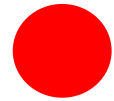


Welcome to:

We will start at
12.30pm



IFRS 13: The Implications of Fair Value Accounting

Alan Bermingham

A bit about me...



... and a bit
about logistics



Introductions

Alan Bermingham

Policy and
Technical
Manager

CIPFA
Belfast



02890 266770

Chat panel

How can we talk?





By the end of the session you will be able to...

Understand the Framework for
Fair Value Measurement

Be able to apply the framework
to your circumstances

Consider what actions need to
be addressed on
implementation

Programme

IFRS 13: Why?



IFRS 13 Approach



IFRS 13 – Possible Actions




Resources

IFRS 13

Fair Value Measurement



IFRS 13 Objectives

- 
- Single approach to Fair Value Measurement
 - Address inconsistencies in FV
 - Increase transparency
 - Clarify definition of Fair Value
 - Increase convergence of IFRS and US GAAP

IFRS 13 Implementation

IFRS 13 issued May 2011



EU Adoption Dec 2012



Private Sector
Periods beginning on/after 1 Jan 2013



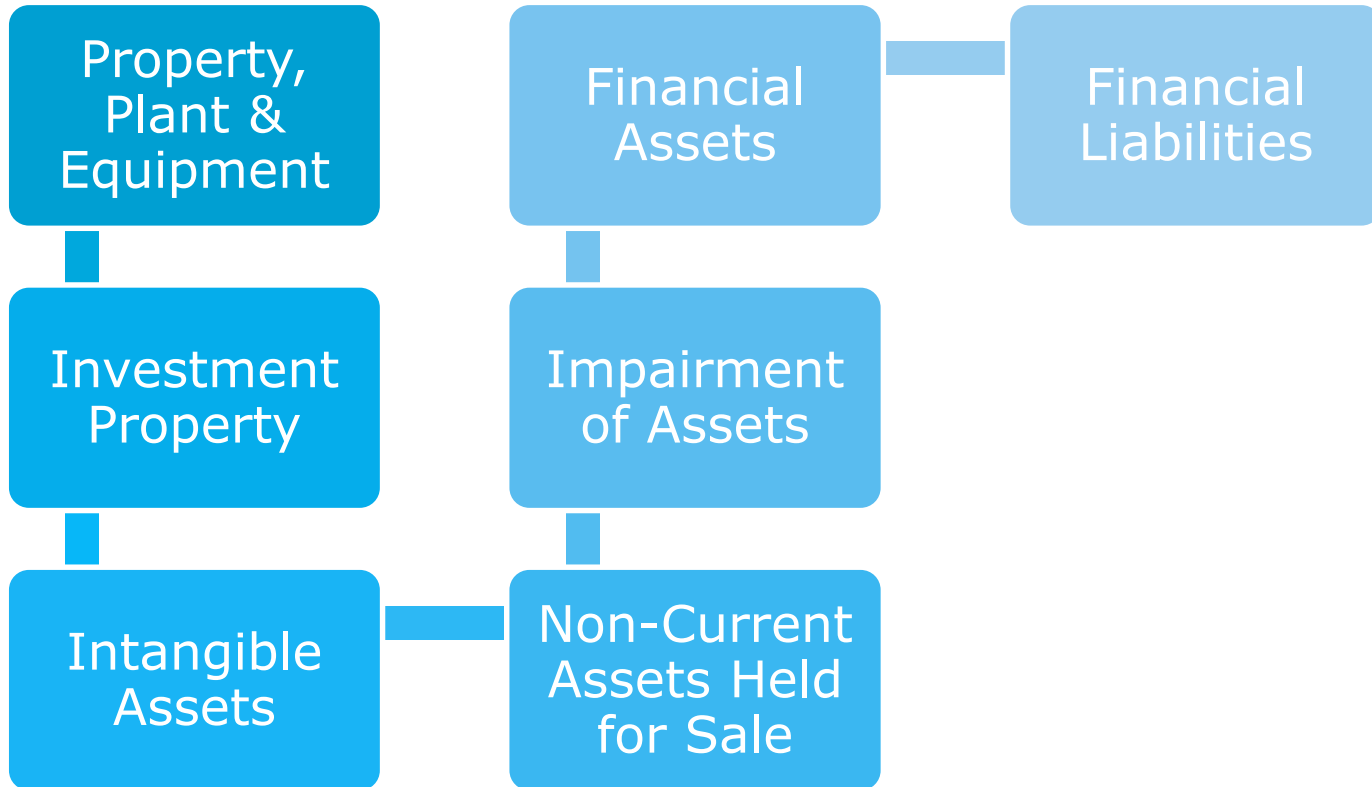
Public Sector: FReM / Local Authority Code 2015/16
(Adaptations apply)

Definition of Fair Value

“The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.”

