



LEMBAGA PIAWAIAN PERAKAUNAN MALAYSIA
MALAYSIAN ACCOUNTING STANDARDS BOARD



19 May 2006

Director
Canadian Accounting Standards Board
277 Wellington Street West
Toronto
Ontario M5V 3H2
Canada

Dear Sir,

**Discussion Paper: Measurement Bases for Financial Accounting –
Measurement on Initial Recognition**

The Malaysian Accounting Standards Board (MASB) appreciates the opportunity to offer its views on the Discussion Paper: Measurement Bases for Financial Accounting – Measurement on Initial Recognition (DP).

We commend the efforts of the staff of the Canadian Accounting Standards Board in developing the DP.

Generally we have no objection to the proposals in the DP. We support the measurement hierarchy in the DP which allows the use of other measurement bases as substitute for fair value, such as the use of current cost and valuation techniques that use entity-specific inputs only.

However, there are areas which we believe merits consideration.

A the responses would be provided to IASB for them to take into account in its projects, it would be helpful if the proposals in the DP take into consideration the deliberations on the related convergence projects undertaken by IASB and FASB, such as the Conceptual Framework or Fair Value Measurement.

For example, the DP defines fair value as:

“the amount for which an asset or liability could be exchanged between knowledgeable, willing parties in an arm’s length transaction”.



However, we noted that IASB plans to issue an Exposure Draft on Fair Value Measurements, which is based on the FASB's final Fair Value Measurements standard, by April 2006 which defines fair value as

"the price that would be received for an asset or paid to transfer a liability in a current transaction between marketplace participants in the reference market for the asset or liability".

We suggest that there should be consistency in the definition of fair value if the responses would to be used for the IASB's purposes and for the DP to be fit into the current agenda of the IASB.

In addition, we noted the DP explains that the conclusions reached therein are tentative and will be re-assessed when their potential implications for re-measurement are considered in subsequent papers. The IASB acknowledges that the DP would be helpful in considering initial and subsequent measurement, ie phase C of its project on Conceptual Framework. In this regard, it would be helpful if the proposals in the DP on initial measurement to be finalised coterminous with the proposals on subsequent measurement since there is no clean division between initial measurement and re-measurement.

Should you require further information, please contact Dr. Nordin Mohd Zain, the Executive Director of MASB, via e-mail at nordin@masb.org.my.

Yours sincerely,

Dato' Zainal Abidin Putih
Chairman