

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

**Meeting Location:** Toronto, Canada

**Meeting Date:** June 10–13, 2025

# Agenda Item 3

For:

Approval

Discussion

Information

## MEASUREMENT APPLICATION PHASE

<b>Project summary</b>	The project objective is to evaluate the applicability of current operational value in IPSAS not explicitly considered in phase one of the Measurement project.	
<b>Project staff lead</b>	<ul style="list-style-type: none"> <li>Agustina Llambi, Principal</li> </ul>	
<b>Task Force members</b>	<ul style="list-style-type: none"> <li>David Watkins, IPSASB Technical Advisor (Task Force Chair)</li> <li>Takeo Fukiya, IPSASB Technical Advisor</li> <li>Shahad A. Alshehri, Ministry of Finance, Kingdom of Saudi Arabia</li> </ul>	
<b>Meeting objectives</b>	<b>Topic</b>	<b>Agenda Item</b>
<b>Project management</b>	<a href="#">Measurement Application Phase Dashboard</a>	<a href="#">3.1.1</a>
	<a href="#">Instructions up to Previous Meeting</a>	<a href="#">3.1.2</a>
	<a href="#">Decisions up to Previous Meeting</a>	<a href="#">3.1.3</a>
	<a href="#">Measurement Application Phase: Project Roadmap</a>	<a href="#">3.1.4</a>
<b>Decisions required at this meeting</b>	<a href="#">SMC 1 – Applicability of current operational value in IPSAS 31, <i>Intangible Assets</i></a>	<a href="#">3.2.1</a>
	<a href="#">Other Comments from Respondents to IPSAS ED 90</a>	<a href="#">3.2.2</a>
	<a href="#">Approval of Amendments to IPSAS as a result of the Application of IPSAS 46, <i>Measurement</i></a>	<a href="#">3.2.3</a>
<b>Other supporting items</b>	<a href="#">Supporting Documents 1 – [draft] Amendments to IPSAS as a result of the Application of IPSAS 46, <i>Measurement</i> (Track Changes version)</a>	<a href="#">3.3.1</a>
	<a href="#">Responses to [draft] ED 90, Amendments to IPSAS as a result of the Application of IPSAS 46, <i>Measurement</i></a>	<a href="#">Posted Separately</a>

Prepared by: Agustina Llambi (May 2025)

**MEASUREMENT APPLICATION PHASE  
 DASHBOARD**

Topic	Past Meetings	June 2025
<b>Overall Project Management</b>		
Plan and Approach	✓	
Review and Approve the Final Pronouncement		
<b>Scope of Project (Development of ED)</b>		
<b>Applicability of Current Operational Value in IPSAS</b>		
• IPSAS 3, Accounting Policies, Changes in Accounting Estimates and Errors	✓	
• IPSAS 12, Inventories	✓	
• IPSAS 16, Investment Property	✓	
• IPSAS 21, Impairment of Non-Cash-Generating Assets	✓	
• IPSAS 26, Impairment of Cash-Generating Assets	✓	
• IPSAS 27, Agriculture	✓	
• IPSAS 31, Intangible Assets	✓	
• IPSAS 32, Service Concession Arrangements: Grantor	✓	
• IPSAS 36, Investments in Associates and Joint Ventures	✓	
• IPSAS 37, Joint Arrangements	✓	
• IPSAS 40, Public Sector Combinations	✓	
• IPSAS 41, Financial Instruments	✓	
• IPSAS 43, Leases	✓	
Definition of Accounting Estimates (IPSAS 3)	✓	
Current Value Measurement Disclosures	✓	
Approve Exposure Draft (with Basis for Conclusions)	✓	
<b>Analyze and Address Responses to IPSAS ED 90</b>		
Part 1: Applicability of Current Operational Value in IPSAS (SMC 1 – IPSAS 12 and SMC 2)	✓	
Part 1: Applicability of Current Operational Value in IPSAS (SMC 1 – IPSAS 31)		
Part 2: Limited scope update to IPSAS 21, <i>Impairment of Non-Cash Generating Assets</i> (SMC 3)	✓	

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Part 3: Definition of Accounting Estimates (IPSAS 3)	✓	
Part 4: Improvements to Current Value Measurement Disclosures	✓	
Other Comments		

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

**INSTRUCTIONS UP TO PREVIOUS MEETING**

Meeting	Instruction	Actioned
March 2025	1. Incorporate the editorial changes to current value measurement disclosures, as proposed in Agenda Item 10.2.5.	1. See paragraph 5 in <a href="#">Agenda Item 3.3.1</a> and Parts 1 and 4 of the final pronouncement.
	2. Draft Basis for Conclusions reflecting that IPSAS 46 has sufficient guidance for estimating the current operational value for right-of-use assets at subsequent measurement in the scope of IPSAS 45, <i>Property, Plant, and Equipment</i> .	2. Basis for Conclusions (BCs) reflecting that IPSAS 46 has sufficient guidance for estimating COV were included in IPSAS 46, see IPSAS 46.BC98-100 in <a href="#">Agenda Item 3.3.1</a> .  BCs are located in IPSAS 46, as opposed to IPSAS 43, <i>Leases</i> , or IPSAS 45, <i>Property, Plant, and Equipment</i> , because application guidance on estimating current operational value is within the scope of IPSAS 46. Also, Part 1 of the [draft] final pronouncement does not include amendments to IPSAS 43 or IPSAS 45.
	3. Propose amendments to non-authoritative guidance in IPSAS 21, impacted by the removal of paragraph 39C. The impacted non-authoritative guidance is BC48-BC49, IG4A-IG4B and IE34-IE37 in Part 2 of ED 90.	3. Non-authoritative guidance in IG4A-IG4B in Part 2 was deleted, consistent with the deletion of proposed 39C, which was deemed prescriptive guidance and outside of the scope of IPSAS 21. IPSAS 46 includes application guidance that notes the remaining service potential of an asset takes into account the current age, functionality, and condition of the asset (see IPSAS 46.B16-B17), which includes the physical condition of an asset. See <a href="#">Agenda Item 3.3.1</a> .  IPSAS 31.IE34-IE37 has been revised accordingly, see <a href="#">Agenda Item 3.3.1</a> .