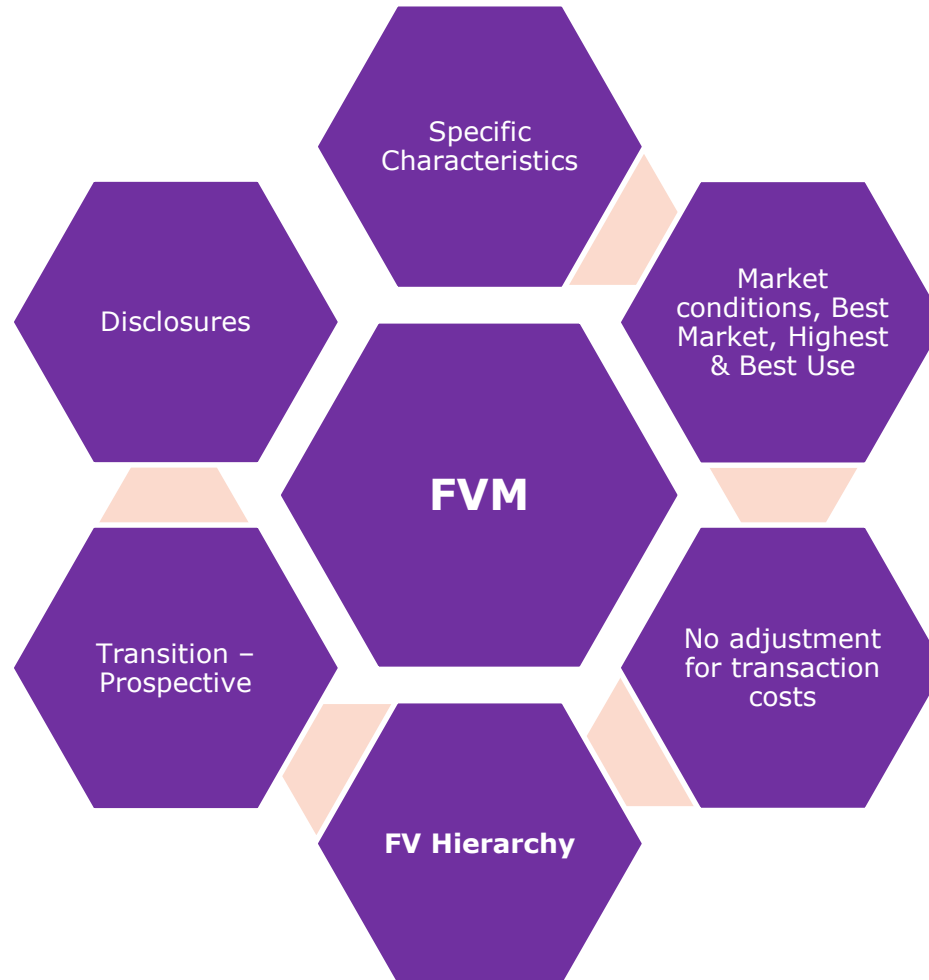


Example Areas to Consider



IFRS 13

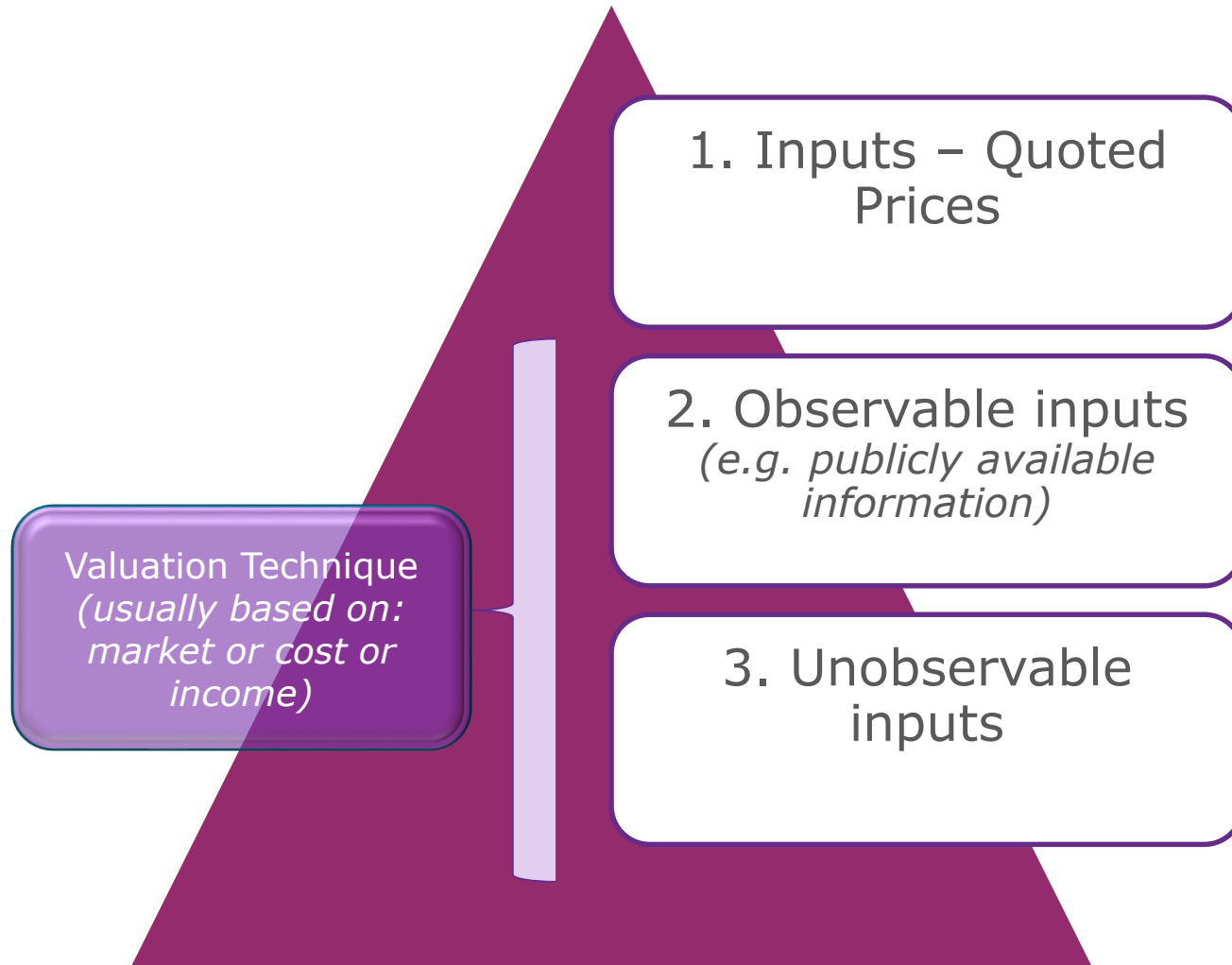
Fair Value Measurement



Framework Elements

unit of account	characteristics of asset
market participant assumptions	non-financial assets: valuation premise
non-financial assets: highest & best use	the market
transport & transaction costs (market determination)	orderly transaction
valuation techniques	

