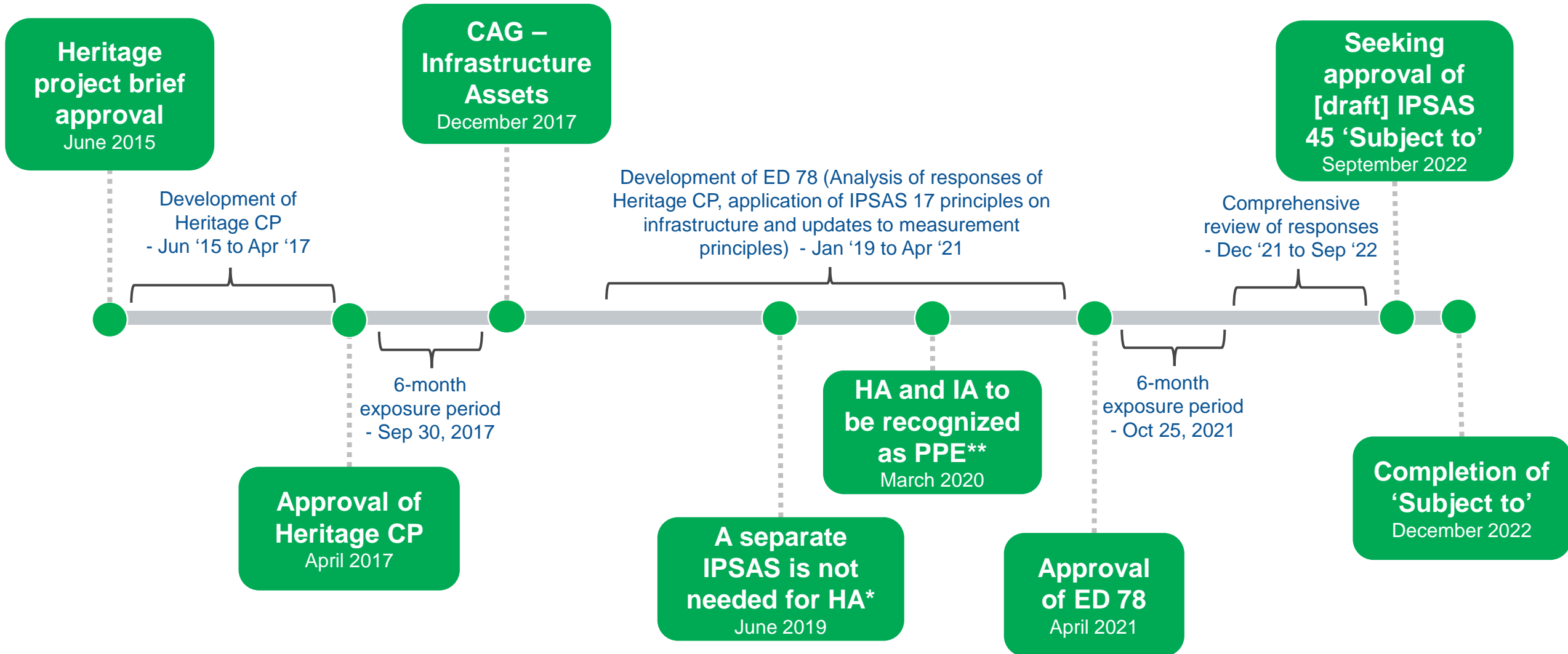


PROPERTY, PLANT, AND EQUIPMENT

Agustina Llambi, Senior Manager

IPSASB Meeting – September 2022

Timeline of Property, Plant, and Equipment Project



* The IPSASB decided a separate standard was not needed for heritage assets.

** The IPSASB decided that heritage assets (HA) and infrastructure assets (IA) are to be recognized as property, plant, and equipment when they meet the criteria in IPSAS 17.

Measurement of Property, Plant, and Equipment

Recommendation

- Staff recommend deleting the cross-reference to ED 77, *Measurement* on the initial measurement of property, plant, and equipment from [draft] IPSAS 45, *Property, Plant, and Equipment*, and adding clarity to the scope section of ED 77 on what IPSAS is to be applied.

Does the IPSASB agree with this recommendation?

Measurement Bases – Current Value Model

Recommendation

- Staff recommend streamlining the drafting of paragraphs 28 and 29 of the Current Value Model section of [draft] IPSAS 45 to bring clarity on what drives the selection between measurement basis, i.e. fair value and current operational value.

Does the IPSASB agree with this recommendation?

Heritage Assets Characteristics

Recommendation

- Staff recommend revising AG3(a) to reflect that a heritage asset can also have restrictions on its disposal.

Does the IPSASB agree with this recommendation?

Other Instructions

Recommendation

- Staff recommend the following actions for other June 2022 instructions:
 - a) No cross-reference from [draft] IPSAS 45 to ED 77 on the selection of measurement bases;
 - b) Add an IG to clarify that a reporting entity can have more than one class of property, plant, and equipment, when the objective of why these are held is different;
 - c) Revise drafting of BC17 to reflect AG3 and AG6 do not contain an exhaustive list of all the characteristics of heritage and infrastructure assets;
 - d) Existing BCs acknowledge why the IPSASB has taken certain decisions, e.g. not including a definition or retaining all of IPSAS 17 characteristics for infrastructure assets;

Does the IPSASB agree with these recommendations?

Continuation - Other Instructions

Recommendation

continuation

- e) Add a BC to communicate the purpose of the additional guidance issue and set a clear expectation that the IPSASB does not foresee initiating another project;
- f) Shortening the content of authoritative guidance on the definition of an asset (AG8-AG15); and
- g) Revise drafting of authoritative guidance to reconcile terminology on 'electricity transmission networks' and remove redundancy between core text and application guidance.

Does the IPSASB agree with these recommendations?

Approval of IPSAS 45, *Property, Plant, and Equipment*

Subject to:

- i. The approval of [draft] IPSAS [X] (ED 77), Measurement;
- ii. Staff to review the need for non-authoritative guidance for the valuation of heritage assets by involving the Measurement Taskforce;
- iii. Staff to review consistency of 'Amendments to Other IPSAS' with IPSASB's decisions in June 2022 and September 2022 and [draft] IPSAS [X] (ED 77), Measurement, when approved;
- iv. Staff to complete the comparison of IPSAS 45 with IAS 16 and GFS; and
- v. Staff to draft final BCs based on the decisions made at the June 2022 and September 2022 IPSASB meetings.

Approval of IPSAS 45, *Property, Plant, and Equipment*

a) Staff present the revised content of the exposed international standard to the IPSASB

- See Agenda Item 5.3.1

b) The IPSASB Program and Technical Director advises the IPSASB on whether due process has been followed effectively

- The IPSASB Program and Technical Director asserts that due process has been followed effectively in developing [draft] IPSAS 45

c) The IPSASB confirms whether or not it is satisfied the due process has been followed effectively

- The IPSASB Chair asks the IPSASB confirmation on due process

d) The IPSASB votes on the approval of IPSAS 45, *Property, Plant, and Equipment* in accordance with its terms of reference

- Staff recommend the approval of IPSAS 45, *Property, Plant, and Equipment* subject to items noted in Agenda Item 5.2.5 paragraph 2(b)

e) The IPSASB considers whether there has been a substantial change to the exposed document such that a vote on re-exposure is necessary

- Staff confirms that there have been no substantial changes that would require a vote on re-exposure by the IPSASB

f) The IPSASB sets the effective date of the application of IPSAS 45

- Staff recommends the effective date of IPSAS 45 to be aligned with the effective date of [Draft] IPSAS [X], *Measurement* planned to be approved in December 2022.



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