

## **Call for applications to undertake a literature review on the effect of implementation of IFRS 13 Fair Value Measurement.**

The call for research seeks applications to undertake a literature review, bringing together the existing academic literature on the effect of implementation of IFRS 13 *Fair Value Measurement*.

The International Accounting Standards Board (the Board) will use the review of literature in its Post-implementation Review of IFRS 13 (PIR).

Funding of £4,000 is available to support the review and cover the costs, and the Board expects to receive a full literature review and a summary, written in an accessible way, which highlight findings in the existing literature as they relate to the areas of focus in the Board's PIR (outlined below). The authors are expected to present the findings to the Board at one of its meetings at the end of 2017. The literature review as well as the summary will be made publically available. The authors may also utilise the report and its findings to support their own research.

The deadline for submission of proposals is 20 June 2017.

## Background on the PIR

The Board is conducting a Post-implementation Review of IFRS 13 to assess the effect of the Standard on financial reporting. The purpose of a PIR, as set out in the IFRS Foundation's due process is to evaluate if the Standard is working as the Board intended<sup>1</sup>. In particular, the Board aims to assess whether:

- the information required to be provided by IFRS 13 is useful to users of financial statements;
- areas of IFRS 13 create implementation challenges and might result in inconsistent application of the requirements; and
- unexpected costs have arisen when preparing, auditing or enforcing the requirements of IFRS 13 or when using the information that the Standard requires entities to provide.

The Board is focusing the PIR in the following areas:

<b>Area to assess further during IFRS 13 PIR</b>	<b>Objective of assessment</b>
Disclosures about fair value measurements	To gain a deeper understanding of both users' and preparers' perspectives on the usefulness of fair value measurement disclosures.
Prioritising Level 1 inputs or the unit of account	To further assess the extent and effect of the issue as well as current practice.
Application of the concept of the highest and best use when measuring the fair value of non-financial assets	To better understand the challenges when applying this concept, and to assess how pervasive it is and whether further support could be helpful.
Application of judgement in specific areas	To assess the challenges in applying judgements in specific circumstances and whether further support could be helpful.

In addition, the Board is also exploring whether there is a need for further guidance, such as education material, on measuring the fair value of biological assets and unquoted equity instruments.

<sup>1</sup> The IFRS Foundation due process is set out in the *IASB and IFRS Interpretations Committee Due Process Handbook* and can be found [here](#).

As IFRS 13 and the corresponding requirements in US GAAP (Topic 820) are substantially converged, the Board will also be considering findings and literature relevant to Topic 820 as a part of its PIR.

The Board will shortly be publishing a Request for Information seeking input relevant to the areas under review. See project page for more detail and updates <http://go.ifrs.org/PIR-IFRS-13>

### **Background on IFRS 13**

IFRS 13 defines fair value, sets out in a single IFRS Standard a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 does not determine when an asset, a liability or an entity's own equity instrument is measured at fair value. Rather, the measurement and disclosure requirements of IFRS 13 apply when another IFRS Standard requires or permits an item to be measured at fair value in accordance with IFRS 13. The focus of this PIR is to assess the effect of IFRS 13 and not to assess the effect of Standards that require or permit fair value measurement.

IFRS 13 is the result of a convergence project with the US standard-setter, the Financial Accounting Standards Board (FASB). IFRS 13 is largely converged with Topic 820 *Fair Value Measurement* in US generally accepted accounting principles (US GAAP). The US Financial Accounting Foundation (FAF) is responsible for PIRs of US GAAP. The FAF has already completed its PIR of Topic 820 and concluded the Standard met its objectives and had no unanticipated consequences.<sup>2</sup> The FASB is currently considering changes to fair value measurement disclosures as a part of its Disclosure Framework project.<sup>3</sup>

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<sup>2</sup> The FAF PIR Report on Topic 820 can be found [here](#).

<sup>3</sup> The FASB's proposed Accounting Standards Update can be found [here](#).

## How to apply

Applications are open to individuals or groups who are affiliated with an internationally recognised university and have previously published research on accounting in high quality peer reviewed journals. Experience of prior research on IFRS 13 or Fair Value is preferred.

If you are interested in undertaking the literature review relating to the effect of IFRS 13, please email [avatrenjak@ifrs.org](mailto:avatrenjak@ifrs.org) with a brief proposal together with summary CVs by 20 June 2017. The proposal should include:

- university affiliation and previous research;
- a research plan outline;
- a summary of how any team will be structured, including the team leader and how the responsibilities would be allocated;
- a brief review of some relevant research/literature; and
- a summary of the key issues which you believe are likely to arise from the project.

Applicants will be advised of the decision by 5 July 2017.

## Terms of agreement

A draft of the literature review and summary report is to be submitted by 9 October 2017. The Board's project team working on the PIR will provide feedback and final submission is expected to be finalised by 1 November. Authors will be required to make a short presentation of findings to the Board at one of its meetings at the end of 2017.

You can find an example of previous literature review completed as a part of Post-implementation Review of an IFRS Standard [here](#).