



## Accounting Standards Board

Aldwych House, 71-91 Aldwych, London WC2B 4HN

Telephone: 020 7492 2300 Fax: 020 7492 2399

[www.frc.org.uk/asm](http://www.frc.org.uk/asm)



Hilary Eastman  
Senior Technical Manager  
International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH

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Dear Hilary

### **IASB's Exposure Draft 'Measurement Uncertainty Analysis Disclosure for Fair Value Measurements' (ED/2010/7)**

This letter sets out the Accounting Standards Board's (ASB's) comments on the Exposure Draft (ED) '*Measurement Uncertainty Analysis Disclosure for Fair Value measurements*'.

The ASB does not support the proposed changes in the measurement uncertainty analysis disclosure. In its comment letter of 28 September 2009 on the IASB's ED 'Fair Value Measurement', the ASB stated its view that any standard based on that ED should have a limited scope and apply only to those financial instruments that are required to be measured at fair value. With that in mind, we think that the sensitivity analysis currently required by paragraph 27B(e) of IFRS 7 should not be moved into the Fair Value Measurement (FVM) standard.

The ASB also questions the value to users of the information that the analysis would produce, given that it is focused on unobservable inputs and the extent to which using a different unobservable input can affect a fair value measurement. Looking at Illustrative Example (IE) 1, the figures in the ranges for different unobservable inputs that could have reasonably been used – to our mind – implies a level of accuracy that we find spurious.

The ASB is also concerned that this disclosure is simply adding to the already extensive disclosure burden being placed on preparers. We are not convinced by the argument set out in paragraph BC 29 that the benefits of this proposed disclosure would outweigh the costs and improve financial reporting. In our view, there is a need for the disclosures currently required under IFRS to be looked at in the round to see if they provide useful information to users. We note that the US Financial Accounting Standards Board (FASB) has a disclosure framework project under way, as does the European Financial Reporting Advisory Group (EFRAG).

Given the concerns the ASB has with the proposals in the ED, we have not answered the questions set out in the Invitation to Comment.

Should you wish us to expand on any aspect of this response, please contact me or Jennifer Guest [j.guest@frc-asb.org.uk](mailto:j.guest@frc-asb.org.uk)

Yours sincerely



**Ian Mackintosh**  
**Chairman**

DDI: 020 7492 2434

Email: [i.mackintosh@frc-asb.org.uk](mailto:i.mackintosh@frc-asb.org.uk)