

Appendix C
Definitions of Measurement Basis Candidates

Measurement Basis	Definition	Terms Used As Synonyms
PAST		
1. Past entry price	a. Without related costs	
	<p>Asset: A price paid in the past in exchange for purchasing an asset, ignoring prices paid for acquisition-related goods or services.</p> <p><i>Example: The amount paid in the past to purchase an office computer; sales tax or VAT, and delivery or shipping charges were either non-existent or excluded.</i></p>	<p>Historical cost Past purchase price</p>
	<p>Liability: A price received in the past in exchange for incurring a liability, ignoring prices paid for incurrence-related goods or services, or an amount imposed in the past for incurring a non-exchange liability.</p> <p><i>Example: The proceeds received in the past from the issuance of a corporate bond; underwriting costs were excluded.</i></p>	<p>Historical cost Historical proceeds</p>
	b. With related costs	
	<p>Asset: The sum of a price paid in the past in exchange for purchasing an asset, plus prices paid for acquisition-related goods or services.</p> <p><i>Example: The amount paid in the past to purchase a production machine; sales tax or VAT, and delivery and installation charges were added.</i></p>	<p>Historical cost</p>
	<p>Liability: The net of a price received in the past in exchange for incurring a liability, less prices paid for incurrence-related goods or services.</p> <p><i>Example: The proceeds received in the past from the issuance of a corporate bond, less</i></p>	<p>Historical cost Historical proceeds</p>

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	<i>underwriting costs that were paid.</i>	
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Measurement Basis	Definition	Terms Used As Synonyms
PAST		
<p>2. Modified past entry amount (continued)</p>	<p>c. Amortized</p> <p><i>Asset:</i> The amount of original past entry price of an asset that remains after assigning some of that price to subsequent accounting periods according to an accounting rule for amortization or depreciation.</p> <p><i>Example: The depreciated cost of a vehicle using straight-line depreciation.</i></p> <p><i>Liability:</i> The amount of original past entry price of a liability that remains after assigning some of that price to subsequent accounting periods according to an accounting rule for amortization.</p> <p><i>Example: The amortized proceeds of a corporate bond issue that was sold at a premium, using straight-line amortization.</i></p> <p>d. Combined</p> <p><i>Asset:</i> The amount assigned to an asset through a combination of accumulation, allocation, and/or amortization of past entry prices.</p> <p><i>Example: The amount assigned to an asset that was constructed over time, where allocations of overhead costs were made to the asset and the asset has been depreciated using straight-line depreciation.</i></p> <p><i>Liability:</i> The amount assigned to a liability through a combination of accumulation, allocation, and/or amortization of past entry prices.</p> <p><i>Example: The amortized proceeds of a corporate bond issue that was sold at a premium, using straight-line amortization, where the bond had been sold with warrants and some of the proceeds were allocated to the warrants.</i></p>	<p>Historical cost Depreciated cost Amortized cost</p> <p>Amortized cost Amortized proceeds</p> <p>Historical cost</p> <p>Historical cost Historical proceeds</p>

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Measurement Basis	Definition	Terms Now Used As Synonyms
PAST		
3. Past exit price	<p>a. Without related costs</p> <p><i>Asset:</i> A price received in the past in exchange for selling an asset, ignoring any prices paid for disposition-related goods and services.</p> <p><i>Example: The amount received in the past for selling a stock investment, ignoring the broker commission that was paid.</i></p> <p><i>Liability:</i> A price paid in the past in exchange for extinguishing a liability, ignoring any prices paid for extinguishment-related goods and services.</p> <p><i>Example: The amount paid in the past to settle an account payable, ignoring a fee for late payment.</i></p> <p>b. With related costs</p> <p><i>Asset:</i> The net of a price received in the past in exchange for selling an asset, less any prices paid for disposition-related goods and services.</p> <p><i>Example: The amount received in the past for selling a stock investment, net of the broker commission that was paid.</i></p> <p><i>Liability:</i> The sum of a price paid in the past in exchange for extinguishing a liability, plus any prices paid for extinguishment-related goods and services.</p> <p><i>Example: The amount paid in the past to settle an account payable, net of a fee for late payment.</i></p>	<p>Past selling price</p> <p>Past settlement amount</p> <p>Past exit value</p> <p>Past settlement amount</p>

