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Post Implementation Review (PIR) of IFRS 13 *Fair Value Measurement*

Objective

- 1 The objective of this session is to obtain EFRAG CFSS views on the IASB's Request for Information and EFRAG's approach to the post-implementation review of IFRS 13 *Fair Value Measurement*.

Post-implementation review of IFRS 13

- 2 IFRS 13 was issued by the IASB in May 2011, effective for annual periods beginning on or after 1 January 2013. It was developed to provide:
 - (a) A consistent definition of fair value across most IFRS Standards;
 - (b) A single source of measurement guidance; and
 - (c) Consistent and transparent disclosures about fair value measurement.
- 3 IFRS 13 does not determine when fair value measurement is to be used; it applies when another IFRS Standard requires or permits the use of fair value measurement. IFRS 13 does not attempt to remove the judgement that is involved in estimating fair value, rather, it provides a framework that is intended to reduce inconsistency and increase comparability in the fair value measurements used in financial reporting.
- 4 The Request for Information on IFRS 13 was issued on 25 May 2017.

Issues to be addressed in the PIR of IFRS 13

- 5 The Request for Information was issued in May 2017 and targets four areas of focus:
 - (a) *disclosures about fair value measurements*, to gain a deeper understanding of both user and preparer perspectives on the usefulness of fair value measurement disclosures;
 - (b) *prioritising Level 1 inputs or the unit of account (P×Q issue)*, to further assess the effect of the issue as well as current practice;
 - (c) *application of the concept of highest and best use when measuring the fair value of non-financial assets*, to better understand the challenges when applying this concept, to assess how pervasive it is and whether further support could be helpful; and
 - (d) *application of judgements in specific areas*, to assess the challenges in applying judgements in specific circumstances and whether further support could be helpful.
- 6 EFRAG will also consider the following additional issues in the outreach associated with the post-implementation review of IFRS 13:

- (a) whether there are opportunities to simplify IFRS 13; and
- (b) whether Levels 1, 2 and 3 disclosures were practical and fit for purpose.

Questions for EFRAG TEG-CFSS

- 7 Are there any other issues that should be included in the outreach for the post-implementation review of IFRS 13?
- 8 Do you have any initial feedback or responses to the topics included in the IASB's Request for Information?

Outreach

- 9 The IASB's outreach will focus on users and disclosure.
- 10 EFRAG is developing web-based questionnaires directed towards (i) users and (ii) all other stakeholders. EFRAG will also consult with users through the User Panel, and some of the outreach events around the *Principles of Disclosure* Discussion Paper will consider issues around the disclosure requirements in IFRS 13.

Question for EFRAG TEG-CFSS

- 11 Are you proposing to conduct your own outreach to collect evidence in responding to the IASB?
- 12 Would you be interested in distributing the questionnaires being developed by EFRAG in your jurisdiction?
- 13 Do you have any comments on the proposed outreach strategy of the IASB?

Agenda papers for this session:

- 14 In addition to this issues paper, agenda papers for this session are:
 - (a) Agenda paper 10-02 ASAF 07 – for background only.
 - (b) Agenda paper 10-03 ASAF 07A – for background only.