

Meeting: International Public Sector Accounting Standards Board

Meeting Location: Toronto, Canada

Meeting Date: June 25–28, 2024

Agenda Item 3

For:

Approval

Discussion

Information

MEASUREMENT APPLICATION PHASE

Project summary	The project objective is to evaluate the applicability of current operational value in IPSAS not explicitly considered in phase one of the Measurement project.	
Project staff leads	<ul style="list-style-type: none"> • Agustina Llambi, Senior Manager • John Stanford, Senior Advisor 	
Task Force members	<ul style="list-style-type: none"> • David Watkins, IPSASB Technical Advisor (Task Force Chair) • Liang Yang, IPSASB Member • Takeo Fukiya, IPSASB Technical Advisor • Mark Wermuth, IPSASB Technical Advisor • Todd Beardsworth, Office of the Auditor-General Te Mana Arotake • Shahad A. Alshehri, Ministry of Finance, Kingdom of Saudi Arabia 	
Meeting objectives	Topic	Agenda Item
Project management	Measurement Application Phase Dashboard	3.1.1
	Instructions up to Previous Meeting	3.1.2
	Decisions up to Previous Meeting	3.1.3
	Measurement Application Phase: Project Roadmap	3.1.4
Decisions required at this meeting	Approval of ED [XX], Amendments to IPSAS as a result of the application of IPSAS 46, <i>Measurement</i>	3.2.1
Other supporting items	ED [XX], Amendments to IPSAS as a result of the application of IPSAS 46, <i>Measurement</i>	3.3.1

**MEASUREMENT APPLICATION PHASE:
 DASHBOARD**

Topic	Past Meetings	June 2024
Project Management	✓	
Approval of ED [XX], Amendments to IPSAS as a result of the application of IPSAS 46, <i>Measurement</i>		
Measurement – Applicability of current operational value		
• IPSAS 3, <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	✓	
• IPSAS 12, <i>Inventories</i>	✓	
• IPSAS 16, <i>Investment Property</i>	✓	
• IPSAS 21, <i>Impairment of Non-Cash-Generating Assets</i>	✓	
• IPSAS 26, <i>Impairment of Cash-Generating Assets</i>	✓	
• IPSAS 27, <i>Agriculture</i>	✓	
• IPSAS 31, <i>Intangible Assets</i>	✓	
• IPSAS 32, <i>Service Concession Arrangements: Grantor</i>	✓	
• IPSAS 36, <i>Investments in Associates and Joint Ventures</i>	✓	
• IPSAS 37, <i>Joint Arrangements</i>	✓	
• IPSAS 40, <i>Public Sector Combinations</i>	✓	
• IPSAS 41, <i>Financial Instruments</i>	✓	
• IPSAS 43, <i>Leases</i>	✓	
Current Value Measurement Disclosures	✓	
Exposure Draft	✓	

Legend	
✓	Task Completed
	Planned IPSASB Discussion
	Page-by-page Review

INSTRUCTIONS UP TO PREVIOUS MEETING

Meeting	Instruction	Actioned
May Check-In 2024	1. Address IPSASB member's drafting comments on the ED offline.	1. See Supporting Document 3.3.1
	2. Work with IPSASB member on the drafting of SMC 2 about the applicability of COV for right-of-use assets at subsequent measurement.	2. See Supporting Document 3.3.1
	3. Revise the drafting of SMC 3 to clarify that the proposal is for COV to replace 'value in use' in IPSAS 21.	3. See Supporting Document 3.3.1
March 2024	1. Draft BCs to reflect whether the introduction of current operational value in IPSAS 12 results in an unintended Day 2 revaluation.	1. See Agenda Item 1.2.1 of the May 2024 Check-In Meeting
	2. The Measurement Application Task Force to consider the scope of the proposed amendments, deferring the analysis of the applicability of COV until the IASB has completed its project on IAS 38, <i>Intangible Assets</i> , and whether COV shall be determined by reference to an active market.	2. See Agenda Item 1.2.1 of the May 2024 Check-In Meeting.
	3. Redraft paragraphs B5 and B6 in IPSAS 46 to ensure consistent application of the 'least costly manner' in the determination of current operational value.	3. See Agenda Item 1.2.1 of the May 2024 Check-In Meeting.
	4. Delete the reference to 'materials and supplies' from paragraph 17(c) of IPSAS 12.	4. See Agenda Item 1.2.1 of the May 2024 Check-In Meeting.
	5. Shorten the title of (draft) ED [XX] to exclude the various IPSAS proposed to be amended.	5. See Agenda Item 1.2.1 of the May 2024 Check-In Meeting
	6. Expand the table in the introduction of (draft) ED [XX] to include all the IPSASB decisions on the applicability of COV on IPSAS in the scope of the Measurement Application Phase project.	6. See Agenda Item 1.2.1 of the May 2024 Check-In Meeting.

