



भारतीय सनदी लेखाकार संस्थान  
(संसदीय अधिनियम द्वारा स्थापित)  
**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**  
(Set up by an Act of Parliament)

13<sup>th</sup> November 2024

Mr. Ian Carruthers  
Chairman,  
International Public Sector Accounting Standards Board,  
The International Federation of Accountants,  
277 Wellington Street West,  
Toronto, Ontario M5V 3H2 CANADA

Dear Ian Carruthers,

**Sub: Comment on IPSASB Exposure Draft 90, Amendments to IPSAS as a Result of the Application of IPSAS 46, Measurement**

We are pleased to provide comments on the Exposure Draft 90, Amendments to IPSAS as a Result of the Application of IPSAS 46, Measurement, issued by the International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants (IFAC). Our comments on the Consultation are enclosed with this letter.

Please feel free to contact us, in case any further clarification in this regard is required.

Thanking you,

Yours sincerely,

CA. Kemisha Soni  
Chairperson  
Committee on Public and Government Financial Management  
The Institute of Chartered Accountants of India  
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**Encl: as above**



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**Exposure Draft (ED) 90, Amendments to IPSAS  
as a Result of the Application of IPSAS 46, 'Measurement'**

**Specific Matter for Comment 1**

**Do you agree that current operational value is an applicable current value measurement basis for assets in the scope of IPSAS 12, *Inventories*, and IPSAS 31, *Intangible Assets*, as proposed in Part 1 of this ED?**

**If you do not agree please explain your reasoning.**

***The ED includes an Alternative View on adding current operational value as an additional measurement basis to the current value model in IPSAS 31.***

**ICAI's views:**

We agree with the IPSASB approach of inclusion of current operational value, as it better reflects the primary purpose of many public sector entities, which is to hold assets for their service potential rather than for generating cash flows. This approach aligns more closely with the core objectives of public sector entities, which are focused on delivering public services.

**Specific Matter for Comment 2**

**Part 1 of this ED proposes that current operational value is an applicable subsequent current value measurement basis for right-of-use assets (i.e., assets in scope of IPSAS 43, *Leases*).**

**(a) Do you agree that current operational value can be applied to the subsequent measurement of right-of-use assets? If you do not agree, please explain your reasoning.**

**(b) If you agree with (a), do you agree that current operational value can be applied using the current guidance in IPSAS 46 (without the income approach as one of its measurement techniques)? If you do not agree please explain your reasoning.**

**ICAI's views:**

(a) We agree with the IPSASB approach of using current operational value as an applicable measurement basis for the subsequent measurement of right-of-use assets when the lessee opts for the current value model, in accordance with IPSAS 45, *Property, Plant and Equipment*. This measurement basis is appropriate



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given the intended use of the assets, as they are held primarily for their operational capacity, rather than for generating cash flows. The approach aligns with the entity's objectives of maximizing service delivery through the use of these assets.

- (b) We also agree that current operational value can be applied without the income approach. In most cases, public sector assets generate little to no cash flows, making the income approach an unsuitable method for valuing these assets. Instead, the market or cost approach, as outlined in IPSAS 46, provides a more practical and reliable method for measuring asset value. This approach is particularly well-suited to the public sector's service-oriented focus, where assets are held primarily for their operational capacity rather than for generating cash flows.

### Specific Matter for Comment 3

**Do you agree with the replacement of value in use of a non-cash generating asset by current operational value in the definition of recoverable service amount in IPSAS 21, *Impairment of Non-Cash Generating Assets*, as proposed in Part 2 of this ED? Recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its current operational value.**

**If you do not agree please explain your reasoning.**

#### ICAI's views:

We agree with the IPSASB approach to replace 'value in use' with 'current operational value' in the context of non-cash generating assets. Public sector assets are primarily held to provide services, not to generate cash flows, so using value in use as a measurement basis would not accurately reflect the true value of these assets. In contrast, current operational value directly addresses this by focusing on the assets' operational capacity, better aligning with the public sector's service delivery objectives.