

## STAFF PAPER

December 2015

## IASB Meeting – Education Session

Project	Present value measurements – discount rates research		
Paper topic	Cover note		
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1. The purpose of the educational session this month is to discuss with the IASB some of the findings from the staff research on present value measurements – discount rates, specifically in two areas of research; components of present value measurement and measurement methodology. In the discussion, we will focus on the potential financial reporting problems identified by the staff as relating to these two areas. The problems we have identified include:
  - (a) Application of entity-specific perspective in measurement;
  - (b) Inconsistent reflection of liquidity risk; and
  - (c) Three issues relating to the methodology of reflecting tax in measurement.
2. We will also discuss the research on potential additional issues in practice in these areas, namely inclusion of credit risk in some measurements of provisions and use of moving average discount rates, also in measurement of provisions.
3. The papers for the session comprise:
  - (a) Agenda Paper 17A—slides summarising findings and the potential financial issues identified relating to present value components and methodology
  - (b) Agenda Paper 17B—draft Research Paper,
  - (c) Agenda Paper 17C – summary of views from stakeholders (as a background only).
4. Draft Research Paper (agenda paper 17B) is unchanged from when presented as agenda paper 15B in September 2015. We thank those IASB members and directors

who provided detailed comments which we have considered. We will submit a revised paper reflecting those and other comments once the IASB has had the opportunity to discuss the whole paper.

5. We hope that the papers for this session will also be useful to stakeholders who are:
  - (a) taking part in the IASB's Agenda Consultation; and/or
  - (b) commenting on the *Conceptual Framework* Exposure Draft.