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	7. Provide a more detailed discussion in the Basis for Conclusions on the IPSASB's considerations on the applicability of COV as a subsequent measurement for right-of-use assets in accordance with IPSAS 45, <i>Property, Plant, and Equipment</i> .	7. See Agenda Item 1.2.1 of the May 2024 Check-In Meeting.
	8. Redraft paragraph 39C in IPSAS 21 to reflect that an asset with a COV of zero may not be impaired if fair value less costs to sell is greater than the carrying amount.	8. See Agenda Item 1.2.1 of the May 2024 Check-In Meeting.
	9. Move paragraph 43A in IPSAS 21 to the Basis for Conclusions.	9. See Agenda Item 1.2.1 of the May 2024 Check-In Meeting.
	10. Consider whether COV disclosures, similar to the ones added by IPSAS 46 to IPSAS 26, should be added to IPSAS 21.	10. See Agenda Item 1.2.1 of the May 2024 Check-In Meeting.
	11. Delete the table ahead of IE17 Part 2 of (draft) ED [XX] (IPSAS 21).	11. See Agenda Item 1.2.1 of the May 2024 Check-In Meeting.
December 2023	1. Consider redrafting of proposed IPSAS 12.17© for clarity and whether there is an unintended Day 2 movement for harvested biological assets in the scope of IPSAS 12.	1. See Agenda Item 9.2.5 and Agenda Item 9.2.1 of the March 2024 Meeting.
	2. Review the examples illustrating the application of current value measurement bases in impairment calculations to: (a) Consider the unit of account; (b) Provide an example of the market approach to estimate COV; and (c) Reduce the number of monetary units in the examples.	2. See Agenda Item 9.2.5 and Supporting Document 9.3.1 of the March 2024 Meeting.
	3. Clarify how the principle of 'least costly manner' should be applied in the context of right-of-use assets.	3. See Agenda Item 9.2.2 of the March 2024 Meeting.
September 2023	1. Develop examples to illustrate how to determine recoverable service amount under both IPSAS 21, <i>Impairment of Non-Cash Generating Assets</i> , and the staff proposals in Agenda Items 8.2.3 and 8.2.4.	1. See Agenda Item 4.2.3 of the December 2023 Meeting.

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	<p>2. Revise the initial measurement guidance in IPSAS 32 to put more emphasis on discounting of future cash flows technique and remove the reference to fair value.</p>	<p>2. See Agenda Item 4.2.2 of the December 2023 Meeting.</p>
	<p>3. Include a Specific Matter for Comment asking whether the income approach is necessary to measure a right of use asset.</p>	<p>3. See SMC 2 in Supporting Document 3.3.1.</p>
	<p>4. Further analyze the applicability of COV for assets within the scope of IPSAS 12, <i>Inventories</i>, and IPSAS 43, <i>Leases</i>.</p>	<p>4. See Agenda Item 4.2.2 for IPSAS 12 and Agenda Item 4.2.4 for IPSAS 43 of the December 2023 Meeting.</p>
	<p>5. Develop a draft ED addressing the IPSASB's decisions to date.</p>	<p>5. See Supporting Document 9.3.1 of the March 2024 Meeting.</p>
<p>June 2023</p>	<p>1. Include in the Basis for Conclusions the fact that biological assets in the scope of IPSAS 27 are held to generate economic benefits and therefore current operational value is not an applicable measurement basis.</p>	<p>1. See Agenda Item 9.2.6 of the March 2024 Meeting.</p>

