

International Financial Reporting Standards

Review of Conceptual Framework Measurement

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The views expressed in this presentation are those of the presenter, not necessarily those of the IASB or IFRS Foundation.



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Before we start...

- You can download the slides by clicking on the button below the slides window
- To ask a question, type into the designated text box on your screen and click submit
- A recording of the webcast will be available after the presentation at <http://go.ifrs.org/Conceptual-Framework>
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Project overview

Project objectives

- Not a fundamental re-think
- Focus on weaknesses that have given problems in practice
- Filling in gaps, and updating and improving existing guidance

Discussion Paper objectives

- Preliminary views
- Starting point for further discussion and consultation
- Seeking your views by 14 January 2014

Project consequences

- New *Conceptual Framework* will not override existing IFRSs

Objective of this webinar

- Overview of proposals on Measurement in the *Conceptual Framework* Discussion Paper

What we will cover

- Measurement objective
- Different measurement categories
- Selecting a measurement
- Cash flow based measurements

Questions

The objective of measurement is to faithfully represent relevant information about:

- the resources of the entity and claims against the entity, and changes to those resources and claims
- how efficiently and effectively the entity's management and governing board have discharged their responsibilities to use the entity's resources

Measurement categories

Cost (adjusted
for depreciation,
impairment
etc...)

Current market
prices (including
fair value)

Other cash-flow
based
measures

Mixed measurement model

Measuring all assets and liabilities at cost may not provide relevant information (eg derivatives)



For some assets and liabilities, current market prices may be less relevant than cost (eg property, plant and equipment used in operations)



A single measurement basis may not provide the most relevant information

Number of different measurements used should be smallest number necessary

Consider information produced in both:

- the statement of financial position (SFP); and
- the statement(s) of profit or loss and other comprehensive income (OCI)

Consider cost-benefit

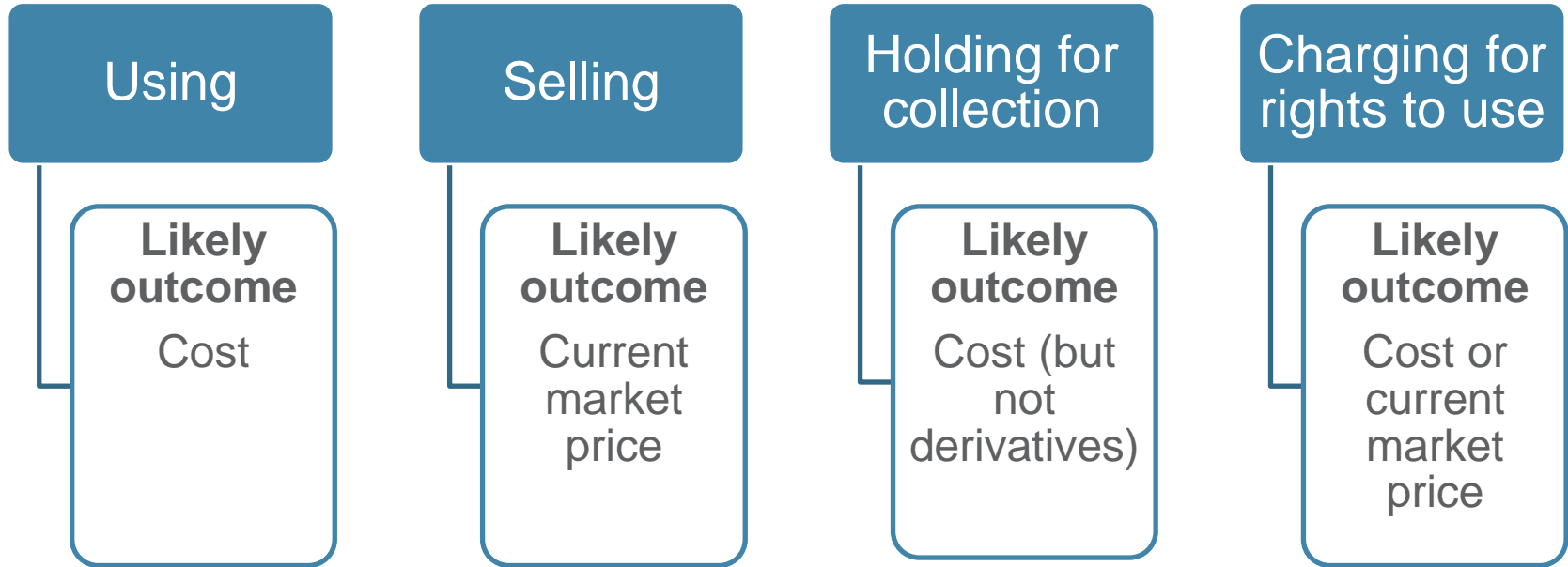
Most relevant measurement will depend on:

- How an asset contributes to future cash flows
- How a liability will be fulfilled or settled

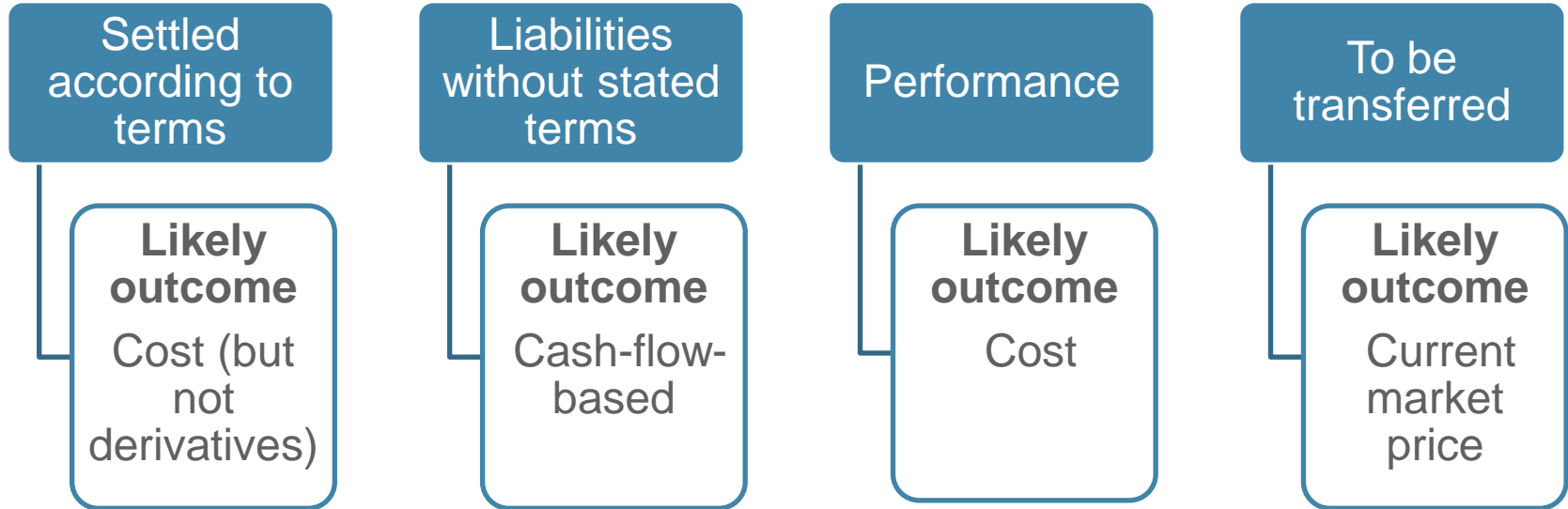
May decide that more than one measure is relevant resulting in either:

- Disclosing another measure in the notes
- Using one measure in the statement of financial position and a different measure in profit or loss (reporting the difference in OCI)

Selecting a measurement - Assets



Selecting a measurement - Liabilities



Factors:

- Amount and timing of cash flows
- Time value of money
- Uncertainties in the amount and timing of cash flows
- The price for bearing the risk of variations in cash flows
- Own credit
- Other factors such as illiquidity

Questions:

- Which factors?
- Market participants' or reporting entity's perspective?
- Regularly remeasured or remeasured only in response to triggering events?
- Which factors should be updated and which should be held constant?



Questions

individual comments
questions or
individual
expressions of
individual views

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feedback

comment
feedback
questions
feedback

questions
expressions of individual views
expressions and viewpoints
feedback and comments

- Discussion Paper
<http://go.ifrs.org/DP-Conceptual-Framework-July-2013>
– Comments to be received by 14 January 2014
- Snapshot
<http://go.ifrs.org/Snapshot-DP-Conceptual-Framework-2013>
- Existing *Conceptual Framework*
<http://eifrs.ifrs.org/eifrs/bnstandards/en/2013/conceptualframework.pdf>
- *Conceptual Framework* website
<http://go.ifrs.org/Conceptual-Framework>

Other webcasts

Date	Topic
Tuesday 3 September 2013	Definitions of assets and liabilities and recognition criteria
Friday 13 September 2013	Profit or loss and other comprehensive income (OCI)
Friday 27 September 2013	Definition of equity and distinction between liability and equity elements
Wednesday 2 October 2013	Measurement
Thursday 10 October 2013	Guidance on liability definition—obligations conditional on entity's future actions
Tuesday 22 October 2013	Objective and Qualitative Characteristics
Friday 15 November 2013	Presentation and disclosure