



Project:	Fair Value Measurement for Not-For-Profit Entities	Meeting:	AASB November 2021 (M184)
Topic:	Draft fair value guidance and other measurement issues	Date of this paper:	26 October 2021
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		Project Priority:	Medium
		Decision-Making:	High
		Project Status:	Addressing stakeholders' requests for guidance

Objectives of this agenda item

1. The objectives of this agenda item are for the Board to:
 - (a) consider draft modifications to AASB 13 *Fair Value Measurement* staff prepared to address specific requests from not-for-profit (NFP) public sector stakeholders, and **make preliminary decisions** on the content of the forthcoming Exposure Draft (FVM ED) (Agenda Paper 3.2);
 - (b) **decide** whether the FVM ED should be applicable to NFP entities in the public sector alone or also in the private sector (Agenda Paper 3.2); and
 - (c) **decide** whether standard-setting action is needed in addressing other issues raised by individual Project Advisory Panel members regarding measurement of non-financial assets (Agenda Paper 3.3). Specifically, **decide** whether any of those issues need to be addressed in the FVM ED.

Reasons for bringing this agenda item to the Board

2. In [April 2019](#), as part of its Fair Value Measurement for Not-for-Profit Entities project (FVM project),¹ the Board decided to issue an Exposure Draft proposing modifications to AASB 13 for application by NFP public sector entities. The Board considered three versions of a working draft ED between June 2019 and March 2020.²
3. At its [November 2020](#) meeting, the Board decided to consider developments in the IPSASB's Measurement project before proposing any modifications to AASB 13, including whether the IPSASB's proposals signalled a possibly more appropriate measurement basis than fair value for measuring the current value of non-financial assets of NFP public sector entities held primarily for their service capacity. The Board added 22 AASB Specific Matters for Comment (SMCs) on

1 The project summary for the FVM project is available [here](#).

2 [Agenda Paper 6.2](#) for the June 2019 meeting, [Agenda Paper 6.2](#) for the November 2019 meeting and [Agenda Paper 11.2](#) for the March 2020 meeting.

11 topics in ITC 45 [Request for Comment on IPSASB Exposure Drafts ED 76 *Conceptual Framework Update: Chapter 7, Measurement of Assets and Liabilities in Financial Statements* and ED 77 *Measurement*](#) to obtain stakeholders' views on specific measurement issues regarding fair value and the IPSASB's proposed current operational value measurement basis. The Board considered [feedback received on ITC 45](#) at its August 2021 and September 2021 meetings when deciding on its submission to the IPSASB.

4. In addition to the five comment letters on ITC 45 considered by the Board at its September 2021 meeting, another comment letter was received on 30 September 2021 from the Australasian Council of Auditors-General (ACAG). The Board subcommittee considered the [ACAG submission](#) when finalising the [Board's submission](#) on the IPSASB Exposure Drafts.
5. A significant majority of stakeholders among NFP public sector financial statements preparers, auditors and valuers who responded to outreach activities on fair value measurement and ITC 45 commented that AASB 13 remains appropriate for measuring the current value of non-financial assets held by NFP public sector entities. They consider that applying the fair value basis to all non-financial assets, despite the need to exercise judgement in applying those concepts, would be preferable to applying two measurement bases, as proposed in the IPSASB's Exposure Drafts. At its meetings in August 2021 and September 2021, when discussing its submission to the IPSASB, the Board agreed with that majority view.
6. Therefore, staff resumed developing guidance on fair value measurement issues for which NFP public sector stakeholders requested guidance. Agenda Paper 3.2 includes draft modifications to AASB 13, including draft authoritative implementation guidance, regarding fair value measurement of non-financial assets held primarily for their service capacity by NFP public sector entities for the Board's initial consideration. Staff plan to obtain Project Advisory Panel feedback on the draft modifications in December 2021 and will bring the feedback to the Board's February 2022 meeting.
7. Also, in 2019–20, two Panel members requested the Board to consider providing guidance on some other issues regarding measurement of non-financial assets. Agenda Paper 3.3 includes the staff analysis of those issues and recommendations on whether those issues need to be addressed in the FVM ED.

Attachments

8. Papers for this agenda item are:
 - Agenda Paper 3.2: Draft modifications to AASB 13
 - Agenda Paper 3.3: Other measurement issues on which guidance has been requested

Proposed timeline

9. The following table contains a proposed project timeline for the Board's consideration and comment. The milestones and timeline will be updated based on the Board's decision on the content of the FVM ED (i.e. the issues to cover in the FVM ED).

Meeting / Deliverable	Project Milestones
10–11 November 2021: Board meeting	Board to consider: <ol style="list-style-type: none"> 1. draft modifications to AASB 13, including draft authoritative implementation guidance and basis for conclusions (discussed in Agenda Paper 3.2); and 2. staff’s analysis and recommendations on other measurement issues raised by individual Panel members (discussed in Agenda Paper 3.3).
December 2021: Panel meeting	Staff to hold a meeting with the Panel to discuss the draft modifications to AASB 13 set out in Agenda Paper 3.2 for the November 2021 Board meeting.
23–24 February 2022: Board meeting	Board to consider: <ol style="list-style-type: none"> 1. feedback from the Panel regarding the draft modifications to AASB 13; and 2. a pre-ballot draft of the FVM ED.
March 2022	Board subcommittee to review and approve the FVM ED out of session by end of March 2022. Propose a 90-day comment period until end of June 2022.
April – June 2022	Outreach to stakeholders regarding the FVM ED.
21–22 September 2022: Board meeting	Board to consider: <ol style="list-style-type: none"> 1. stakeholders’ feedback on the FVM ED; and 2. staff’s recommended changes to the proposals in response to stakeholders’ feedback.
3 November 2022: Board meeting	Board to consider a draft version of the amending Standard.
14–15 December 2022: Board meeting	Board to vote on the ballot draft amending Standard.
December 2022	Issue final Standard.

Question for Board members

Q1: Do Board members have any comments on the proposed timeline?