STAFF PAPER

20–24 May 2013

IASB Meeting

Project	**Matters arising from the IFRS Interpretations Committee**
Paper topic	IAS 41 *Agriculture* and IFRS 13 *Fair Value Measurement* —Valuation of biological assets

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Introduction and purpose

1. In April 2012 the IFRS Interpretations Committee (the Interpretations Committee) received a request seeking clarification of paragraph 25 of IAS 41 *Agriculture.* This paragraph refers to the use of a residual method as an example of a possible valuation technique to measure the fair value of biological assets that are physically attached to land, if the biological assets have no separate market but an active market does exist for the combined assets as a group.

2. The submitter's concern is how the valuation of the biological assets is linked to the valuation of the land on which they are situated, when an entity has concluded that the valuation premise of the biological assets is to use them in combination with other assets (such as land) and any of those other assets has a highest and best use that differs from its current use. IFRS 13 *Fair Value Measurement* introduced the concepts of highest and best use and the valuation premise for measuring the fair value of non-financial assets.

3. The Interpretations Committee deliberated this issue in May, September and November 2012 and in March 2013. In March 2013, the Interpretations Committee decided not to take this issue onto its agenda and directed the staff to ask the IASB to provide

clarification of the accounting requirements for the issues considered by the Interpretations Committee.

4. This agenda paper is organised as follows:

   (a) submission;

   (b) the Interpretations Committee's discussions to date;

   (c) the IASB's project on IAS 41;

   (d) application of the requirements in IFRS 13:

      (i) overview of the issue;

      (ii) the International Valuation Standards Council (IVSC)'s Exposure Draft and the comment letters;

      (iii) discussion with the FASB staff; and

   (e) Question to the IASB

   (f) Appendices A–D—staff papers for the May, September, November 2012 and March 2013 Interpretations Committee's meeting

Submission

5. Paragraph 25 of IAS 41 refers to the use of a residual method as an example of a possible valuation technique to measure the fair value of biological assets that are physically attached to land (emphasis added).

> Biological assets are often physically attached to land (for example, trees in a plantation forest). There may be no separate market for biological assets that are attached to the land but an active market may exist for the combined assets, that is, the biological assets, raw land, and land improvements, as a package. An entity may use information regarding the combined assets to measure the fair value of the biological assets. **For example, the fair value of raw land and land improvements may be deducted from the fair value of the combined assets to arrive at the fair value of biological assets**.

6. Paragraph 27 of IFRS 13 states that a fair value measurement of a non-financial asset takes into account its highest and best use:

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its *highest and best* use or by selling it to another market participant that would use the asset in its highest and best use.

7. Paragraph 31 of IFRS 13 refers to the valuation premise used to measure the fair value of a non-financial asset:

The highest and best use of a non-financial asset establishes the valuation premise used to measure the fair value of the asset, as follows:

(a) The highest and best use of a non-financial asset might provide maximum value to market participants through its use in combination with other assets as a group (as installed or otherwise configured for use) or in combination with other assets and liabilities (eg a business).

(i) If the highest and best use of the asset is to use the asset in combination with other assets or with other assets and liabilities, the fair value of the asset is the price that would be received in a current transaction to sell the asset assuming that the asset would be used with other assets or with other assets and liabilities and that those assets and liabilities (ie its complementary assets and the associated liabilities) would be available to market participants.

(ii) Liabilities associated with the asset and with the complementary assets include liabilities that fund working capital, but do not include liabilities used to fund assets other than those within the group of assets.

(iii) Assumptions about the highest and best use of a non-financial asset shall be consistent for all the assets (for which highest and best use is relevant) of the group of assets or the group of assets and liabilities within which the asset would be used.

(b) The highest and best use of a non-financial asset might provide maximum value to market participants on a stand-alone basis. If the highest and best use of the asset is to use it on a stand-alone basis, the fair value of the asset is the price that would be received in a current transaction to sell the asset to market participants that would use the asset on a stand-alone basis.

8. As mentioned in paragraph 2 of this paper, the submitter's concern is how the valuation of the biological assets is linked to the valuation of the land on which they are situated, when an entity has concluded that the valuation premise of the biological assets is to use them in combination with other assets (such as land) and any of those other assets has a highest and best use that differs from its current use.

