

**IPSASB**

International Public  
Sector Accounting  
Standards Board®

AGENDA ITEM 10

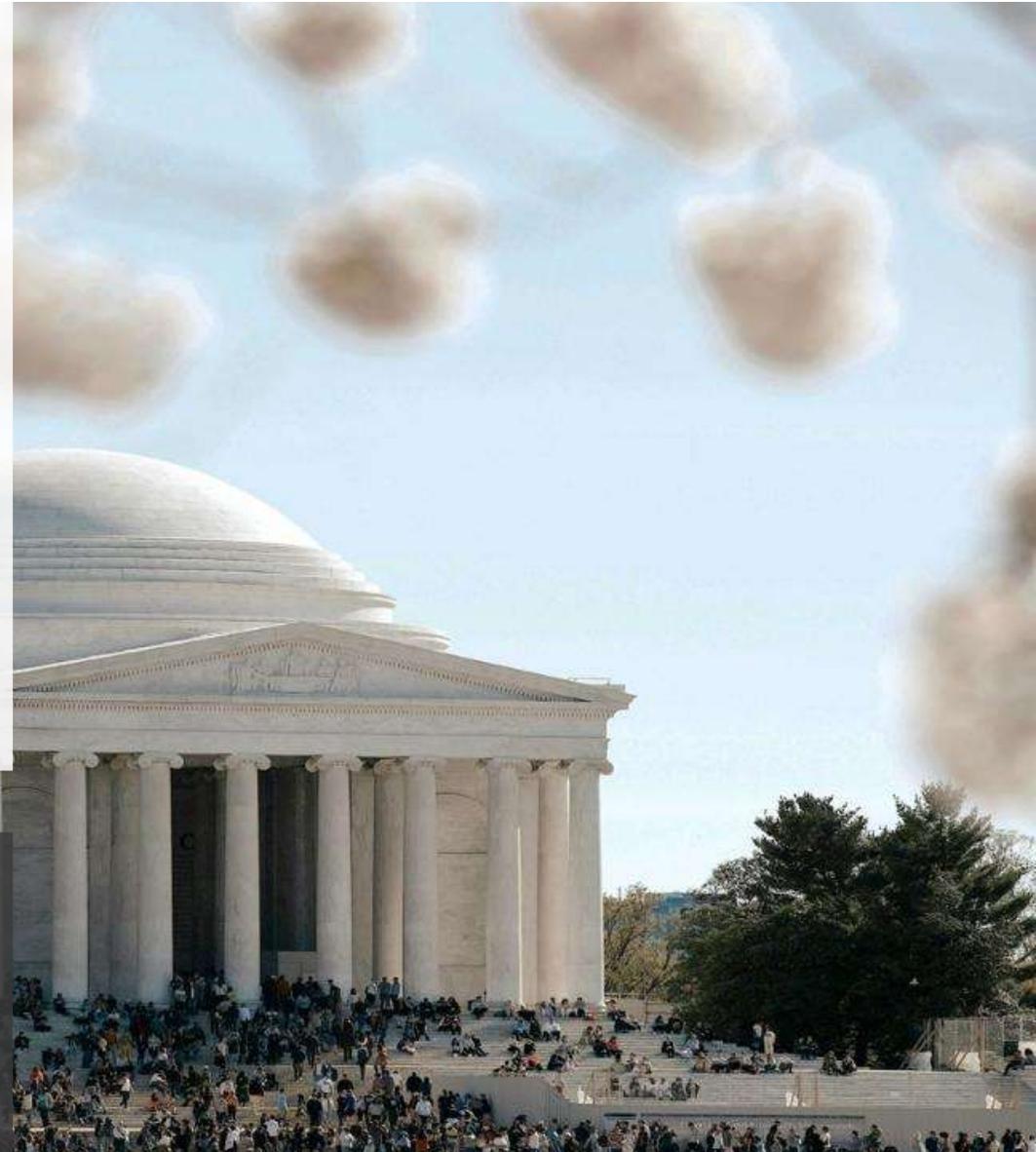
# MEASUREMENT APPLICATION PHASE

IPSASB Meeting – March 2025

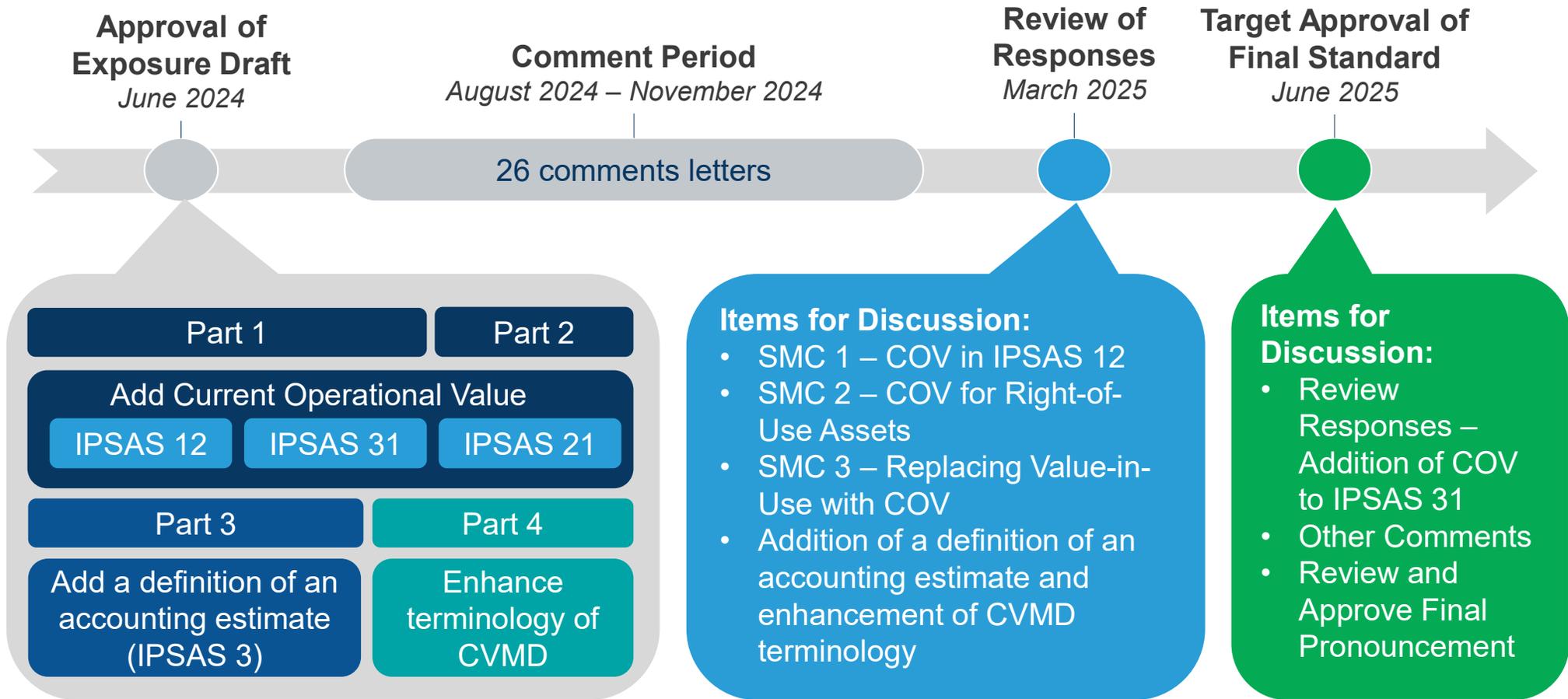
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# Review of Responses to Exposure Draft (ED) 90



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		Responses across 26 Comment Letters							
ED 90	Agree & Partially Agree (adjusted*)	Agree		Partially Agree		Disagree		No Comment	
		#	%	#	%	#	%	#	%
SMC 1 – IPSAS 12	84%	20	77%	1	4%	4	15%	1	4%
SMC 1 –IPSAS 31	64%	14	54%	-	-	8	31%	4	15%
SMC 2(a)	83%	17	65%	2	8%	4	15%	3	12%
SMC 2(b)**	89%	15	68%	1	5%	2	9%	4	18%
SMC 3	88%	15	58%	6	23%	3	12%	2	8%