DECISIONS UP TO PREVIOUS MEETING

Meeting	Decision	BC Reference
May Check-In 2024	1. The title of the ED should be Amendments to IPSAS as a result of IPSAS 46, <i>Measurement</i> .	1. See Supporting Document 3.3.1
	2. The expansion of the table in the introduction of the ED appropriately included all IPSAS where the IPSASB evaluated the applicability of COV.	2. See Supporting Document 3.3.1
	3. The redrafting of IPSAS46.B5-B6 was consistent with the intended application of the 'least costly manner' in the determination of COV.	3. See IPSAS46.B5-B6 in Part 1 of ED Supporting Document 3.3.1
	4. The addition of current value measurement disclosures to IPSAS 21, <i>Impairment of Non-Cash Generating Assets</i> was appropriate.	4. See Supporting Document 3.3.1
	5. Current operational value (COV) is an applicable initial measurement basis for intangible assets acquired in non-exchange transactions.	5. See IPSAS 31.BC26 Supporting Document 3.3.1
	6. COV is an applicable subsequent measurement basis for intangible assets held for their operational capacity.	6. See IPSAS 31.BC17-BC25 Supporting Document 3.3.1
	7. The Basis for Conclusions on Day 2 revaluations in IPSAS 12 were appropriately redrafted.	7. See IPSAS 12.BC20-BC21 Supporting Document 3.3.1
	8. An SMC should be added seeking constituents' feedback on the applicability of COV for inventories and intangible assets held for their operational capacity.	8. See Supporting Document 3.3.1
March 2024	1. COV is an applicable measurement basis for inventories (IPSAS 12) at initial measurement acquired in non-exchange transactions.	1. See IPSAS 12.BC13-BC21 Supporting Document 3.3.1
	2. COV is an applicable subsequent measurement basis for inventories (IPSAS 12) held for their operational capacity.	2. See IPSAS 12.BC13-BC21 Supporting Document 3.3.1
	3. Paragraph 23 in IPSAS 46, <i>Measurement</i> should be amended to highlight the applicability of the 'least costly manner' in the determination of current operational value.	3. See IPSAS 46.BC49A-BC49C Supporting Document 3.3.1
	4. Subject to instruction in Agenda Item 1.1.2 of the March 2024 meeting, COV is an applicable measurement basis for intangible assets (IPSAS 31) at initial measurement acquired in non-exchange transactions.	4. See IPSAS 31.BC26 Supporting Document 3.3.1

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	5. Subject to instruction in Agenda Item 1.1.2 of the March 2024 meeting, COV is an applicable subsequent measurement basis for intangible assets (IPSAS 31) held for their operational capacity.	5. See IPSAS 31.BC17-BC25 Supporting Document 3.3.1
	6. The term 'recurring' and/or 'non-recurring' should be deleted from current value measurement disclosures in IPSAS 16, <i>Investment Property</i> , IPSAS 27, <i>Agriculture</i> , IPSAS 30, <i>Financial instruments: Disclosures</i> , IPSAS 34, <i>Separate Financial Statements</i> , and IPSAS 38, <i>Disclosure of Interest in Other Entities</i> .	6. See Part 4 of Supporting Document 3.3.1
	7. Non-recurring COV measurement disclosures should be added to IPSAS 12.	7. See IPSAS 12.BC13-BC21 Supporting Document 3.3.1
	8. Paragraph 17 of IPSAS 12 should reflect that inventories held for the rendering of services at no charge (a transfer expense) or for a nominal charge should be measured at the 'lower of cost and current operational value'.	8. See IPSAS 12.BC13-BC21 Supporting Document 3.3.1
	9. (Draft) ED [XX] should be split into four parts: (a) Part 1 – Applicability of Current Operational Value in IPSAS; (b) Part 2 – Limited Scope Update of IPSAS 21, <i>Impairment Non-Cash Generating Assets</i> ; (c) Part 3 – Definition of Accounting Estimates (IAS 8); and (d) Part 4 – Improvements to Current Value Measurement Disclosures.	9. See Supporting Document 3.3.1
December 2023	1. IPSAS 3, <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> should be amended to reflect that a change in measurement model rather than a change in measurement basis is a change in accounting policy.	1. See IPSAS 3.BC16-BC19 in Supporting Document 3.3.1
	2. Subject to the instructions below, COV is an applicable measurement basis for inventories (IPSAS 12) at initial measurement acquired in non-exchange transactions.	2. See IPSAS 12.BC9, in Supporting Document 3.3.1
	3. Subject to the instructions below, COV is an applicable subsequent measurement basis for inventories (IPSAS 12) held for their operational capacity.	3. See IPSAS 12 BC16-BC18 in Supporting Document 3.3.1
	4. Revising the initial measurement terminology in IPSAS 32, <i>Service Concession Arrangements: Grantor</i> , is out of scope of the Measurement Application project.	4. N/A December 2023 – IPSASB Meeting Minutes