9. In particular, the concern received was illustrated by the situation in which an entity uses the residual method in IAS 41 to measure the fair value of the biological assets and the land on which they are situated has a higher value when used for an alternative use.

The submitter's concern is that this might result in minimal or nil fair value for the biological assets.

10. According to the submitter, there are mixed views in their jurisdiction on the application of paragraph 25 of IAS 41. Some think that the value of the land to be deducted from the fair value of the combined assets should be the value of the land measured in accordance with its current use. Others think that the value of the land that should be taken into consideration is the value of the land in accordance with an alternative use if that value is higher than the value that arises from its current use.

Interpretations Committee's discussions to date

11. The Interpretations Committee first discussed this issue at its May 2012 meeting.[1] At that meeting, the Interpretations Committee observed that it is unlikely that the residual method will be appropriate if it returns a nil or minimal value for biological assets, and asked the staff to bring back proposed wording to the next meeting for a tentative agenda decision.

12. At its September 2012 meeting the Interpretations Committee discussed the proposed wording for its tentative agenda decision prepared by the staff. However, it decided to await the results of the IASB's discussions on IAS 41 (relating to the discussion about whether to add the bearer biological assets project to the IASB's agenda).[2]

13. At its November 2012 meeting the Interpretations Committee was notified that the IASB decided to add a limited-scope project on IAS 41 for bearer biological assets to the IASB's technical agenda.[3] In addition, the Interpretations Committee was notified by the IASB's Fair Value Measurement project team that they planned to develop a chapter on highest and best use in the educational material on fair value measurement in the future. Accordingly, the Interpretations Committee tentatively decided not to take this issue onto its agenda.

14. At its March 2013 meeting the Interpretations Committee was provided with the staff analysis on the comment letters received on the tentative agenda decision as well as the

[1] http://media.ifrs.org/IFRICUpdateMay12.html#8

[2] http://media.ifrs.org/IFRICUpdateSep12.htm#8

[3] http://media.ifrs.org/2012/IFRIC/IFRIC-Update-November-2012.htm#7

updates of the progress of the IASB's limited scope project on IAS 41 and the educational material on fair value measurement.[4]

15. At that meeting, the Fair Value Measurement project team stated that the chapter in the educational material, which will deal with the application of highest and best use when measuring the fair value of non-financial assets, will not address the specific issue submitted to the Interpretations Committee. In their view, the submission is about the accounting for assets whose values are linked to the value of other assets on which they are situated when those other assets have an alternative use that is higher than their current use. They think that IFRS 13 does not deal with this matter explicitly and that the educational material is not the appropriate document where this matter should be addressed.

16. In addition, the Interpretations Committee observed that, in the development of IFRS 13, the IASB considered the situation where the highest and best use of an asset in a group of assets is different from its current use. The Interpretations Committee noted, however, that IFRS 13 does not explicitly address the accounting implications if those circumstances arise and the fair value measurement of the asset, based on its highest and best use, assumes that other assets in the group need to be converted or destroyed (see further discussions later in this paper).

17. Further, the Interpretations Committee noted that this issue might not only affect the accounting for assets within the scope of IAS 41 but it could also affect the accounting for assets in the scope of other Standards.

18. Consequently, the Interpretations Committee observed that this issue is too broad for it to address and, accordingly, the Interpretations Committee decided not to take this issue onto its agenda. The Interpretations Committee directed the staff to ask the IASB to provide clarification of the accounting requirements for the issues considered by the Interpretations Committee.

[4] http://media.ifrs.org/2013/IFRIC/March/IFRIC-Update-March-2013.htm#4

IASB's project on IAS 41

19. At the May 2012 meeting the IASB decided to give priority to developing a proposal to amend IAS 41 for bearer biological assets.[5] The IASB staff presented a proposal, at the September 2012 meeting, recommending that the IASB should add a limited-scope project on bearer biological assets to its agenda.[6] All IASB members supported undertaking such a project.

20. At the December 2012 meeting the IASB discussed several issues that were identified by the staff as being important to the IASB's initial discussion on the limited-scope project and tentatively decided that:[7]

    (a) the scope of the amendment to IAS 41 should be restricted to bearer biological assets that are plants; and

    (b) plants would be defined as bearer biological assets if they have no consumable attributes. This means that they can only be used in the production or supply of agricultural produce (so there is no alternative use other than use as bearer biological assets).