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	<p>4. Consider intangible assets' broader financial reporting landscape when analyzing whether current operational value should be added to IPSAS 31, <i>Intangible Assets</i>. The recommendation should advise the IPSASB whether to proceed with the proposed measurement amendments to IPSAS 31 in IPSAS ED 90.</p>	<p>4. See <a href="#">Agenda Item 3.2.1</a></p>
	<p>5. Present the [draft] Final Pronouncement for the IPSASB's approval in June 2025.</p>	<p>5. See <a href="#">Agenda Item 3.2.3</a> and <a href="#">Agenda Item 3.3.1</a></p>

**DECISIONS UP TO PREVIOUS MEETING**

Meeting	Decision	BC Reference
March 2025	1. The proposal to add current operational value to IPSAS 12, <i>Inventories</i> , should be carried forward to the final pronouncement.	1. See IPSAS 12.BC20-BC21 in Part 1 of <a href="#">Agenda Item 3.3.1</a>
	2. The proposal that current operational value is an applicable subsequent measurement for right-of-uses assets, should be carried forward to the final pronouncement.	2. See IPSAS 46.BC98-BC100 in Part 1 of <a href="#">Agenda Item 3.3.1</a>
	3. The proposal to amend the definition of recoverable service amount in IPSAS 21, <i>Impairment of Non-cash Generating Assets</i> , should be carried forward to the final pronouncement.	3. See IPSAS 21.BC49-BC52 in Part 2 of <a href="#">Agenda Item 3.3.1</a>
	4. The proposal to explain the current operational value of an asset with no service capacity is zero in paragraph 39C of IPSAS 21, should be removed from the final pronouncement.	4. See IPSAS 21.BC49-BC52 in Part 2 of <a href="#">Agenda Item 3.3.1</a>
	5. The proposal to add a definition of accounting estimates, should be carried forward to the final pronouncement.	5. See IPSAS 3.BC22 in <a href="#">Agenda Item 3.3.1</a>
	6. Subject to the agreed drafting and editorial changes, the proposal to enhance current value measurement disclosures across IPSAS Standards, should be carried forward to the final pronouncement.	6. See IPSAS 46.BC88B-BC88C and BCs in Part 4 of <a href="#">Agenda Item 3.3.1</a>

**MEASUREMENT APPLICATION PHASE:  
 PROJECT ROADMAP**

<b>Meeting</b>	<b>Completed Actions or Discussions / Planned Actions or Discussions:</b>
December 2022	1. Measurement Application Phase was added to the IPSASB's 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 2024 Check-In	1. Review of Exposure Draft
June 2024	1. Approval of Exposure Draft
August 2024 – November 2024	1. Document out for Comment
March 2025	1. Review of Responses
June 2025	1. Review of Responses 2. Approval of Final Pronouncement

## **SMC 1 – Applicability of current operational value in IPSAS 31, *Intangible Assets***

### **Question**

1. Does the IPSASB agree to remove from the Final Pronouncement the initial and subsequent measurement amendments proposed to IPSAS 31, *Intangible Assets*, in Part 1 of ED 90, Amendments to IPSAS as a Result of IPSAS 46, *Measurement*?

### **Recommendation**

2. Staff recommend that the IPSASB address the measurement proposals to IPSAS 31 as part of the pre-committed limited-scope project on Intangible Assets.

### **Background**

3. IPSAS 31 measurement requirements are:
  - (a) **At Initial Measurement.** An entity shall measure an intangible asset at cost unless the intangible asset was acquired through a non-exchange transaction, in which case it shall be initially measured at fair value; and
  - (b) **At Subsequent Measurement.** An entity chooses an accounting policy between the historical cost and the current value model. Depending on the measurement model selected, the entity measures the intangible asset at historical cost or fair value at each reporting date.
4. Part 1 of ED 90 proposed to amend the initial and subsequent measurement in IPSAS 31:
  - (a) Reflect that current operational value ('COV') is an applicable measurement at initial measurement for intangible assets acquired in a non-exchange transaction; and
  - (b) Add COV to the current value model. Entities would need to apply the appropriate current value measurement bases depending on the primary objective for which the intangible asset is held.
5. Specific Matter for Comment (SMC) 1 asked constituents whether they agree with the applicability of COV in IPSAS 31, as proposed in Part 1 of ED 90.
6. At its March 2025 meeting, the IPSASB instructed staff to propose a recommendation to:
  - (a) Proceed with proposals to add COV for the initial and subsequent measurement of intangible assets in Part 1 of ED 90;
  - (b) Consider the applicability of COV in IPSAS 31 as part of the IPSASB's pre-committed Intangible Assets limited scope project; or
  - (c) Postpone amendments to IPSAS 31.
7. Also, the IPSASB instructed staff to consider intangible assets' broader financial reporting landscape (see [Appendix A](#)) when analyzing whether COV should be added to IPSAS 31 as proposed in Part 1 of ED 90.

