

**Meeting:** International Public Sector Accounting Standards Board

**Meeting Location:** Virtual Meeting

**Meeting Date:** June 23–26, 2020

# Agenda Item 5

For:

- Approval
- Discussion
- Information

## ED74 & ED 75, MEASUREMENT – COORDINATION OF CROSS-CUTTING ISSUES

<b>Project summary</b>	To provide members an overview of the issues addressed in the Conceptual Framework – Limited-Scope Update (CF-LSU) and Measurement Projects.	
<b>Meeting objectives</b>	<b>Topic</b>	<b>Agenda Item</b>
<b>Project management</b>	<a href="#">ED74 &amp; ED 75, Measurement – Coordination of Cross-Cutting Issues: Project Roadmap</a>	<a href="#">5.1.1</a>
	<a href="#">Instructions up to Previous Meeting</a>	<a href="#">5.1.2</a>
	<a href="#">Decisions up to Previous Meeting</a>	<a href="#">5.1.3</a>
<b>Decisions required at this meeting</b>	<a href="#">Coordinators Report of Cross-Cutting Issues</a>	<a href="#">5.2.1</a>
	<a href="#">Timing of Inter-Related Projects</a>	<a href="#">5.2.2</a>

**ED74 & ED 75, MEASUREMENT – COORDINATION OF CROSS-  
CUTTING ISSUES:  
PROJECT ROADMAP**

<b>Meeting</b>	<b>Completed Actions or Discussions / Planned Actions or Discussions:</b>
June 2020	1. Discussion of Issues
September 2020	1. Discussion of Issues 2. Review [draft] Exposure Draft 74 & [draft] Exposure Draft 75, <i>Measurement</i>
December 2020	1. Approve Exposure Draft

**INSTRUCTIONS UP TO PREVIOUS MEETING**

Meeting	Instruction	Actioned
March 2020	1. Lead staff for CF-LSU, Measurement, Heritage and Infrastructure projects to coordinate the development of the related EDs (Measurement, PPE (Updated IPSAS 17) and CF Update), including managing cross-cutting issues.	1. See <a href="#">Agenda Item 5.2.1</a> .
	2. Measurement staff to lead on cross-cutting standards-level issues, reporting to Chairs of 3 Task Forces, and reporting progress at each Board meeting via a coordinator’s report.	2. See <a href="#">Agenda Item 5.2.1</a> and Agenda Item 8.2.1.
	3. Assess the appropriate number of Exposure Drafts (EDs) and timing of publication, in context of expected staff / Board time, progress, and need to coordinate with Measurement-related project package and constituent focus / workload.	3. Staff recommend 2 EDs be developed: <ul style="list-style-type: none"> <li>o A revised Chapter 7 of the Framework as part of a package with the measurement-related EDs; and</li> <li>o A further CF-LSU ED addressing Key Issues # 6-10.</li> </ul> See paragraph 8 of <a href="#">Agenda Item 5.2.1</a> .
March 2020	4. See Agenda Item 6.2.2 for instructions related to the CF-LSU project.	4. See Agenda Item 6.2.2 for actions related to the CF-LSU project.
March 2020	5. See Agenda Item 7.2.2 for instructions related to the measurement project.	5. See Agenda Item 7.2.2 for actions related to the measurement project.

**DECISIONS UP TO PREVIOUS MEETING**

<b>Meeting</b>	<b>Decision</b>	<b>BC Reference</b>
March 2020	1. Not applicable – This Agenda Item is new for June 2020. It summarizes the process followed by staff in managing the Measurement and CF-LSU projects holistically. Decisions are included in the specific Agenda Items related to each project.	1. Not applicable