21. The IASB further decided to develop a cost-based model for bearer biological assets within the scope of the project and made the following tentative decisions:

    (a) before being placed into production, such assets should be measured at accumulated cost. This approach is similar to the accounting treatment for a self-constructed item of machinery before it is placed into production; and

    (b) the produce growing on bearer biological assets should be measured at fair value less costs to sell with changes recognised in profit or loss as the produce grows. This method would ensure that produce growing in the ground (for example, carrots) and produce growing on a bearer biological asset (for example, apples) would be accounted for consistently.

22. At its February 2013 meeting the IASB discussed the remaining issues in the limited scope project on bearer biological assets and made a series of tentative decisions.[8] For

[5] May 2012 IASB Update: http://media.ifrs.org/IASBupdateMay2012.html#7

[6] September 2012 IASB Update: http://media.ifrs.org/IASBSep2012.html#IAS-41

[7] December 2012 IASB Update: http://media.ifrs.org/2012/Updates/IASB-Update-December-2012.html#Bearer-biological-assets

example, the IASB tentatively decided that the recognition requirements of IAS 16 *Property, Plant and Equipment* (covering unit of measure, initial costs and subsequent costs) could be applied to bearer biological assets without modification.

23. The biological assets specified in the submission to the Interpretations Committee are biological assets that are physically attached to land. Biological assets that are physically attached to land could be bearer biological assets (for example, grape vines) or consumable biological assets (for example, timber).

24. Under the IASB's tentative decisions as stated above, bearer biological assets that are plants would be measured at accumulated cost before being placed into production and the produce growing on them would be measured at fair value less costs to sell. If an entity uses a residual method in accordance with paragraph 25 of IAS 41 to measure the fair value of, for example, the produce before harvest (although such a case would be rare), the issue raised in the submission could arise for such produce when the highest and best use of the land is different from its current use.

25. We note, however, that IAS 41 does not require the use of a residual method. The residual method is simply an example of a possible valuation technique and IFRS 13 encourages the use of multiple valuation techniques where appropriate. We also note that the result of the outreach to valuation specialists (see Agenda Paper 7 for the September 2012 meeting) provided us with evidence of the availability of valuation techniques other than the residual method.[9]

26. Bearer biological assets with consumable attributes are excluded from the scope of the amendment to IAS 41. Accordingly, consumable biological assets that are physically attached to land will need to be measured at fair value irrespective of the amendments to IAS 41. However, our understanding is that the fair value measurement of such biological assets is relatively straight-forward because they would need to be separated from the land to be sold in the principal (or most advantageous) market.

27. In addition, as the Interpretations Committee noted at its March 2013 meeting, we think that the same concern as raised in the submission arises when the fair value of a

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[8] February 2013 IASB Update: http://media.ifrs.org/2013/IASB/February/IASB%20Update_February_2013_HTML.html#Agriculture

[9] http://www.ifrs.org/Meetings/Pages/IFRSInterSept12.aspx

non-biological asset (for example, a building) is linked to the value of the land on which it is situated. That would be the case when an entity measures an asset at fair value in accordance with the revaluation model in IAS 16[10] or the fair value model in IAS 40 *Investment Property*.[11] The issue can also arise when an acquirer measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values in accordance with IFRS 3 *Business Combinations*.[12]

28. Consequently, in our view, this issue is broader than just for biological assets as well as the use of a residual method. We think that this issue is about **the application of the requirements in IFRS 13 when the highest and best use of an asset in a group of assets is different from its current use and the fair value measurement of the asset, based on its highest and best use, assumes that other assets in that group will need to be converted or destroyed** (see further discussions below).

[10] Paragraph 31 of IAS 16 states that after recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

[11] Paragraph 33 of IAS 40 states that after initial recognition, an entity that chooses the fair value model shall measure all of its investment property at fair value, except when the fair value of an investment property is not reliably measurable on a continuing basis.

[12] Paragraph 18 of IFRS 3 states that the acquirer shall measure the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

Application of the requirements in IFRS 13

Overview of the issue

29. IFRS 13 defines unit of account as "the level at which an asset or a liability is aggregated or disaggregated in IFRS for recognition purposes". Paragraph 32 of IFRS 13 states that fair value measurement of a non-financial asset assumes that the asset is sold consistently with the unit of account specified in other IFRSs, even when that fair value measurement assumes that the highest and best use of the asset is to use it in combination with other assets or with other assets and liabilities.

