value hierarchy: (1) for all such measurements, a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower fair value measurement.

Disclosure (10b)

If there are interrelationships between those inputs and other unobservable inputs used in the fair value measurement, an entity shall also provide a description of those inter-relationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the fair value measurement. To comply with that disclosure requirement, the narrative description of the sensitivity to changes in unobservable inputs shall include, at a minimum, the unobservable inputs disclosed when complying with (d).

Disclosure (11)

(2) for financial assets and financial liabilities, if changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would change fair value significantly, an entity shall state that fact and disclose the effect of those changes. The entity shall disclose how the effect of a change to reflect a reasonably possible alternative assumption was calculated. For that purpose, significance shall be judged with respect to profit or loss, and total assets or total liabilities, or, when changes in fair value are recognised in other comprehensive income, total equity. (i) for recurring and non-recurring fair value measurements, if the highest and best use of a nonfinancial asset differs from its current use, an entity shall disclose that fact and why the nonfinancial asset is being used in a manner that differs from its highest and best use.

Disclosure (12a)

94 An entity shall determine appropriate classes of assets and liabilities on the basis of the following: (a) the nature, characteristics and risks of the asset or liability; and (b) the level of the fair value hierarchy within which the fair value measurement is categorised. The number of classes may need to be greater for fair value measurements categorised within Level 3 of the fair value hierarchy because those measurements have a greater degree of uncertainty and subjectivity. Determining appropriate classes of assets and liabilities for which disclosures about fair value measurements should be provided requires judgement.

Disclosure (12b)

A class of assets and liabilities will often require greater disaggregation than the line items presented in the statement of financial position. However, an entity shall provide information sufficient to permit reconciliation to the line items presented in the statement of financial position. If another IFRS specifies the class for an asset or a liability, an entity may use that class in providing the disclosures required in this IFRS if that class meets the requirements in this paragraph.

Disclosure (13)

95 An entity shall disclose and consistently follow its policy for determining when transfers between levels of the fair value hierarchy are deemed to have occurred in accordance with paragraph 93(c) and (e)(iv). The policy about the timing of recognising transfers shall be the same for transfers into the levels as for transfers out of the levels. Examples of policies for determining the timing of transfers include the following: (a) the date of the event or change in circumstances that caused the transfer; (b) the beginning of the reporting period; (c) the end of the reporting period.

96 If an entity makes an accounting policy decision to use the exception in paragraph 48, it shall disclose that fact.

Disclosure (14)

97 For each class of assets and liabilities not measured at fair value in the statement of financial position but for which the fair value is disclosed, [Refer: IFRS 7 paragraph 25, IAS 16 paragraph 79(d) and IAS 40 paragraph 79(e)] an entity shall disclose the information required by paragraph 93(b), (d) and (i). However, an entity is not required to provide the quantitative disclosures about significant unobservable inputs used in fair value measurements categorised within Level 3 of the fair value hierarchy required by paragraph 93(d). For such assets and liabilities, an entity does not need to provide the other disclosures required by this IFRS.

Disclosure (15)

98 For a liability measured at fair value and issued with an inseparable third-party credit enhancement, an issuer shall disclose the existence of that credit enhancement and whether it is reflected in the fair value measurement of the liability.

99 An entity shall present the quantitative disclosures required by this IFRS in a tabular format unless another format is more appropriate.

Post-implementation Review (PIR)

Submissions to be received by 22 September 2017

Nearly all the stakeholders we spoke with during phase 1 of the PIR mentioned disclosure usefulness. Many users of financial statements said that disclosures about fair values were important although they found many of the disclosures provided in financial statements generic, reducing the usefulness of the information. Most preparers said that some disclosure requirements for Level 3 fair value measurements are burdensome and fail to reflect entities' business management. These preparers questioned whether the disclosures are useful to investors. In particular, many preparers questioned whether disclosures are useful when they are aggregated and cover multiple assets or liabilities.

Other matters raised

Several stakeholders stated that the Board should further consider how entities apply some of the judgements required by IFRS 13. These stakeholders reported that when entities apply IFRS 13, they may encounter challenges determining when a market is 'active' and establishing when unobservable inputs are 'significant'. Several stakeholders, particularly from emerging markets, stated that fair value is difficult to determine when markets are inactive or when there are no markets. Frequently mentioned examples included the fair value measurement of biological assets (in particular produce growing on bearer plants) and the fair value measurement of unquoted equity instruments.

The focus of this Request for Information (RFI) (1)

Area to assess further during phase 2 of the IFRS 13 PIR	Objective of further assessment
Disclosures about fair value measurements.	To gain a deeper understanding of both users' and preparers' perspectives on the usefulness of fair value measurement disclosures.
Prioritising Level 1 inputs or the unit of account.	To further assess the extent and effect of the issue as well as current practice.

The focus of this Request for Information (RFI) (2)

Area to assess further during phase 2 of the IFRS 13 PIR	Objective of further assessment
Application of the concept of the highest and best use when measuring the fair value of non-financial assets.	To better understand the challenges when applying this concept, and to assess how pervasive it is and whether further support could be helpful.
Application of judgement in specific areas.	To assess the challenges in applying judgements in specific areas and whether further support could be helpful.

The focus of this Request for Information (RFI) (3)

In addition, this RFI also explores whether there is a need for further guidance, such as education material, on measuring the fair value of biological assets and unquoted equity instruments. During phase 2, we will consider submissions received along with information gathered through other activities (for example, information from outreach and from a review of academic literature on the effect of applying IFRS 13 on financial reporting). We will present our findings in a Report and Feedback Statement. That statement will set out the steps, if any, that the Board plans to take as a result of the review.