## Coordinators Report of Cross-Cutting Issues

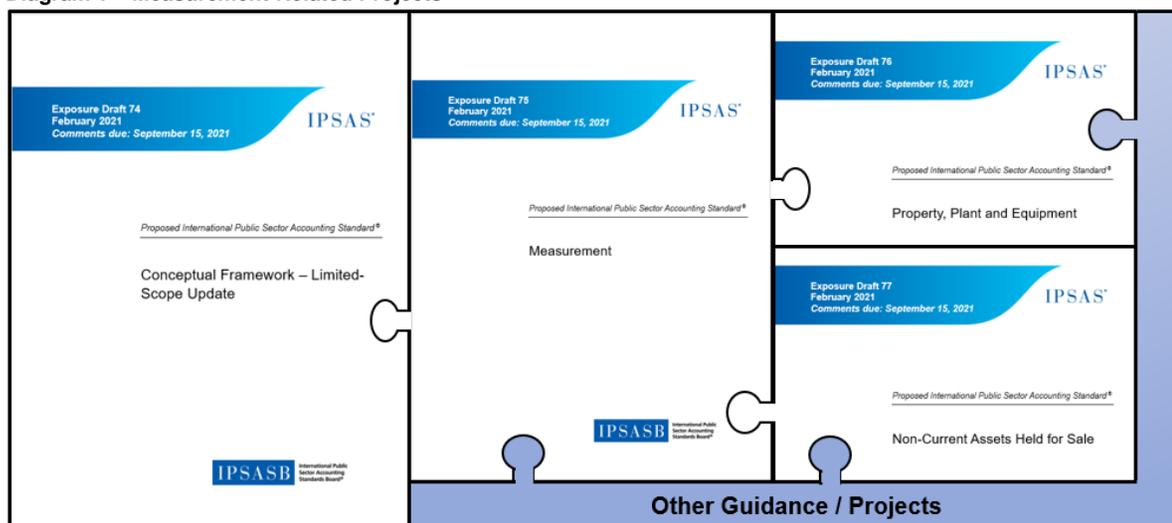
### Purpose

1. To provide the IPSASB with an overview of the issues addressed as part of the work performed by the Conceptual Framework – Limited-Scope Update (CF-LSU) and Measurement project teams.

### Background

2. During its March 2020 meeting, the IPSASB performed a detailed review of its ongoing projects. The review included a stock-take of the current status of each project and considered how projects should be managed holistically.
3. The IPSASB noted projects are increasingly inter-related and that several projects are dependent on decisions made in the CF-LSU and Measurement projects. The IPSASB highlighted the need for an integrated project management approach.

**Diagram 1 – Measurement-Related Projects**



### Analysis

4. Given the links between the CF-LSU and Measurement projects, staff closely collaborated on the issues in each project stream. This included:
  - (a) Joint development of the overall project plan for the quarter, and through to ED approval;
  - (b) Discussion of cross-cutting agenda prior to the development of the agenda papers;
  - (c) Cross attendance of all CF-LSU and Measurement Task Force Calls; and
  - (d) Review and comparison of all agenda papers to ensure consistency in recommendations.
5. This process has resulted in an integrated approach allowing the Board to review agenda papers in logical order. This is important because decisions in one project often impact other projects.
6. In developing the agenda items, staff formed a view that some of the “measurement issues” are best presented during the CF-LSU session, and vice versa. For example, evaluating the appropriateness of synergistic and equitable value was identified as part of the measurement project. However, given

# Agenda Item 5.2.1

the CF-LSU session will address conceptual measurement bases, it appears most appropriate to consider all agenda papers related to the measurement bases together.

7. The following table provides an overview of:
- (a) The issues addressed in Q2 2020; and
  - (b) The issues to be considered in Q3 2020, Q4 2020 and H1 2021.

		Issue (agreed in March 2020)		
Agenda Paper	Theme of Paper	Conceptual Framework	Measurement	Board agenda reference
<b>Q2 – June 2020</b>				
Coordinators Report Staff presenter – Dave Warren	Project Management	<b>Key issue 1</b> Scope	-	5.2.1 (This Agenda Item)
Approval of Measurement Hierarchy Staff presenter – John Stanford	Model	<b>Key Issue 2</b> Impact of Revised IASB Measurement Chapter	-	6.2.2
Fair Value & Market Value – Should Market Value be a Measurement Basis? Staff presenter – John Stanford	Bases	<b>Key Issue 4</b> Relationship Between Market Value and Fair Value	<b>Theme C</b> Conceptual Framework Issues – Fair Value in the Conceptual Framework	6.2.3
What are the Measurement Bases to be Defined in the Conceptual Framework? Staff presenter – John Stanford		<b>Key Issue 3</b> Fair Value in the Conceptual Framework		6.2.4
Replacement Cost as a Measurement Basis or a Technique Staff presenter – Dave Warren		<b>Key Issue 5</b> Replacement Cost Basis or Technique		<b>Theme C</b> Conceptual Framework Issues – Replacement Cost