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	5. The two arms of recoverable service amount should be COV and fair value less costs to sell (IPSAS 21).	5. See IPSAS 21.BC31-BC47 in Supporting Document 3.3.1
	6. The restoration cost and service units' approaches should be removed from the updated IPSAS 21.	6. See IPSAS 21.BC39-BC42 in Supporting Document 3.3.1
	7. Subject to the instructions below, COV is an applicable subsequent measurement basis for right of use assets (IPSAS 43) subsequently measured in accordance with IPSAS 45, <i>Property, Plant and Equipment</i> .	7. See IPSAS 46.BC98-BC100 in Supporting Document 3.3.1
September 2023	1. The IPSASB decided that COV is an applicable subsequent measurement basis for service concession assets accounted in accordance with IPSAS 45, <i>Property, Plant and Equipment</i> or IPSAS 31, <i>Intangible Assets</i> .	1. See IPSAS 46.BC97(a) in Supporting Document 3.3.1
	2. The IPSASB decided that the applicability of COV should be retained in the individual IPSAS as opposed to being included in IPSAS 40, <i>Public Sector Combinations</i> .	2. See IPSAS Analyzed Supporting Document 3.3.1
	3. IPSAS 3, <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> , should be updated to include the definition of accounting estimate and the 'measurement techniques' terminology introduced in IPSAS 46, <i>Measurement</i> , should be applied consistently throughout IPSAS.	3. See IPSAS 46.BC103 and Part 3 of ED in Supporting Document 3.3.1
June 2023	1. The IPSASB decided that COV is not an applicable measurement basis for IPSAS 16, <i>Investment Property</i> .	1. See IPSAS Analyzed Supporting Document 3.3.1
	2. The IPSASB decided that IPSAS 26, <i>Impairment of Cash-Generating Assets</i> should not be in the scope of the Measurement Application Phase.	2. See IPSAS Analyzed Supporting Document 3.3.1
	3. The IPSASB decided that COV is not an applicable measurement basis for IPSAS 27, <i>Agriculture</i> .	3. See IPSAS Analyzed Supporting Document 3.3.1
	4. The IPSASB decided that COV is not an applicable measurement basis for IPSAS 36, <i>Investments in Associates and Joint Ventures</i> .	4. See IPSAS Analyzed Supporting Document 3.3.1
	5. The IPSASB decided that the applicability of COV should be retained in the individual IPSAS as opposed to being included in IPSAS 37, <i>Joint Arrangements</i> .	5. See IPSAS Analyzed Supporting Document 3.3.1
	6. The IPSASB decided that COV is not an applicable measurement basis for IPSAS 41, <i>Financial Instruments</i> .	6. See IPSAS Analyzed Supporting Document 3.3.1