IFRS 13 – Fair Value Hierarchy

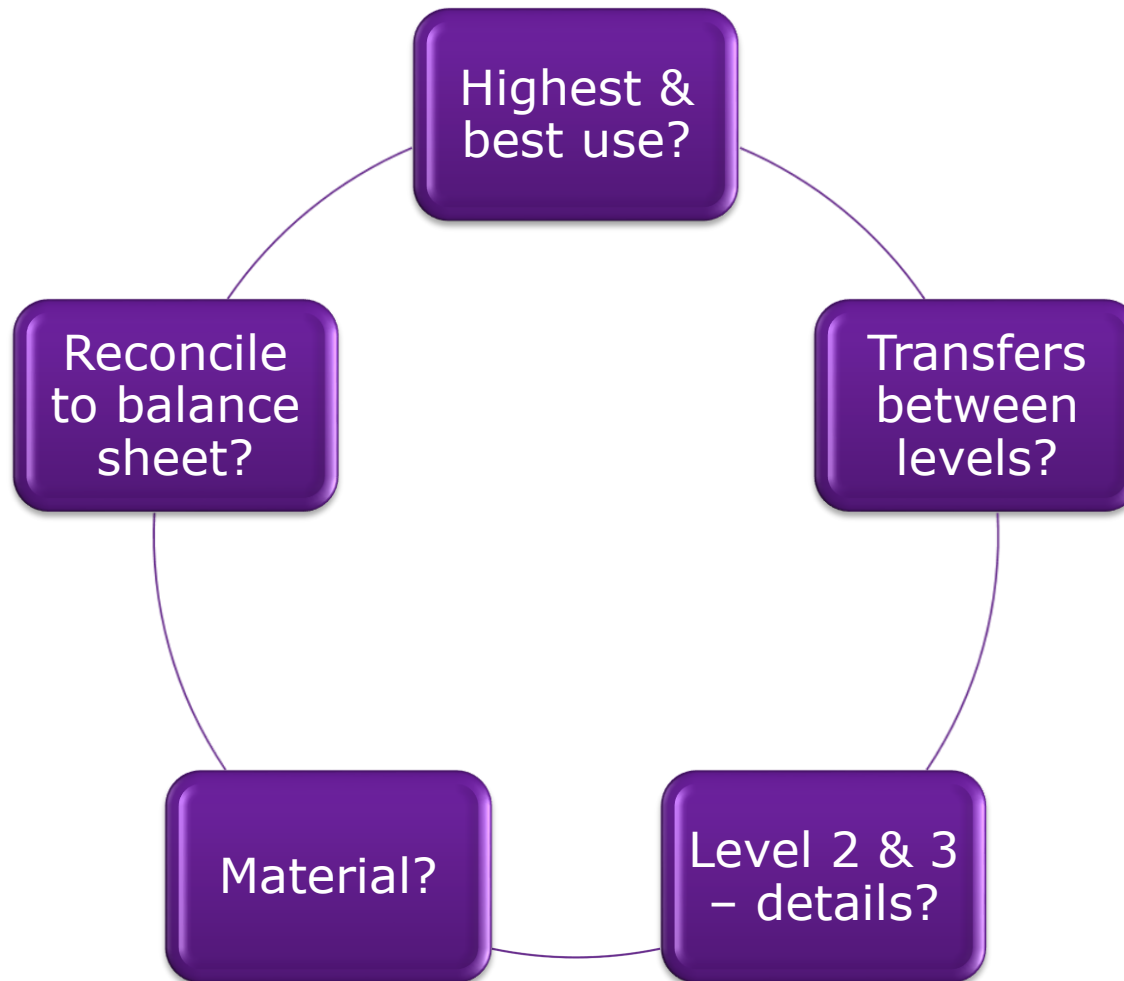


IFRS 13 – Disclosures (overview)

- Objective of the disclosures – information to help users of the accounts assess:
 - Valuation techniques and inputs used
 - For recurring FV measurements using significant unobservable inputs, the effect on the CIES/SCNE

- Delivered through:
 - Relevant disclosures to back up these objectives (especially for Level 3 inputs)
 - Consideration of materiality and telling an effective story!

Disclosures – Some Considerations



Possible Actions

verify valuers and
treasury advisors
complying with
IFRS 13
requirements

accounting policies

asset register
changes (e.g. to
record and report
on valuation level)

minimise use of
level 2 & 3
valuations

minimise transfers
between levels

consider
materiality of
disclosures

IFRS 13 – General Public Sector Impact

- Prospective application in 2015/16
- Operational PPE measured at service potential (current value) – no change in measurement requirements
- Surplus assets measured for their economic benefits at FV under IFRS 13 from 2015/16
- Investment properties – highest and best use
- Liabilities – best transfer price

Resources



IFRS 13 Project Summary and Feedback Statement

http://www.ifrs.org/Documents/FairValueMeasurementFeedbackstatement_May2011.pdf

IFRS 13 – IFRS Educational Materials

<http://www.ifrs.org/Use-around-the-world/Education/FVM/Pages/FVM.aspx>

Local Authority Accounting Code of Practice

<http://www.cipfa.org/policy-and-guidance/publications?tab=&filters=%7b0F14D9FB-449F-4157-A2FB-F5AAFCC25DC7%7d#filters>

Financial Reporting Manual (FReM)

<https://www.gov.uk/government/publications/government-financial-reporting-manual>

RICS Valuation – Professional Standards ('Red Book')

<http://www.rics.org/uk/knowledge/professional-guidance/red-book>



Upcoming webinars...

- Creating an Anti Fraud Culture – 14th Dec

Contact me



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