## Analysis

### Responses to SMC 1 – COV in IPSAS 31

8. Respondents who supported the proposal, either:
- (a) Provided supporting comments for why they agreed, consistent with the IPSASB's analysis (R01, R02, R04, R13, R15, R17, R18, R23, R24, R26), such as:
    - (i) It aligns the measurement of assets with the core objectives of public sector entities, delivering public services as opposed to generating cash flows (R02); and
    - (ii) It better reflects the value of assets held for their operational capacity, as opposed to valuing intangible assets at their exit value or market price (R17).
  - (b) Noted they are not supportive of the Alternative View (AV) (R01 and R15), for example R01 noted there is no objective reason for the inconsistent application of measurement principles in Chapter 7: *Measurement of Assets and Liabilities in Financial Statements* of the Conceptual Framework and IPSAS 46, *Measurement* to intangible assets and tangible assets.
  - (c) Requested additional non-authoritative guidance (R03, R13, R15, R21, and R24), such as:
    - (i) How to apply the cost technique to estimate COV for intangible assets (R15);
    - (ii) Develop a set of criteria that is objective and transparent to determine when it is appropriate to use the current operational value and how to calculate it (R21); or
    - (iii) How to measure specialized intangible assets at COV (R24).
  - (d) Provided no further details (R20 and R22).
9. Respondents who did not support the proposal either agreed with all or part of the Alternative View (AV)<sup>1</sup> (R06, R08, R09, R11, and R25) or noted entity-specific reasons. The following issues were raised with the proposal, which have been ordered by the number of times raised by these respondents:
- (a) **Applicability of COV should be considered after the revision of IAS 38 *Intangible Assets*** (R05, R06, R08, R09, R11, and R14). IPSAS 31 is primarily based on IAS 38 *Intangible Assets*. The IASB has a project on IAS 38 in its research phase, which may result in amendments to its recognition and measurement principles. These amendments could impact aligned principles in IPSAS 31 and may require the reassessment of the applicability of COV in IPSAS 31, once the IASB completes the project.
  - (b) **Absence of active market restriction for COV** (R06, R08, R09, R11, and R25) may impact the reliability and faithfulness of intangible assets' current value measurement and lead to the capitalization of research costs at subsequent measurement. A couple of other respondents noted that the proposal to add COV in IPSAS 31 might result in measurement inconsistencies between intangible assets held for operational versus financial capacity (R11), leading to more

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<sup>1</sup> The Alternative View (AV) documented Ms. Angela Ryan's and Mr. Andrew van der Burgh's lack of support for amending IPSAS 31 as proposed in Part 1 of IPSAS ED 90 because:

- a) The 'active market restriction' was not required for the revaluation of intangible assets held for their operational capacity;
- b) COV was developed for tangible assets, as such, its principles could be challenging to apply to intangible assets; and
- c) The IASB is undergoing a comprehensive review of IAS 38 *Intangible Assets*, on which IPSAS 31 is primarily based.

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revaluations at COV compared to intangible assets measured at fair value (R08). Additionally, R08 believes that audit costs for reporting entities will increase due to arbitrary assumptions and judgments associated with COV.

- (c) **Applicability of specific COV principles to intangible assets** (R05 and R11). Application challenges may arise as COV was originally developed for tangible assets.
- (d) **Jurisdictional and entity specificities** (R19 and R25). Determining COV will be challenging because of the traditional measurement environment of their jurisdiction (R19), and the difficulty in determining supportable assumptions for assessing the current value of defense sector assets (R25).

10. The following table summarizes the numerical statistics for the responses regarding SMC 1 – IPSAS 31.

IPSAS ED 90	Agree		Partially Agree		Disagree		No Comment	
	#	%	#	%	#	%	#	%
<b>SMC 1 – IPSAS 31</b>	14	54%	-	-%	8	31%	4	15%

### Responses Analysis

11. A significant number of respondents raised concerns regarding the proposal, some for reasons noted in the Alternative View. There are two concerns that are common to most respondents who raised issues with or did not support the proposal to add COV in IPSAS 31:
- (a) Uncertainty over the reliability and faithfulness of current operational value of an intangible asset at subsequent measurement when it is estimated using the cost approach because the proposed guidance does not require it to be estimated by reference to an active market; and
  - (b) Preference for the applicability of COV in IPSAS 31 to be analyzed once the IASB has completed its comprehensive project on IAS 38 (see paragraphs 5-7 in [Appendix A](#) for background on this IASB's project). Respondents noted it is prudent to wait until the impacts to IPSAS 31 aligned paragraphs with IAS 38 are understood.
12. The feedback received from responses to ED 90 reflects that constituents have mixed views on whether the addition of current operational value in IPSAS 31 will lead to the presentation of more relevant measurement information to users in a manner useful for holding the entity accountable and for decision-making purposes.
13. In light of this feedback, there are issues that need to be considered further by the IPSASB prior to determining whether the proposals are appropriate.

*Proposed Next Steps*

14. Staff recognized that thoroughly discussing the issues raised by respondents who did not support the proposal would require additional plenary time, delaying the publication of the [draft] Final Pronouncement – where all other elements of ED 90<sup>2</sup> were strongly supported.
15. Staff recommend that the IPSASB address the measurement proposals in ED 90 as part of its pre-committed limited-scope project on IPSAS 31 (see paragraphs 2-4 in [Appendix A](#)). This recommendation prioritizes the timely publication of strongly supported guidance in ED 90 while allowing the IPSASB the necessary time to re-evaluate the applicability of COV in IPSAS 31, in light of the feedback received on ED 90.

