FOURMI
& PARTNERS

Building #12, Street 348, Phum 4, Sangkat Toul Svay Prey Ti Mouy, Khan Boeng Keng Kang, Phnom Penh
+855 (0) 23 926 999 · hello@fourmiandpartners.com

INSIGHTS

ACCOUNTING & TECHNOLOGY

IFRS 13 fair value measurement in Cambodia

How CIFRS IFRS 13 defines fair value, the three-level hierarchy, market participants and valuation techniques, and how Cambodian companies evidence land, plantation and unquoted-equity valuations.



By Liv Bonito
Co-founder & Managing Director · FCCA, CPA (KICPAA)

PUBLISHED 19 NOVEMBER 2026 UPDATED 19 NOVEMBER 2026 11 MIN READ

HOW DOES A CAMBODIAN COMPANY MEASURE FAIR VALUE UNDER IFRS 13?

IFRS 13 defines fair value as 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, not the price the owner hopes to achieve or a forced-sale price. The entity identifies the principal or most advantageous market, uses valuation techniques appropriate to the asset or liability, and classifies the inputs in the Level 1/2/3 hierarchy; for a non-financial asset, fair value reflects its highest and best use. CIFRS for SMEs has a separate fair value section in the 2025 edition, so confirm the edition adopted by the National Accounting Council. In Cambodia, land, plantations and unquoted shares rarely have an active market, so the valuation evidence and the auditor's challenge under ISA 540/620 are central.

IN SHORT

- Fair value is an exit price between market participants at the measurement date, not a cost, a book value or a forced-sale price.
- The principal or most advantageous market, the highest and best use of a non-financial asset, and the valuation technique all affect the number.
- The Level 1/2/3 hierarchy is about the observability of inputs, not the quality of the asset or the size of the valuation firm.
- CIFRS for SMEs Section 12 is new in the 2025 edition; earlier editions use fair value guidance within individual sections. Confirm the edition.
- Cambodian land, plantations and unquoted equity are usually Level 3; the valuation report, assumptions and sensitivity need as much audit attention as the number.

Exit price, market participants and the orderly transaction

IFRS 13 defines fair value as 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. It is an exit price from the perspective of a market participant that holds the asset or owes the liability, not an entry price or a value to the current owner. A forced liquidation, a distressed sale or a price between related parties is not automatically fair value.

The entity identifies the principal market, which is the market with the greatest volume and level of activity for the asset or liability, or, in the absence of a principal market, the most advantageous market. Market participants are buyers and sellers in that market that are independent, knowledgeable, willing and able to transact. Transaction costs are not deducted from fair value; they are a characteristic of the transaction, not of the asset.

For a non-financial asset, fair value reflects the highest and best use of the asset by market participants, either in combination with other assets (in-use) or on a standalone basis (in-exchange), provided the use is physically possible, legally permissible and financially feasible. A vacant land parcel in Phnom Penh may have a higher value for a residential development than for the current use; the valuation should reflect the use that a market participant would pay for.

Valuation techniques and the input hierarchy

IFRS 13 permits three valuation techniques: the market approach, which uses prices and other information from market transactions involving identical or comparable assets; the income approach, which converts future cash flows or income into a present amount; and the cost approach, which reflects the amount that would be required to replace the service capacity of an asset. The entity selects the techniques that are appropriate in the circumstances and for which sufficient data are available, and applies them consistently.

The fair value hierarchy classifies the inputs, not the technique. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are observable inputs other than Level 1 quoted prices, such as quoted prices for similar assets, interest rates, yield curves or market-corroborated inputs. Level 3 inputs are unobservable inputs for the asset or liability, including the entity's own assumptions about cash flows, discount rates, growth or discount for lack of marketability.

A valuation technique that uses a mix of inputs is classified in the lowest level of any input that is significant to the fair value measurement. A discounted cash-flow model with an observable discount rate but an unobservable growth rate is usually Level 3. The classification is not a measure of how careful the valuer was; it tells the reader how much of the number depends on unobservable assumptions.

THE FAIR VALUE HIERARCHY AND CAMBODIAN EXAMPLES

Level	Inputs	Examples
Level 1	Quoted prices in active markets for identical assets	Listed shares, quoted government bonds
Level 2	Observable inputs other than Level 1 prices	Bank deposit rates, comparable transactions, yield curves
Level 3	Unobservable inputs	Land without an active market, plantations, unquoted equity, related-party loans

Liabilities, non-performance risk and day-one fair value

The fair value of a liability is the price that would be paid to transfer the liability to a market participant at the measurement date. It reflects the non-performance risk of the obligation, including the entity's own credit risk, and the terms of the liability. A related-party loan with no

stated interest is not automatically fair value at its face amount; the terms, the credit risk and the market rate matter.