Measurement Basis	Definition	Terms Used As Synonyms
PRESENT		
<p>4. Current entry price</p>	<p>a. Without related costs</p> <p><i>Asset:</i> A price paid currently in exchange for purchasing an asset, ignoring any prices paid for acquisition-related goods or services.</p> <p><i>Example: The amount paid currently to purchase a building, ignoring attorney fees and closing costs.</i></p> <p><i>Liability:</i> A price received currently in exchange for incurring a liability, ignoring any prices paid for incurrence-related goods or services, or an amount imposed currently for incurring a non-exchange liability.</p> <p><i>Example: The amount received currently from a depositor opening a certificate of deposit at a bank, ignoring the price of the gift given to the depositor by the bank for opening the account.</i></p> <p>b. With related costs</p> <p><i>Asset:</i> The sum of a price paid currently in exchange for purchasing an asset, plus any prices paid for acquisition-related goods or services.</p> <p><i>Example: The amount paid currently to purchase a building, including attorney fees and closing costs.</i></p> <p>i. Identical replacement The current entry price of replacing an existing asset with an identical one by purchase.</p> <p>ii. Identical reproduction The current entry price of replacing an existing asset with an identical one by reproduction.</p>	<p>Current cost Market price Market value</p> <p>Consideration amount Current equivalent proceeds Current proceeds</p> <p>Current cost</p> <p>Replacement cost</p> <p>Reproduction cost</p>

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Measurement Basis	Definition	Terms Used As Synonyms
PRESENT		
<p>4. Current entry price price (continued)</p>	<p>iii. Equivalent replacement The current entry price of replacing an existing asset with an equivalent asset.</p> <p><i>Example: The current entry price to replace a used Nikon microscope with a used Leica microscope with the same power and features.</i></p> <p>iv. Productive capacity replacement The current entry price of replacing the productive capacity of an existing asset with the most current technology available.</p> <p>Liability: The net of a price paid currently in exchange for incurring a liability, less any prices paid for incurrence-related goods or services.</p> <p><i>Example: The amount received currently from a depositor opening a certificate of deposit at a bank, net of the price of the gift given to the depositor by the bank for opening the account.</i></p>	<p>Replacement cost</p> <p>Replacement cost</p> <p>Replacement cost</p> <p>Current proceeds Net proceeds</p>

Measurement Basis	Definition	Terms Used As Synonyms
PRESENT		
<p>5. Current exit price</p>	<p>a. Without related costs</p> <p><i>Asset:</i></p> <p>A price received currently in exchange for selling an asset, ignoring any prices paid for disposition-related goods or services.</p> <p><i>Example: The amount received currently from selling a parcel of land, ignoring an appraisal fee and a real estate transfer tax paid.</i></p> <p><i>Liability:</i></p> <p>A price paid currently in exchange for extinguishing a liability, ignoring any prices paid for extinguishment-related goods or services.</p> <p><i>Example: The amount paid currently to pay off a mortgage loan, ignoring an early payment penalty.</i></p> <p>b. With related costs</p> <p><i>Asset:</i></p> <p>The net of a price received currently in exchange for selling an asset, less any prices paid for disposition-related goods or services.</p> <p><i>Example: The amount received currently from selling a parcel of land, net of an appraisal fee and a real estate transfer tax paid.</i></p> <p><i>Liability:</i></p> <p>The sum of a price paid currently in exchange for extinguishing a liability, plus any prices paid for extinguishment-related goods or services.</p> <p><i>Example: The amount paid currently to pay off a mortgage loan, including an early payment penalty.</i></p>	<p>Fair value Market price Market value</p> <p>Current proceeds</p> <p>Current cash equivalent Current exit value Current market value (Net) realizable value</p> <p>Cost of release Settlement value</p>