**Decision Required**

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

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<sup>2</sup> In March 2025, the IPSASB decided to proceed with strongly supported proposals in ED 90, such as introduction of COV in IPSAS 21 and IPSAS 21, addition of a definition of an accounting estimate in IPSAS 3 and enhancement of current value measurement disclosures across IPSAS (see Agenda Item 3.1.3).

## Appendix A – Current Financial Reporting Landscape for Intangible Assets

1. At the March 2025 IPSASB meeting, the IPSASB requested staff consider the broader financial reporting landscape for intangible assets, specifically the limited-scope project the IPSASB pre-committed to in its [2021 Mid Period Work Program Consultation Summary](#) and the current project on IAS 38 *Intangible Assets* in the International Accounting Standard Board (IASB) Work Plan.

### *Intangible Assets Limited-Scope Project*

2. In May 2022, the IPSASB pre-committed to start a limited-scope project on IPSAS 31, as resources become available from 2023 onwards. The project outlined in the 2021 Mid-Period Work Program Consultation<sup>3</sup> would reflect:
  - (a) Measurement principles developed as part of ED 77, *Measurement*;
  - (b) Heritage principles developed as part of ED 78, *Property, Plant and Equipment*; and
  - (c) Changes to principles resulting from the ongoing natural resources project, noting additional guidance in areas of importance to the public sector, such as electromagnetic spectrum rights.
3. Since pre-committing to undertake the limited scope project on IPSAS 31, the IPSASB has looked at two of the above three items:

- (a) **IPSAS 46, Measurement principles.** In March 2023, the IPSASB decided to include IPSAS 31 in the scope of the Measurement Application Phase project, which resulted in the publication of IPSAS ED 90. This ED noted that the current operational value is an applicable measurement basis for intangible assets in the scope of IPSAS 31, and COV would present more relevant measurement information to users in a manner that is useful in holding the entity to account and for decision-making purposes.

The IPSASB is considering the responses to this proposal; see paragraph 2 of Agenda Item 3.2.1 for staff recommendation to the IPSASB.

- (b) **Heritage principles.** During the development of IPSAS 45, *Property, Plant, and Equipment* the IPSASB concluded that the heritage nature of an asset does not prevent its recognition, and the same conceptual argument applies to intangible assets. As a result, the heritage scope exclusion in IPSAS 31 was removed through consequential amendments in IPSAS 45. Such an amendment ensured that the IPSAS 31 treatment of intangible heritage assets is consistent with the accounting treatment for heritage property, plant, and equipment.

4. The third item remains a pre-commitment to be undertaken once resources become available. Whether measurement principles in IPSAS 46 remain a pre-commitment depends on the IPSASB's decision at this meeting.

### *IASB's project on IAS 38 Intangible Assets*

5. The IASB added a project to comprehensively review the accounting requirements for intangibles in response to the feedback received from its Third Agenda Consultation in 2022. Respondents raised matters relating to all aspects of IAS 38, including its scope, recognition, and measurement requirements (including the difference in the accounting for acquired and internally generated

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<sup>3</sup> See page 28 of the [2021 Mid-Period Work Program Consultation](#) published in July 2021.

intangible assets) and the adequacy of the information companies are required to disclose about intangible assets.

6. In April 2024, the project was moved to the IASB's research work plan. The IASB has had the following discussions and has taken no decisions to this date:
  - (a) At its April 2024 meeting, the IASB discussed a recap of the feedback received from the Third Agenda Consultation, a summary of national standard-setter research, an academic literature review, and plans for initial work on the project.
  - (b) At its October 2024 meeting, the IASB discussed stakeholder feedback to date on the problem to solve, the scope of the project, and the IASB's approach to the work.
  - (c) At its February 2025 meeting, the IASB discussed an updated summary of feedback from meetings with stakeholders, a summary of responses to IASB surveys from users of financial statements and other stakeholders, and a summary of other research and activities.
  - (d) At its March 2025 meeting, the IASB discussed staff analysis of the feedback and other evidence gathered in the initial phase of the Intangible Assets project and staff's initial thoughts on possible objective(s) of the project and broad groups of topics that the IASB could explore in the project.
7. The IASB is expected to decide the project's direction at its May 2025 meeting, which will be held May 19<sup>th</sup>-23<sup>rd</sup>, 2025. Staff will provide the IPSASB with a verbal update on the IASB's discussion about intangible assets at the IASB's May 2025 meeting.

## **Other Comments from Respondents to IPSAS ED 90**

### **Question**

1. Does the IPSASB agree with staff recommendation to include enhancements identified in [Appendix A.1](#) and not to include respondents' suggestions identified in [Appendix A.2](#) and [Appendix A.3](#)?

### **Recommendation**

2. Staff recommend the IPSASB to:
  - (a) Update the proposals in ED 90 to address the respondent recommendations summarized in [Appendix A.1](#) to the Final Pronouncement; and
  - (b) Not to include the respondent's recommendations summarized in [Appendix A.2](#) and [Appendix A.3](#) to the Final Pronouncement.

### **Background**

3. This agenda item analyzes respondents' suggestions for which the IPSASB did not ask a specific matter for comment in ED 90.