# Agenda Item 5.2.1

		Issue (agreed in March 2020)		
Agenda Paper	Theme of Paper	Conceptual Framework	Measurement	Board agenda reference
Value in Use as a Measurement Basis or Measurement Technique Staff presenter – John Stanford		<b>Key Issue 2</b> Impact of Revised IASB Measurement Chapter	-	6.2.6
Synergistic or Equitable Value Staff presenter – Dave Warren		-	<b>Theme B</b> Conceptual Framework Issues – Synergistic / Equitable Value	6.2.7
The Usefulness of the Distinction Between Entry and Exit Values Staff presenter – John Stanford		<b>Key Issue 2</b> Impact of Revised IASB Measurement Chapter	-	6.2.8
Measurement Guidance: Placement Staff presenter – Dave Warren	Location of guidance	-	<b>Theme B</b> Conceptual Framework Issues – Alignment of Measurement Bases with Conceptual Framework	7.2.2
Applying IFRS 13 FV throughout IPSAS Staff presenter – Eileen Zhou	Application of Measurement Principles	-	<b>Theme D</b> Review of Fair Value in IPSAS	7.2.3
Analysis of Responses (Improvements to Measurement Bases Guidance) Staff presenter – Dave Warren		-	<b>Theme F</b> Comments on Measurement Bases	7.2.4 – 7.2.7
Amendments to IPSAS 5, <i>Borrowing Costs</i> Staff presenter – Dave Warren		-	<b>Theme A</b> Borrowing Costs	7.2.8

# Agenda Item 5.2.1

		Issue (agreed in March 2020)		
Agenda Paper	Theme of Paper	Conceptual Framework	Measurement	Board agenda reference
<b>Q3 – September 2020</b>				
Cost of Release / Assumption Price	Bases	<b>Key Issue 2</b> Impact of Revised IASB Measurement Chapter	-	X.X.X
Net Selling Price			-	X.X.X
Fulfillment Value / Cost of Fulfillment			<b>Theme E</b> Fulfillment Value	X.X.X
Application of flowcharts to IPSAS	Flowcharts	-	<b>Theme G</b> Flowcharts	X.X.X
[draft] Exposure Drafts	Exposure Drafts	<b>Key Issue 11</b> Communication	<b>Theme H</b> Consequentials	X.X.X
			<b>Theme H</b> Exposure Draft	X.X.X
<b>Q4 – December 2020</b>				
[draft] Exposure Drafts	Exposure Drafts	<b>Key Issue 11</b> Communication	<b>Theme H</b> Consequentials	X.X.X
			<b>Theme H</b> Exposure Draft	X.X.X
<b>H1 2021 - Staff will progress the following topics for a second ED to be approved and published in the first half of 2021 (see paragraph 8)</b>				
Capital Maintenance	Other CF Issues	<b>Key Issue 6</b> Capital Maintenance	-	X.X.X
Definitions of Asset and Liability		<b>Key Issue 7</b> Definitions of Asset and Liability	-	X.X.X
Unit of Account and Executory Contracts		<b>Key Issue 8</b> Unit of Account and Executory Contracts	-	X.X.X
Prudence as an Aspect of Neutrality in Faithful Representation		<b>Key Issue 9</b> Prudence as an Aspect of Neutrality in Faithful Representation	-	X.X.X
Materiality		<b>Key Issue 10</b> Materiality	-	X.X.X

8. The Measurement, Heritage and Infrastructure projects and the components of the CF-LSU related to measurement are highly inter-related. It is essential a revised Chapter 7 of the Framework is approved in December 2020 as part of a package with the EDs identified in paragraph 3 and illustrated in Diagram 1. A further CF-LSU ED addressing Key Issues # 6-10 will be approved in June 2021.