Measurement Basis	Definition	Terms Used As Synonyms
PRESENT		
<p>6. Current equilibrium price</p>	<p>Asset: The single equilibrium price for which an asset could be exchanged between knowledgeable, willing parties in an arm’s-length transaction conducted in an efficient, complete, and perfect market.</p> <p><i>Example: The price at which a security could be purchased or sold currently if the securities’ markets were efficient, complete, and perfect.</i></p> <p>Liability: The single equilibrium price for which a liability could be exchanged between knowledgeable, willing parties in an arm’s-length transaction conducted in an efficient, complete, and perfect market.</p> <p><i>Example: The price at which an insurance obligation could be incurred or eliminated currently if the market for insurance contracts were efficient, complete, and perfect.</i></p>	<p>Fair value</p> <p>Fair value</p>
<p>7. Value in use</p>	<p>Asset: The amount of discounted net cash flow expected to be received from using an asset, including cash flow from the asset’s eventual disposition.</p> <p><i>Example: The forecast future cash flows from using a printing press (including cash inflows from printing revenues and the sale of the press at the end of its use, as well as cash outflows for supplies, repairs, and maintenance) discounted at a rate equal to the firm’s cost of capital and netted.</i></p> <p>Liability: The amount of discounted net cash flow expected to be paid for carrying a liability, including cash flow for the liability’s eventual extinguishment.</p> <p><i>Example: The forecast future cash flows for carrying a pension liability (including cash outflows for pension administration and payments to pensioners) discounted at a rate equal to the firm’s cost of capital.</i></p>	<p>Discounted value of future cash flows Fair value Present value Present value of future cash flows</p> <p>Discounted value of future cash flows Fair value Present value Present value of future cash flows</p>

Measurement Basis	Definition	Terms Used As Synonyms
FUTURE		
<p>8. Future entry price</p>	<p>a. Without related costs</p> <p><i>Asset:</i> A price expected to be paid in the future in exchange for purchasing an asset, ignoring any acquisition-related goods or services.</p> <p><i>Example: The amount forecast to be paid to purchase a replacement jet airplane eight years in the future, ignoring licenses and taxes.</i></p> <p><i>Liability:</i> A price expected to be received in the future in exchange for incurring a liability, ignoring any incurrence-related goods or services, or an amount expected to be imposed for incurring a non-exchange liability.</p> <p><i>Example: The amount of premium forecast to be received for issuing a life insurance policy three years from now, ignoring the forecast sales commission.</i></p> <p>b. With related costs</p> <p><i>Asset:</i> The sum of a price expected to be paid in the future in exchange for purchasing an asset, plus any prices expected to be paid for acquisition-related goods or services.</p> <p><i>Example: The amount forecast to be paid to purchase a replacement jet airplane eight years in the future, including licenses and taxes.</i></p> <p><i>Liability:</i> The net of a price expected to be received in the future in exchange for incurring a liability, less any prices expected to be paid for incurrence-related goods or services.</p> <p><i>Example: The amount of premium forecast to be received for issuing a life insurance policy three years from now, net of the forecast sales commission.</i></p>	<p>Future cost</p> <p>Future proceeds</p> <p>Future cost Future entry value</p> <p>Future entry value Future proceeds</p>

Measurement Basis	Definition	Terms Used As Synonyms
FUTURE		
<p>9. Future exit price</p>	<p>a. Without related costs</p> <p><i>Asset:</i> A price expected to be received in the future in exchange for selling an asset, ignoring any prices expected to be paid for disposition-related goods or services.</p> <p><i>Example: The amount forecast as proceeds from the sale of a patent five years from now, ignoring legal fees and an intangibles transfer tax.</i></p> <p><i>Liability:</i> A price expected to be paid in the future in exchange for extinguishing a liability, ignoring any prices expected to be paid for extinguishment-related goods or services.</p> <p><i>Example: The amount forecast as payment to satisfy a court judgment next year in a lawsuit that a firm expects to lose, ignoring court and attorneys' fees.</i></p> <p>b. With related costs</p> <p><i>Asset:</i> The net of a price expected to be received in the future in exchange for selling an asset, less any prices expected to be paid for disposition-related goods or services.</p> <p><i>Example: The amount forecast as proceeds from the sale of a patent five years from now, net of legal fees and an intangibles transfer tax.</i></p> <p><i>Liability:</i> The sum of a price expected to be paid in the future in exchange for extinguishing a liability, plus any prices expected to be paid for extinguishment-related goods or services.</p> <p><i>Example: The amount forecast as payment to satisfy a court judgment next year in a lawsuit that a firm expects to lose, including court and attorneys' fees.</i></p>	<p>Future selling price</p> <p>Future proceeds Best estimate Expected outcome Most likely amount Undiscounted expected amount</p> <p>Future exit value Net market value Net realizable value Net selling value</p> <p>Expected value Expected value in due course of business Non-discounted amount of expected cash outlay</p>