### **Analysis**

4. Some respondents commented on amendments proposed by ED 90 for which the IPSASB did not ask a specific matter for comment.
5. Staff completed a detailed analysis of these comments, grouping them as either a request to enhance guidance in ED 90 or editorial revisions:
  - (a) [Appendix A.1](#) includes a detailed staff analysis of respondents' recommendations where revision to the Final Pronouncement are proposed.
  - (b) [Appendix A.2](#) (Enhancements) and [Appendix A.3](#) (Editorials) include detailed staff analysis of respondents' recommendation where no revision to the Final Pronouncement are proposed.

### **Decision Required**

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

## **Appendix A.1 - Constituents' Comments where Revisions to Final Pronouncement are Proposed by Staff**

1. The table below provides staff's detailed analysis of respondents' clarification, for which staff propose that the IPSASB enhance the Final Pronouncement (see [Agenda Item 3.3.1](#)).

Constituents Comments	Staff Analysis
<b>Feedback received on amendments to IPSAS 3</b>	
<p><b>What is a change in measurement basis.</b>                      The amendment to paragraph 40 in IPSAS 3 (Part 1 of ED 90) clarifies that a change in a measurement model, rather than a change in measurement basis, is a change in an accounting policy. A couple of respondents request that the IPSASB clarify what a change in the measurement basis represents (R05, R15, and R09). Additionally:</p> <ul style="list-style-type: none"> <li>• R09 requests paragraph BC19 documenting a change in measurement basis is a change in accounting estimate be elevated to core text and that the IPSASB consider whether this is consistent with IPSAS 1.132, which reads ‘An entity shall disclose its significant accounting policies comprising: (a) The measurement basis (or bases) used in preparing the financial report [...]’.</li> <li>• R01 suggests amending IPSAS 3 to clarify that a change in measurement basis within the current value model will be applied prospectively, noting that this is only mentioned in the Basis for Conclusions (IPSAS 3, BC19).</li> </ul>	<p><b>Propose amendments to paragraph 40 in IPSAS 3 and paragraph 132(a) in IPSAS 1, see Agenda item 3.3.1</b></p> <p>Adding authoritative guidance on what a change in measurement basis is:</p> <ul style="list-style-type: none"> <li>• IPSAS 46, <i>Measurement</i> introduced an additional current value measurement basis (i.e., current operational value) in the current value model. The IPSASB decided that a change between current operational value and fair value in the current value model is appropriate when the primary objective for which the entity holds an asset in the scope of IPSAS 45 has changed (IPSAS 45.28). This is because the selection of measurement basis depends on the objective for which the entity holds the asset (IPSAS 45.27).</li> <li>• The IPSASB decided to align IPSAS 3 with IPSAS 45 as part of ED 90.</li> <li>• Staff recommend amending paragraph 40 in IPSAS 3 to explain that a change in current value measurement basis within the current value model is a change in estimate. This is consistent with the IPSASB’s decision documented in IPSAS 3.BC19, which stated that current value measurement bases are accounting estimates. This will address R01’s request, as a change in estimate is applied prospectively.</li> </ul> <p>Amending Paragraph 132(a) in IPSAS 1:</p> <ul style="list-style-type: none"> <li>• During the development of IPSAS 45, the IPSASB decided that an entity has an accounting policy choice between historical and current value model, as opposed to between current measurement bases<sup>4</sup>. The IPSASB decided to align IPSAS 3 with IPSAS 45<sup>5</sup> in ED 90.</li> <li>• For internal consistency between IPSAS Standards, staff recommends amending IPSAS 1.132(a). Such an amendment is consistent with the IPSASB’s decision above and the consequential amendment to paragraph IPSAS 1.92 from IPSAS 45<sup>6</sup>. This consequential amendment changed the requirement of presenting different classes of assets measured by different measurement bases in separate lines to measurement models in separate lines.</li> </ul>

<sup>4</sup> See IPSAS 45.BC47-BC53

## Feedback received on amendments to IPSAS 12

### Current value measurement disclosures for inventories measured at net realizable value.

R15 notes that the proposed amendments to IPSAS 12 have added COV disclosures, while no similar disclosure requirements exist for inventory written down to net realizable value (NRV). This respondent also questioned why similar disclosures were not requested for current replacement cost and suggests that these be explained in the Basis for Conclusions.

### Propose enhancements to the basis for conclusion in IPSAS 12 (BC22-BC26), see Agenda item 3.3.1

IPSAS 46 included current value measurement disclosures (CVMDs) across applicable IPSAS Standards, such as IPSAS 12. CVMDs are not required when an inventory is written down to net realizable value because the IPSASB decided to require CVMDs for assets and liabilities measured using a measurement basis available in the current value model (see IPSAS 46, BC87) and NRV is not one of them. This ED added non-recurring CVMDs to IPSAS 12 when an inventory is written down to current operational value because COV is a measurement basis available in the current value model.

Staff proposes amending the basis for conclusion in IPSAS 12 for clarity, see [Agenda item 3.3.1](#) (BC24-BC28 in Part 1).

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<sup>5</sup> See IPSAS 3.BC16-BC19.

<sup>6</sup> The consequential amendment to paragraph 92 in IPSAS 1 was 'The use of different measurement bases models for different classes of assets suggests that their nature or function differs and, therefore, that they should be presented as separate line items. For example, different classes of property, plant, and equipment can be carried at cost or revalued amounts in accordance with IPSAS 45.'