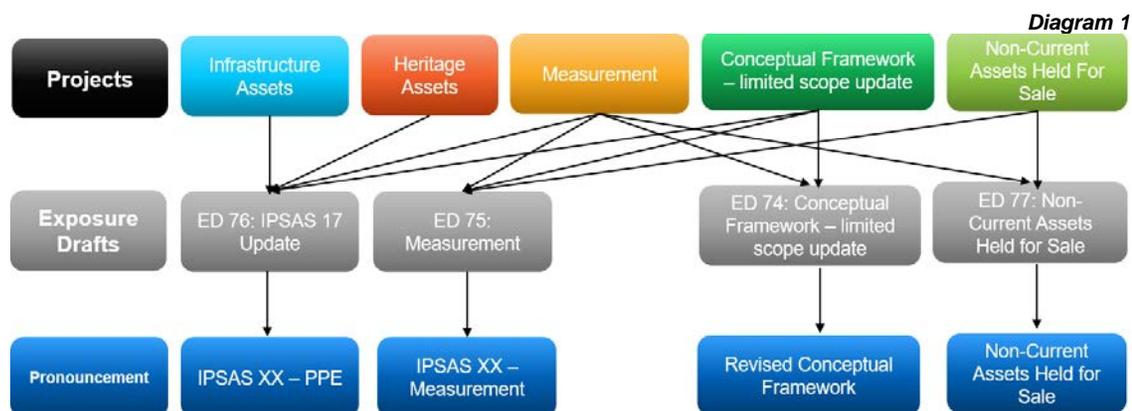
## Timing of Inter-Related Projects

### Purpose

1. To present the timing of the of the inter-related projects related to the Conceptual Framework and Measurement projects.

### Background

2. During its March 2020 meeting, the IPSASB agreed to put back the Measurement, Infrastructure, and Heritage Exposure Draft approval dates to December 2020, because of the need to coordinate these projects and to consult with constituents on these projects as a package.
3. As result of the detailed review, the IPSASB noted projects are increasingly inter-related. The IPSASB highlighted the need for an integrated staff approach to managing projects.
4. The IPSASB agreed this connectivity presented an opportunity for the Board to pursue an innovative approach to develop:
  - (a) **ED 74—Conceptual Framework-Limited Scope Update.** To propose changes to the Conceptual Framework related to measurement.
  - (b) **ED 75—Measurement.** To propose the principles to be included in the future Measurement standard.
  - (c) **ED 76—IPSAS 17 update.** To include the proposed changes to IPSAS 17, *Property, Plant, and Equipment* arising from Measurement, Heritage Assets and Infrastructure Assets projects (see explanation below).
  - (d) **ED 77—Non-Current Assets Held for Sale.** To fill a hole in existing IPSAS by aligning with guidance in IFRS.



### Analysis

5. It is particularly important that both conceptual and standards-level proposals on measurement are issued as a package. This approach illustrates to stakeholders the projects have been considered holistically. This innovative approach includes several benefits for stakeholders:
  - (a) **Time to market.** Issuing all the exposure drafts as one package reduces the time required to complete the suite of projects. For example, the heritage staff will not be waiting on responses to be received on measurement when finalizing guidance.

- (b) **Fewer documents for exposure.** Each of the measurement, heritage and infrastructure projects propose changes to IPSAS 17. Managing the projects holistically allows for one ED be issued as opposed to three.
  - (c) **Coordinated approach.** Issuing the documents together allows stakeholders to consider all the proposals at once and illustrates these projects are inter-related. This is critical for the IPSASB in moving these projects forward and ensuring the complete picture is presented.
6. Staff reviewed the IPSASB decision and propose the following timeline be followed in order to meet the IPSASB's objective of approving the suite of EDs in December 2020:
- (a) June 2020
    - (i) **Review key issues** for CF-LSU, Measurement, IPSAS 17 Update and Non-Current Assets Held for Sale;
    - (ii) **Review draft of ED 76** for measurement project related changes.
  - (b) September 2020
    - (i) **Review outstanding key issues** for CF-LSU, Measurement, IPSAS 17 Update and Non-Current Assets Held for Sale;
    - (ii) **Decide on issues** for CF-LSU, Measurement, IPSAS 17 Update and Non-Current Assets Held for Sale; and
    - (iii) **Review drafts of ED 74, ED 75, ED 76 and ED 77.**
  - (c) December 2020
    - (i) **Approve ED 74**—Conceptual Framework-Limited Scope Update.
    - (ii) **Approve ED 75**—Measurement.
    - (iii) **Approve ED 76**—IPSAS 17 update.
    - (iv) **Approve ED 77**—Non-Current Assets Held for Sale.