30. IAS 41 is a Standard that addresses recognition and measurement of agricultural activity, including biological assets, not a group of assets. In other words, in principle, the unit of account in IAS 41 can be considered to be biological assets on a stand-alone basis, not a group of assets.

31. IFRS 13 requires an entity to determine whether a non-financial asset's fair value would be maximised by using it on a stand-alone basis or in combination with other assets (ie its valuation premise). In most cases, the valuation premise of a biological asset will be to use the asset in combination with other assets (for example, land and other plantation assets) as a group, because using the biological asset in that way maximises the value of that asset. Having said that, we think that the measurement of the biological assets will be challenging if the value of the land in which they are situated is maximised in a way that is different to its current agricultural use.

32. For example, let's assume that there is a plantation whose fair value based on its current use is CU100[13] and this use coincides with its highest and best use. The breakdown is CU30 for biological assets and CU70 for land. After one year, it turns out that the land has an alternative use, which is residential or commercial development. An entity acquires the plantation in a business combination. The fair value of the land in its highest and best use taking the cost of conversion into account is CU120.

33. In this example, the value of the land when used for residential or commercial development provides evidence that the value for the entire group of assets would be maximised if the biological assets were to be destroyed (or harvested and sold) and the land would be used for that alternative use.

[13] Currency amounts are denominated in 'currency units' (CU) in this paper.

34. In our view, in this example, there are different approaches as to how the entity can measure the biological assets and the land in its statement of financial position:

(a) **Approach A**: The entity considers the alternative use of the land when measuring the group of assets. Under this approach, the following options arise:

Approach A – Option 1: the entire value from the alternative use of the land (ie CU120) is attributed to the land. This will result in the other assets within the group (ie biological assets) having a nil value. That is, the land would be measured at CU120 and the biological assets at CU0.

Approach A – Option 2: the value from the alternative use of the land is considered as a cap value. The assets within the group are measured based on their current use and the difference is recognised as a change of use option to convert the land to its alternative use. In this case, the land would be measured at CU70, the biological assets at CU30 and the change of use option at CU20.

Approach A – Option 3: the value from the alternative use of the land is considered as a cap value, which is proportionately allocated to the assets within the group. In this case, the land would be measured at CU96 (120 / (120+30) x 120) and the biological assets at CU24 (30 / (120+30) x 120).

Approach A – Option 4: the value from the alternative use of the land is considered as a cap value. The biological assets are measured in their current use and the difference is attributed to the land. That is, the biological assets are measured at CU30 and the land at CU90.

(b) **Approach B**: The entity considers the current use of the land when measuring the group of assets (ie the entity measures the group of assets in its current use) and discloses the fact that there is an alternative use of the land that would provide a higher value. In this case, the land would be valued at CU70 and the biological assets at CU30.

35. In September 2008, when developing the Exposure Draft of IFRS 13, the IASB tentatively decided to take Approach A – Option 2 (change of use option). In December 2008, the IASB reaffirmed the tentative decision that when the highest and

best use of an asset that is used together with another asset differs from the asset's current use, an entity may need to split the fair value of the asset group into components. [14]

36. However, respondents to the Exposure Draft found that the proposal confusing and thought that calculating two values for a non-financial asset would be costly. As a result, the IASB decided that when an entity uses a non-financial asset in a way that differs from its highest and best use (and that asset is measured at fair value), the entity must simply disclose that fact and why the asset is being used in a manner that differs from its highest and best use.

37. We note that paragraphs BC72–BC73 of IFRS 13 (below, emphasis added) provide a summary of the IASB's discussions in developing IFRS 13 about the measurement of an asset in a group of assets of which highest and best use is different from its current use:

> BC72 When the IASB was developing the proposals in the exposure draft, users of financial statements asked the IASB to consider how to account for assets when their highest and best use within a group of assets is different from their current use by the entity (ie when there is evidence that the current use of the assets is not their highest and best use, and an alternative use would maximise their fair value). For example, the fair value of a factory is linked to the value of the land on which it is situated. The fair value of the factory would be nil if the land has an alternative use that assumes the factory is demolished. **The IASB concluded when developing the exposure draft that measuring the factory at nil would not provide useful information when an entity is using that factory in its operations**. In particular, users would want to see depreciation on that factory so that they could assess the economic resources consumed in generating cash flows from its operation. Therefore, **the exposure draft proposed requiring an entity to separate the fair value of the asset group into its current use and fair value components**.

