



Project **Fair Value Measurement**

Topic **Cover note**

Objective of this meeting

1. The agenda papers for this session are as follows:

Agenda paper		Title
IASB	FASB	
2	3	Cover note
2A	3A	Highest and best use
2B	3B	Incremental value
2C	3C	Valuation premise for non-financial assets
2D	3D	Measuring the fair value of a financial instrument
2E	3E	Measuring the fair value of difficult to value assets and liabilities (including unquoted equity instruments)
2F	3F	Measuring the fair value of alternative investments [IASB only]
2G	3G	Premiums and discounts in a fair value measurement

2. The agenda papers to be discussed for this session are consistent with the project plan presented to the boards in December 2009. At that meeting, the boards agreed to work toward publishing converged fair value measurement guidance in September 2010.
3. The timetable assumes that decisions are made at this meeting on the following topics:
 - (a) the highest and best use of an asset by market participants
 - (b) the presentation for when the highest and best use of an asset differs from its current use by the reporting entity

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Staff paper

- (c) the valuation premise for non-financial assets
 - (d) measuring the fair value of a financial instrument, including whether the highest and best use and valuation premise concepts apply to financial assets and to liabilities
 - (e) measuring the fair value of difficult to value assets and liabilities (including unquoted equity instruments)
 - (f) [IASB only] measuring the fair value of alternative investments, eg investments in investment and similar companies
 - (g) the application of premiums and discounts in a fair value measurement (including blockage factors and control premiums).
4. The boards have already had detailed technical discussions on the principles in the IASB's exposure draft *Fair Value Measurement* and FASB Statement of Financial Accounting Standards No. 157 *Fair Value Measurements* (SFAS 157).¹ As a result, the deliberations will focus on analysing the differences between those two documents, the comments received on the IASB's proposals and feedback received about the implementation of FASB Accounting Standards Codification Topic 820 (Fair Value Measurements and Disclosures). The papers presented will not replicate the analyses already discussed by the boards in developing the IASB's exposure draft and SFAS 157/Topic 820. Board members should contact the staff for the relevant background materials if needed.

Next steps

5. Consistent with the project plan presented to the boards in December 2009, the boards will discuss the following topics at a future meeting:
- (a) day 1 gains or losses for financial instruments
 - (b) disclosures

¹ FASB Accounting Standards Codification Topic 820 (Fair Value Measurements and Disclosures) codified SFAS 157.

Staff paper

- (c) scope
- (d) effective date and transition
- (e) issues pertaining to emerging and transition economies.