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	<ol style="list-style-type: none">7. The IPSASB decided that the scope of the review of IPSAS 21 should be limited to the definition of 'recoverable service amount' and the components of 'recoverable service amount.'	<ol style="list-style-type: none">7. See IPSAS46.B102 and IPSAS 21.BC29-BC30 in Supporting Document 3.3.1
March 2023	<ol style="list-style-type: none">1. The IPSASB decided the specific IPSAS in the scope of the Measurement Application Phase.	<ol style="list-style-type: none">1. See IPSAS 46.BC93 Supporting Document 3.3.1
December 2022	<ol style="list-style-type: none">1. The potential application of COV across the existing suite of IPSAS should be added to the work program as a separate phase, with work to begin after the expected approval of IPSAS, <i>Measurement</i>, in March 2023.	<ol style="list-style-type: none">1. Not applicable - Measurement: Application of COV has been added to the work program.

**MEASUREMENT APPLICATION PHASE:
 PROJECT ROADMAP**

Meeting	Completed Actions or Discussions / Planned Actions or Discussions:
December 2022	1. Application of C-V - Phase 2 of the Measurement was added to the work program .
March 2023	1. Discussion of Issues
June 2023	1. Discussion of Issues
September 2023	1. Discussion of Issues
December 2023	1. Discussion of Issues
March 2024	1. Discussion of Issues 2. Review of Exposure Draft (page flip)
May Check-In	1. Review of Exposure Draft
June 2024	1. Approval of Exposure Draft
August 2024 – November 2024	1. Document Out for comment
December 2024	1. High-Level Review of Response to Exposure Draft
March 2025	1. Detailed Review Responses to Exposure Draft 2. Discuss Issues
June 2025	1. Discuss Issues 2. Approval of Amendments

Approval of ED [XX], Amendments to IPSAS as a result of the application of IPSAS 46, *Measurement*

Question

1. Does the IPSASB agree to approve Exposure Draft (ED) [XX], Amendments to IPSAS as a result of the application of IPSAS 46, *Measurement* with a 120-day exposure period?

Recommendation

2. Staff recommend the IPSASB:
 - (a) Approve ED [XX], Amendments to IPSAS as a result of the application of IPSAS 46, *Measurement* ([Agenda Item 3.3.1](#)); and
 - (b) Expose the ED [XX] for a 120-day exposure period.

Analysis

3. The proposed amendments to IPSAS in this ED [XX] are consistent with the objective of the Measurement Application project to:
 - (a) Consider current operational value as an applicable current value measurement at initial and subsequent measurement, where appropriate, across IPSAS¹;
 - (b) Review the definition of recoverable service amount in IPSAS 21, *Impairment Non-Cash Generating Assets*²;
 - (c) Review adding a definition of accounting estimate to IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors* consistent with IPSAS 46 terminology; and
 - (d) Enhance the consistency of current value measurement disclosures in IPSAS.
4. Therefore, staff and the Task Force Chair are of the view that ED [XX] is ready for approval and recommend the IPSASB approval of ED [XX].
5. Following the [IPSASB's Due Process and Working Procedures](#) staff recommends a 120-day comment period.

Decision Required

6. Does the IPSASB agree with the Staff [recommendation](#)?

¹ The applicability of current operational value for assets in the scope of IPSAS 45, *Property, Plant, and Equipment* was considered during the development of IPSAS 45.

² Specifically consider whether current operational value should be directly or indirectly adopted as a branch of recoverable service amount and whether fair value less costs to sell should be retained as a branch of recoverable service amount.

Supporting Documents 1 - Exposure Draft [XX], Amendments to IPSAS as a result of the application of IPSAS 46, *Measurement*

1. ED [XX], Amendments to IPSAS as a result of the application of IPSAS 46, *Measurement* referenced in Agenda Item 3.3.1 is posted separately for easier readability.

Review Instructions:

2. IPSASB members, Technical Advisors, and Observers are asked to note the following when reviewing ED [XX]:
 - (a) For readability purposes, this supporting document does not include track changes; and
 - (b) IPSASB members are encouraged to provide editorial comments to staff offline.