> BC73 Respondents found that proposal confusing and thought that calculating two values for a non-financial asset would be costly. As a result, **the boards decided that when an entity uses a non-financial asset in a way that differs from its highest and best use (and that asset is measured at fair value), the entity must simply disclose that fact**

[14] Agenda paper 3G: http://www.ifrs.org/Meetings/Pages/IASB-Board-Meeting-18-December-2008.aspx
IASB Update: http://www.ifrs.org/Updates/IASB-Updates/2008/Documents/IASBUpdateDec08.pdf

and why the asset is being used in a manner that differs from its highest and best use (see paragraphs BC213 and BC214).

38. Paragraph 93(i) of IFRS 13 reflects the IASB's decision above. The paragraph states:

> To meet the objectives in paragraph 91, an entity shall disclose, at a minimum, the following information for each class of assets and liabilities (see paragraph 94 for information on determining appropriate classes of assets and liabilities) measured at fair value (including measurements based on fair value within the scope of this IFRS) in the statement of financial position after initial recognition:
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> …
>
> (i) for recurring and non-recurring fair value measurements, if the highest and best use of a non-financial asset differs from its current use, an entity shall disclose that fact and why the non-financial asset is being used in a manner that differs from its highest and best use.

39. If the IASB's decision above means that the entity should measure the biological assets at minimal or nil when the land has an alternative use (ie Approach A – Option 1), this would result in recognising no profit or loss for the biological transformation of the biological assets going forward, although the entity may continue to use the plantation in its current use. We note that this could be the case, regardless of whether the entity uses a residual method or directly measures the biological assets to obtain the fair value of the biological assets, as far as the biological assets are measured in accordance with their valuation premise.

40. On the basis of the discussions by the Interpretations Committee, we acknowledge two different views on recognising the biological assets at minimal or nil fair value.

41. Some argue that doing so is a more faithful interpretation of IFRS 13. This is because IFRS 13 clearly states that the highest and best use of an asset is determined in a way it maximises the value to market participants either on a stand-alone basis or in combination with other assets, and assumptions about the highest and best use of a non-financial asset shall be consistent for all the assets (for which highest and best use is relevant) of the group of assets. In addition, they think that recognising the biological assets at minimal or nil fair value would provide useful information to users of financial

statements because it indicates that there are other uses of those assets that would maximise value for the entity.

42. Others note that the objective of IFRS 13 is to provide guidance when another Standard requires or permits fair value measurements or disclosures about fair value measurements. The objective of IAS 41 is to reflect the fair value of biological assets and the biological transformation of the biological assets. Recognising the biological assets at minimal or nil fair value would not be a fair presentation of a future inflow of economic resources (through changes in biological transformation of biological assets). Accordingly, they do not think that applying IFRS 13 should affect the objective of IAS 41.

IVSC's Exposure Draft and the comment letters

43. The International Valuation Standards Council (IVSC) published an Exposure Draft *The Valuation of Forests* in November 2012, which can be found on their public website.[15] According to the introduction of the Exposure Draft, the IVSC aims to provide technical guidance to assist both professional valuers and users in understanding the application of the principles (that should be mandatory to protect the interests of users of valuations of forestry) to the valuation of interests in forests and forestry operations.

44. We note that Question 10 of the Exposure Draft (below) is about the valuation of biological assets using a residual method in accordance with paragraph 25 of IAS 41 if land has a higher value in its alternative use. The IVSC's proposal is that if the biological assets will generate income to the entity when they are harvested then they will have a positive value and should be recognised as an asset regardless of the value of the land.

> Para 71 refers to the guidance in IAS 41 that the value of the biological asset, in the case of forests the living trees, may be derived at by deducting the value of the land from the value of the value of the combined asset. It also points out the difficulty that arises if the land were worth more for an alternative use. The proposed TIP[16] indicates that while this might suggest that the biological asset has a negative or zero value, if the trees will generate income to the entity when

[15] http://www.ivsc.org/sites/default/files/Forestry%20TIP%20Exposure%20Draft_0.pdf

[16] Technical Information Paper

it is harvested then the biological asset will have a positive value and should be recognised as an asset regardless of the value of the land. Some disagree and argue that if the trees are preventing a more valuable alternative use then they can have no value.