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<p><b>Estimation of deemed cost.</b>                  R09 notes a lack of clarity on what current value measurement basis should be applied to determine the deemed cost of inventory received in a non-exchange transaction. It recommends uplifting the relevant content of paragraph BC19 of IPSAS 12 into the core/authoritative text of IPSAS 12, or providing direction within IPSAS 46 on selecting the appropriate current value measurement basis when determining deemed cost.</p>	<p><b>Propose amendments to implementation guidance in IPSAS 46.B4, see Agenda item 3.3.1</b></p> <p>Staff notes IPSAS 12, consistent with IPSAS 45, cross-reference to IPSAS 46 to determine the deemed cost of an asset acquired in a non-exchange transaction. Paragraph 10 in IPSAS 46 notes that a current value measurement basis should be used to determine deemed cost. The guidance reference, paragraphs 23-31 in IPSAS 46, discusses each current value measurement basis but does not distinguish between using COV for assets held for operational capacity versus fair value for assets held for financial capacity. However, the BCs in IPSAS 46 contain guidance to this effect.</p> <p>Staff recommends adding non-authoritative guidance on selecting the appropriate current value measurement basis when determining deemed cost at initial measurement. Staff considers the guidance should be included in IPSAS 46, as it is generic guidance applicable to IPSAS that allow the use of deemed cost, such as IPSAS 12 and IPSAS 45. The guidance is proposed to be included in Section B of IPSAS 46, Implementation Guidance, which discusses the selection of measurement bases. Adding such guidance is consistent with the objective of IPSAS 46, supporting the consistent application of measurement bases referred to in other IPSAS Standards (see IPSAS 46.1 and IPSAS 46.BC11 in <a href="#">Agenda Item 3.3.1</a>).</p>
<p><b>Transition Provisions.</b>                  R09 notes paragraph 51L in IPSAS 12 requires retrospective application of the proposed amendments in Part 1 of ED 90 and recommends that transitional provisions be added to IPSAS 12, consistent with those in IPSAS 45 when COV was introduced.</p>	<p><b>Propose amendments to effective date paragraphs across the pronouncement, see Agenda Item 3.3.1</b></p> <p>Effective date paragraphs in the final pronouncement have been amended and the reference to retrospective application in accordance with IPSAS 3 has been removed. Prospective application of amendments to other IPSAS Standards in the scope of the Measurement Application Phase project is consistent with the IPSASB decision that IPSAS 46 should be applied prospectively (IPSAS 46.58, and IPSAS 46.BC89-BC91).</p>

## Feedback received on amendments to IPSAS 16

### **Removing recurring and non-recurring.**

R15 thinks explaining the terms 'recurring and non-recurring measurement' is important, as preparers may not understand these concepts, particularly when the asset is not generally carried at current values. Across the following paragraphs IPSAS 16.89C, BC13; IPSAS 27.46C, BC19; IPSAS 30.30C, BC14; IPSAS 34.23C, BC11; IPSAS 38.57C, BC15.

### **Propose enhancements to implementation guidance in IPSAS 46.A.2 and the basis for conclusion across IPSAS, see Agenda Item 3.3.1**

IPSAS 46 amended applicable IPSAS Standards to include current value measurement disclosures (CVMDs). These principles are aligned with measurement disclosures from IFRS 13 *Fair Value Measurement*. The IPSASB discussed during the development of ED 90 that the terms 'recurring and non-recurring' are used in IFRS 13 because the disclosures are centrally located in IFRS 13.

The IPSASB proposed enhancing CVMDs by removing these terms, noting whether a current value measurement basis is applied on a recurring or non-recurring basis after initial recognition is stipulated in the relevant IPSAS Standards. Including explanations of these terms in CVMDs paragraphs, as suggested by respondents, may lead to confusion when such terms are not used within CVMDs.

Rather than adding explanations of these terms within CVMDs, staff proposes enhancing existing guidance in IPSAS 46 on the requirement for additional disclosures when assets are measured after initial recognition at current value measurement basis (see paragraph A.2. of Section A: Measurement in the Implementation Guidance of IPSAS 46). Additionally, staff proposes enhancing the BCs on current value measurement disclosures across IPSAS Standards to clarify why the IPSASB has removed these terms. (See BCs in Part 4 of Agenda Item 3.3.1)

## Feedback received on amendments to IPSAS 21

**Amend IPSAS 21.10(a) whether disposal costs are negligible is not relevant to revalued amounts estimated using COV.**

R09 recommends that the IPSASB amend paragraph 10A of IPSAS 21, given that most revalued assets in the scope of IPSAS 21 would be revalued using COV. The wording of paragraph 10A in IPSAS 21 implies that for a revalued asset, whether the asset is impaired or not depends on whether the costs to sell the asset are negligible or not. This is true for assets that are revalued using fair value, but not for assets that are revalued using COV.

**Propose amendments to paragraph 10A in IPSAS 21, see Agenda Item 3.3.1.**

Paragraph 10A(a) and 10A(b) note that applying IPSAS 21 for revalued non-cash-generating assets depends on whether disposal costs are negligible. When the revalued amount of a non-cash-generating asset is estimated using fair value, the difference between the revalued amount and the recoverable service amount of the same asset is the incremental disposable costs. If the disposal costs are negligible, then the revalued amount of the non-cash-generating asset is likely greater than the recoverable service amount. Consistent with the respondent's comment, staff notes that when the revalued amount is estimated using the current operational value, the same comparison is not true, as the recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its current operational value.

Staff recommends removing bullet (a) and (b), while maintaining the main paragraph in 10A. This part of the paragraph is consistent with the IPSASB decision to scope in revalued non-cash-generating assets (IPSAS 31 and IPSAS 45) to the scope of IPSAS 21 during ED 57, *Impairment of Revalued Assets* issued in September 2015 (see IPSAS 21.BC20A-20G).