When an asset is acquired or a liability is incurred in a transaction, the transaction price is often the best evidence of fair value at initial recognition. If the fair value differs from the transaction price, the difference is a day-one gain or loss. IFRS 13 permits recognition of that gain or loss only if the fair value is evidenced by a quoted price in an active market or a valuation technique that uses only observable market data; otherwise the difference is deferred or recognised in accordance with the relevant standard.

CIFRS for SMEs Section 12

The 2025 third edition of the IFRS for SMEs standard introduces Section 12 Fair Value Measurement, which relocates and simplifies the fair value guidance previously spread across the individual sections. Earlier editions do not have a separate Section 12; the fair value requirements sit within the relevant sections, such as investment property, agriculture and financial instruments.

The National Accounting Council's adoption determines the edition in Cambodia. Confirm the edition with the auditor before relying on a section number, and apply the fair value guidance consistently to all measurements. The SME standard is simpler, but it does not remove the need to identify the market, the participants and the key assumptions.

Cambodian evidence: land, plantations and unquoted equity

Most Cambodian fair value measurements are Level 3. Land and buildings rarely have a deep active market; plantations depend on age, yield, species and location; unquoted shares depend on the company's cash flows and the rights attached to the shares. A valuation prepared for a bank, a tax filing or a related-party transfer may not meet IFRS 13: the basis, the date, the market participants and the highest and best use can all differ.

The valuation report should identify the asset, the valuation date, the market, the participants, the technique, the key inputs, the hierarchy level and the sensitivity of the result. For a plantation, separate the bearer plant (IAS 16) from the produce (IAS 41); for land, consider the highest and best use and any legal restrictions; for unquoted equity, consider the company's cash flows and the marketability discount.

The auditor evaluates the valuation under ISA 540 and, where a valuer is used as an auditor's expert, ISA 620. The auditor should challenge the assumptions, test the data, compare the result with market evidence and consider whether the disclosure explains the Level 3 sensitivity. A valuation that is not supported by the underlying data is a finding, even if the number looks reasonable.

- Land title, zoning, access and any legal restriction on use.
- Plantation age, yield, species, disease and harvest records.
- Unquoted equity: cash-flow forecast, comparable transactions, marketability discount.
- The valuation report, method, inputs, hierarchy and sensitivity.
- The tax value, the book value and the fair value reconciled and explained.

Key facts

How this article is checked

Figures were verified against the sources listed below in November 2026 and are re-checked each January or when the rule changes. Written by Liv Bonito, Co-founder & Managing Director. General information, not advice on your situation: for that, talk to a partner.

QUESTIONS

Questions people ask

Is a forced sale or a liquidation value fair value under IFRS 13?

No. Fair value assumes an orderly transaction between market participants at the measurement date, not a forced sale or a liquidation. A distressed price can be relevant evidence of the market, but it is not automatically the fair value.

Is a valuation prepared for the tax authority the same as IFRS 13 fair value?

Not necessarily. A tax valuation may use a different basis, date, market or assumptions. IFRS 13 requires the principal or most advantageous market, market participants, highest and best use and the fair value hierarchy. The tax value can be a data point, but it does not replace the IFRS 13 analysis.

How is an unquoted company valued under IFRS 13?

Usually with an income approach (discounted cash flows), a market approach (comparable transactions or multiples) or a combination, adjusted for the rights and restrictions of the shares and a marketability discount. The inputs are usually Level 3, so the valuation report must explain the assumptions and the sensitivity.

Does IFRS 13 apply to every fair value in the financial statements?

IFRS 13 applies when another standard requires or permits fair value measurement or disclosure, except for the specific scope exclusions in IFRS 13, such as share-based payment transactions within IFRS 2 and leasing transactions within IFRS 16. The relevant standard still decides whether fair value is required.

SOURCES

Where the rules come from

01 IFRS 13 Fair Value Measurement (https://www.ifrs.org/issued-standards/list-of-standards/ifrs-13-fair-value-measurement/) — IFRS Foundation

02 IFRS for SMEs Accounting Standard, Section 12 Fair Value Measurement (2025 edition) (https://www.ifrs.org/issued-standards/ifrs-for-smes/) — IFRS Foundation

03 IAS 40 Investment Property, IAS 41 Agriculture and IFRS 3 Business Combinations — IFRS Foundation

04 ISA 540 Auditing Accounting Estimates and ISA 620 Using the Work of an Auditor's Expert — IAASB / KICPAA

05 Cambodian International Financial Reporting Standards (CIFRS and CIFRS for SMEs) — National Accounting Council / ACAR, Ministry of Economy and Finance