In the context of the requirement to ascribe a fair value to the biological asset as required by IAS 41, which of these views do you support?

45. There are 17 comment letters as of the end of April 2013 on the IVSC's website.[17] In our view, there are mixed views as to whether the biological assets should have a positive value if the land has a higher value in its alternative use.

46. The IVSC's Question 10 presumes the use of a residual method. As we already described in this paper, we think that this issue is broader than just for biological assets as well as the use of a residual method. Accordingly, we think that the concerns raised in the IVSC's Exposure Draft would be effectively considered when the IASB considers the issue in this paper.

Discussion with the FASB staff

47. IFRS 13 is the result of the IASB's discussions about measuring fair value and disclosing information about fair value measurements in accordance with IFRSs, including those held with the US national standard-setter, the Financial Accounting Standards Board (FASB), in their joint project on fair value measurement.

48. Before posting this staff paper, we had a conference call with the FASB staff to discuss the issue raised in this paper and enquired about their experience with this issue. According to the staff, this is not an area where they have received questions and so they are not aware of similar concerns in their jurisdiction. They will provide us with new information if any.

[17] http://www.ivsc.org/comments/valuation-commercial-forests-exposure-draft#overlay-context

Question to the IASB

49. As we mentioned in the beginning of this paper, the Interpretations Committee decided not to take this issue onto its agenda because this issue is too broad for it to address. The Interpretations Committee thinks that the IASB should provide clarification of the accounting requirements for this issue.

50. In our view, there are two options that the IASB could choose:

   (a) **Option 1**: direct the staff to perform further analysis on this issue and to bring it to a future IASB meeting.

   (b) **Option 2**: note this issue and consider it when the IASB performs the post-implementation review of IFRS 13, possibly in late 2015. We note that the feedback received from the outreach activities we conducted in May 2012 did not indicate that the issue is widespread.[18] We note, however, that the outreach was conducted before the mandatory application of IFRS 13 and that this issue could potentially affect not only IAS 41 but also IAS 16, IAS 40 and IFRS 3.

51. If the IASB chooses Option 1, we will perform further analysis on this issue. The analysis may include the areas listed in the following paragraph. We note that the list is not exhaustive and we need more exploration to make it so.

52. If the highest and best use of an asset (for example, land) in a group of assets is different from its current use and the fair value measurement of the asset, based on its highest and best use, assumes that other assets (for example, biological assets) in the group need to be converted or destroyed:

   (a) how the highest and best use of the asset in that group interact with the measurement of the other assets, in other words, whether the measurement of those other assets could be minimal or nil;

   (b) whether, and if so, how the measurement of those other assets is affected by the measurement model for the asset, if the entity measures the asset at cost. For example, the entity uses the cost model to measure the land on which

[18] See a summary of the outreach activities in the staff paper presented at the September 2012 Interpretations Committee meeting

the biological assets are situated and it turns out that the land has an alternative use with a value higher than that of a whole plantation. In such cases, whether, and if so, the measurement of the biological assets in the plantation is affected by the entity's measurement model for the land[19];

(c) whether the concepts of the highest and best use and the valuation premise should be applied without exception. An extreme case where concerns may arise is when an entity runs, for example, a plantation that is its only business and the highest and best use of the plantation is to convert it to raw land for residential or commercial purpose. We note that the impact of any limitations to the application of the concept of highest and best use should be also assessed in the context of other situations such as business combinations (see paragraph B43 of IFRS 3).

53. We recommend that the IASB choose Option 2 and consider this issue in the post-implementation review of IFRS 13. Although this issue has a potential to become widespread, we acknowledge that this issue is not currently widespread. The application of IFRS 13 has become mandatory for annual periods beginning on or after 1 January 2013. In our view, it would be reasonable to allow practice to evolve and to assess this issue as part of the post-implementation review of IFRS 13.

Question to the IASB

Question to the IASB
Which Option, as listed in paragraph 50 of this paper, does the IASB want to choose on this issue?

[19] The staff proposed an approach that a distinction should be made depending on the measurement model for land in May 2012 (see the staff paper for the May 2012 Interpretations Committee meeting for detail), but the Interpretations Committee did not agree with it