## Feedback received on amendments to IPSAS 46

### Provide further clarity in IPSAS 46 Basis for Conclusions on the applicability of COV in IPSAS 12.

R09 recommends explaining in BC94(b) (or another relevant paragraph) that the basis for determining the current value measurement basis for the subsequent measurement of inventory is different from that for PP&E and the rationale for the difference. R09 notes that some inventories held for operational capacity would not meet the criteria for COV measurement in paragraph 17 of IPSAS 12. For example, when properties are sold for an affordable (but not nominal) price as part of a social housing policy.

R05/R09 requests that IPSAS46.BC94(b) be revised to be consistent with the amendments to paragraph 17 of IPSAS 12. It seems to imply that inventories are always subsequently measured at COV when held for their operational capacity, regardless of whether the inventory has been written down.

### Propose enhancements to the basis for conclusion in IPSAS 12.BC15-BC16, BC19, BC23 and IPSAS 46.BC94(b), see Agenda item 3.3.1

Consistent with the scope of the *Measurement Application Phase* project<sup>7</sup>, ED 90 evaluated the applicability of current operational value (COV) in IPSAS 12. The IPSASB analysis was limited to whether COV should replace CRC in the measurement of specific inventories at the lower of cost and current replacement cost (CRC). The project scope did not include revising the terminology in IPSAS 12 for consistency with Chapter 7 of the Conceptual Framework or IPSAS 46, such as 'operational capacity'.

The IPSASB decided to replace CRC with COV for the subsequent measurement of specific inventories at 'the lower of cost and CRC' in the scope of IPSAS 12.17. Paragraph 17 of IPSAS 12, as proposed, requires the subsequent measurement of inventories at the lower of cost and COV when held for:

- Distribution at no charge (a transfer expense) or for a nominal charge; or
- Consumption in the production process of goods to be distributed at no charge (a transfer expense) or for a nominal charge; or
- Consumption in the rendering of services at no charge (a transfer expense) or for a nominal charge.

Rather than noting the three purposes for holding inventory that shall be measured at 'the lower of cost and COV', mentioned above, the Basis for Conclusions in IPSAS 12 and IPSAS 46 refer to 'operational capacity' for simplicity.

Staff recommend revising relevant BCs (IPSAS 12.BC15, BC16, BC19, BC23, and IPSAS 46.BC94(b)) for terminology consistency with paragraph 17 in IPSAS 12.

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<sup>7</sup> The objective of this phase of the measurement project is to evaluate the applicability of current operational value in IPSAS that permit the use of current value at initial recognition and subsequent measurement, which were not explicitly considered in the first phase of the project.

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### Appendix A.2 – Constituents’ Comment where Revisions to the Final Pronouncement are not Proposed by Staff

1. The table below provides staff’s detailed analysis of respondents’ clarification, for which staff does not propose revisions to the Final Pronouncement (see [Agenda Item 3.3.1](#)).

Constituents Comments	Staff Analysis
<b>Feedback received on amendments to IPSAS 3</b>	
<p><b>Applicability of IPSAS 3.40 to IPSAS 34.</b> R06 is unclear whether the cost, equity method, and fair value methods described in IPSAS 34 are to be considered measurement models or measurement bases for the purposes of applying IPSAS 3.40.</p>	<p><b>No changes are proposed.</b> Paragraph 40 in IPSAS 3 applies to IPSAS Standards, which permits subsequent measurement using measurement models, such as IPSAS 45, <i>Property, Plant, and Equipment</i>, and IPSAS 31, <i>Intangible Assets</i>. IPSAS 46 includes guidance noting what the measurements are within its scope. Additionally, paragraph 36 in IPSAS 46 includes a subsequent measurement framework that outlines the measurement model and bases. Thus, no further action is recommended.</p>
<p><b>Reason why IPSAS 3.IG14-IG17 were deleted.</b> R25 suggests users may benefit from understanding the reason behind the deletion of implementation guidance IG14-IG17 ‘Prospective Application of a Change in Accounting Policy when Retrospective Application is not Practicable’.</p>	<p><b>No changes are proposed.</b> Amendments to implementation guidance IG14-IG17 ‘Prospective Application of a Change in Accounting Policy when Retrospective Application is not Practicable’ are included in Part 3 of ED 90. These are amendments related to <i>the Definition of Accounting Estimates</i> (Amendments to IAS 8) issued by the IASB in February 2021.  Staff notes that the IASB was informed that this guidance could cause confusion because of the way it illustrated the accounting for particular changes in the accounting for property, plant, and equipment. The IASB concluded that addressing this matter would require a substantial rewrite of the example, for little or no benefit. Therefore, the IASB deleted it.  The IPSASB policy paper on adapting IASB documents, <a href="#">Process for Reviewing and Adapting IASB Documents</a>, notes that the Basis for Conclusions included in an IPSASB pronouncement focuses on the modification to the IASB document for public sector reasons. Therefore, an explanation of why IG14-IG17 were removed is not included. No further action is recommended.</p>

## Feedback received on amendments to IPSAS 12

### Additional guidance on CVMD

R25 had the following requests related to CVMD in IPSAS 12:

- For the IPSASB to provide illustrative examples or a definition of unobservable inputs referred to in paragraph 50A in IPSAS 12.
- Greater clarity on the phrase ‘may need to be greater’ used in paragraph 50D, which reads “The disaggregation may need to be greater for current operational value measurements estimated using observable inputs [...]’ and clarity on what other IPSAS are referred to “... If another IPSAS specifies the disaggregation for an inventory, an entity may use that disaggregation in providing the disclosures [...]”.
- For the IPSASB to note why an entity would have to disclose inventories at COV or FV for disclosure purposes only (IPSAS 12.50E).