\* = These percentages are adjusted to exclude responses that did not explicitly comment on that specific SMC

\*\* These totals and percentages reflect the responses from comments letters that agree or partially agree with SMC 2(a)

## SMC 1 – Applicability of COV in IPSAS 12, *Inventories*

### Analysis

- Part 1 proposed amendments to IPSAS 12 to\*:
  - **Add COV at initial measurement for inventories** acquired in a non-exchange transaction;
  - **Replace CRC with COV for subsequent measurement** for specific inventories; and
  - **Clarify** inventories ‘consumed in the rendering of services at no charge (a transfer expense) or for a nominal charge’ are to be measured at the lower of cost and COV.
- **Strong constituent support:**

Agree & Partially Agree (adjusted*)	Agree	Partially Agree	Disagree	No Comment
84%	20 (77%)	1 (4%)	4(15%)	1 (4%)

\* Proposals on current value measurement disclosures are discussed in Agenda Item 10.2.5

### Recommendation

- **Proceed** with proposals to amend IPSAS 12 as presented in Part 1 of ED 90\*.

## SMC 2 – Applicability of COV for Right of Use (RoU) Assets

### Analysis

- ED 90 noted:
  - **COV is an applicable subsequent measurement for RoU assets held for their operational capacity** when subsequently measured in accordance with IPSAS 45, *Property, Plant, and Equipment\**; and
  - RoU assets can be subsequently measured with existing guidance in IPSAS 46, *Measurement*.
- **Strong constituent support:**

Agree & Partially Agree (adjusted*)	Agree	Partially Agree	Disagree	No Comment
(a) 83%	17 (65%)	2 (8%)	4 (15%)	3 (12%)
(b) 89%	15 (68%)	1 (5%)	2 (9%)	4 (18%)

\* At subsequent measurement IPSAS 43, *Leases* (paragraph 36) permits an entity to elect the current value model in IPSAS 45 if the RoU asset relates to a class of property, plant, and equipment to which the lessee applies the current value model in IPSAS 45.

### Recommendation

- **Proceed** with its decision that no amendments are required to subsequently measure right-of-use assets at COV\*.

# SMC 3 – Definition of Recoverable Service Amount

## Analysis

- Part 2 proposed amendments to IPSAS 21 to:
  - **Amend the definition of recoverable service amount**, replacing value in use of a non-cash generating asset with COV; and
  - **Remove approaches to determine value in use** (depreciated replacement cost approach, restoration cost approach, and service units approach).
- **Strong constituent support:**

Agree & Partially Agree (adjusted*)	Agree	Partially Agree	Disagree	No Comment
88%	15 (58%)	6 (23%)	3(12%)	2 (8%)

- **One change identified:** to remove prescriptive guidance on the measurement of COV.

## Recommendation

- **Proceed** with revising the definition of recoverable service amount.
- Agree to editorial and remove ‘COV of a previously operational asset that no longer provides service potential at the measurement date is zero’.

## Definition of Accounting Estimates & Current Value Measurement Disclosures

### Analysis

- Part 3 proposed amendments to **add a definition of accounting estimate** in IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors* consistent with the IASB's *Definition of Accounting Estimates* (Amendments to IAS 8) and aligned with IPSAS 46, *Measurement* terminology.
- Part 1 and Part 4 proposed **amendments to enhance the consistency of current value measurement disclosure** (CVMD) terminology across IPSAS by removing the term 'recurring and non-recurring'.
- **Two changes identified:**
  - Add 'in the statement of financial position after initial recognition'; and
  - Remove 'fair value measurements estimated using unobservable inputs'.

### Recommendation

- **Proceed** with proposals:
  - As presented in Part 3 of ED 90; and
  - To enhance CVMD terminology (Part 1 and Part 4 of ED 90).
- **Agree** with the editorial changes proposed to CVMD.

