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**International
Accounting Standards
Board**

This document is provided as a convenience to observers at IASB meetings, to assist them in following the Board's discussion. It does not represent an official position of the IASB. Board positions are set out in Standards.

These notes are based on the staff papers prepared for the IASB. Paragraph numbers correspond to paragraph numbers used in the IASB papers. However, because these notes are less detailed, some paragraph numbers are not used.

INFORMATION FOR OBSERVERS

Board Meeting: 18 September 2007, London

Project: Fair Value Measurement

Subject: FASB Valuation Resource Group Update (Agenda paper 2)

- 1 This agenda paper is for information purposes. The staff is not asking the Board to make a decision.
- 2 In January 2007 the FASB issued an initiation to comment seeking constituent views on valuation guidance in financial reporting.¹ Specifically, the invitation to comment sought views about:
 - a the need, if any, for valuation guidance related to the use of fair value measurements in financial reporting;
 - b who should be involved in developing any such valuation guidance; and
 - c the process and form of any such guidance-setting activities.
- 3 The FASB received 81 comment letters for the invitation to comment and held a public round-table meeting in April.

¹ A copy of the invitation to comment is available on the FASB website.

- 4 Based on the feedback received, the FASB formed a valuation resource group (VRG) to provide the Board with input for clarifying the guidance related to the application of the principles in SFAS 157 when fair value is required or permitted under US GAAP. This input will include alternative views and practical solutions to the issues raised.
- 5 The VRG is comprised of a cross-section of constituents, a list of which is in the appendix. The staff of the IASB is observing the project. The first meeting of the VRG is planned for 1 October 2007. Issues raised and discussed during that meeting will be brought to the FASB in October.
- 6 At this time, the staff wants to make the Board aware that this group has been formed and its purpose. As issues are raised by the VRG and brought to the FASB for consideration, we will provide further updates. The staff notes that any decisions made by the FASB are likely to have implications for valuations performed for IFRSs because our constituents probably will look to the US guidance in the absence of IFRS guidance. However, given that the IASB has not yet issued a fair value measurement standard, the Board cannot provide application guidance for it. Therefore, at this time the staff plans to keep the Board informed of the progress made by the VRG and highlight any areas of potential concern in the event that:
 - a there are any conflicts between the guidance in current IFRSs and that issued by the FASB through the VRG; or
 - b the US guidance (as a result of the VRG) is being applied to fair value measurements under IFRSs in the absence of such guidance in IFRSs.
- 7 If either of these situations occurs, the Board can decide at that time how to proceed.

APPENDIX: ORGANISATIONS PARTICIPATING IN THE VRG

Accounting firms	Valuation advisors	Preparers	Users	Regulators, standard-setters, other
Clifton Gunderson Deloitte Ernst & Young KPMG PricewaterhouseCoopers RSM International	American Appraisal Duff & Phelps Financial Reporting Advisors FVG International Houlihan Lokey	Time Warner-AOL Bank of America Occidental Petroleum Pfizer Verizon	CFA Institute Moody's	AICPA* Appraisal Foundation IVSC PCAOB* SEC* IASB*

* Observer