### No changes are proposed.

IPSAS 46 already includes a definition of unobservable inputs, and IPSAS 12.50D-50E provide further guidance for an entity to meet the objective of IPSAS 12.50A. An entity is required to apply judgment, for example, to determine if further disaggregation than the line items presented in the statement of financial position is required (IPSAS 12.50E).

Feedback received on amendments to IPSAS 21	
<p><b>Enhance BCs on replacing VIU with COV.</b>            R09 recommends that the IPSASB explain to stakeholders the difference between COV and the current 'value in use' (VIU) methods in IPSAS 21, to help stakeholders understand how the proposed replacement would change the determination of impairment.</p>	<p><b>No changes are proposed.</b>            The process for determining whether an asset, in the scope of IPSAS 21, is impaired was not revised by Part 2 of ED 90. The amendments were limited to updating the definition of 'recoverable service amount' and its components. The process to determine an impairment continues to require an entity to write down the asset to the higher of (see IPSAS 21.BC44):</p> <ul style="list-style-type: none"> <li>• The value of the asset to the entity in operation (previously 'value in use of a non-cash-generating asset' and now 'current operational value'); or</li> <li>• The amount for which the asset could be sold (i.e., fair value less costs to sell).</li> </ul> <p>The Basis for Conclusions, paragraphs IPSAS 21.BC37-B40, of ED 90, explains that the IPSASB decided to replace 'value in use of a non-cash-generating asset' and its components with current operational value:</p> <ul style="list-style-type: none"> <li>• For consistency with the measurement guidance in the IPSASB's Conceptual Framework and IPSAS 46 (IPSAS 21.BC39), and</li> <li>• Because the term 'value in use' in IPSAS 21 was inconsistent with the same term in IPSAS 26 and IAS 36 (IPSAS 21.BC38).</li> </ul>
<p><b>Request for clarity on whether a revalued asset can ever be impaired.</b>            R15 requested that the IPSASB explain why it makes sense conceptually for a revalued asset not to be impaired. It noted that paragraphs BC45-BC47 and IE32 in IPSAS 21 seem to suggest that if an entity has selected the current value model for subsequent measurement, the asset would never be impaired because the entity is already valuing the asset at COV.</p>	<p><b>No changes are proposed.</b>            Staff notes that revalued assets are in the scope of IPSAS 21. IPSAS 21.54 reads that 'impairment losses are recognized immediately in surplus or deficit, unless the asset is carried at revalued amounts. In this case, the impairment loss is treated as a revaluation decrease in accordance with that other Standard.'</p> <p>The BCs and IEs noted by the respondent relate to BCs, explaining the implication of COV as a branch of recoverable service amount and illustrating the impairment loss calculation for an entity by applying the current value model.</p> <p>No changes are proposed, as IPSAS 21 includes BC20A-BC20G explaining the impairment of revalued assets, amendments to IPSAS 21 by ED 57, <i>Impairment of Revalued Assets</i> issued in September 2015.</p>

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<p><b>Request IPSAS 21.IE37 should be amended for clarity.</b>          R15 requests that the IPSASB revise IPSAS 21.IE37 for clarity. In reading this example, it is unclear to R15 whether the asset would be written up to \$10,000 if it can be restored to a condition where it can be reopened, or whether the restoration work costs would be capitalized.</p>	<p><b>No changes are proposed</b> (besides those proposed to address the IPSASB March 2025 instruction, see <a href="#">Agenda item 3.1.2</a>).          IPSAS 21.IE34-IE37 illustrates an impairment loss due to physical damage to an asset. The reversal of the impairment loss is not in the scope of the illustrative example. Paragraph IE37 of Part 2 in ED 90 noted that such impairment loss may be fully or partially reversed if Creech City Council can restore the bridge to a condition where it can be reopened.          Staff notes that IPSAS 21 includes guidance on determining the amount of the impairment reversal and how to recognize it in paragraphs 58-70. No further action is proposed.</p>
<b>Feedback received on IPSAS 27</b>	
<p><b>Applicability of COV in IPSAS 27.</b>          R04 notes that biological assets in an agricultural activity involving distribution at no charge or for a nominal charge would be held for operational capacity and questions the IPSASB's conclusion that current operational value is not an applicable measurement basis for assets in the scope of IPSAS 27 on the grounds that these are not held for their operational capacity.</p>	<p><b>No changes are proposed.</b>          During the development of ED 90, the IPSASB discussed whether assets in the scope of IPSAS 27, <i>Agriculture</i>, were held for their operational capacity because biological assets in an agricultural activity can be distributed at no charge or for a nominal charge. The IPSASB discussed that though biological assets in an agricultural activity can be distributed at no charge or for a nominal charge, these are held to generate economic benefits, as opposed to their operational capacity. (see IPSAS 46.BC98-BC99 and IPSAS 46.106, section 11 of the <a href="#">June 2023 IPSASB meeting minutes</a> and <a href="#">Agenda Item 11</a>).</p>
<b>Feedback received on IPSAS 41</b>	
<p><b>Applicability of COV in IPSAS 41.</b>          R01 requests that COV be added to IPSAS 41 as one of its current value measurement bases. R01 notes that it carries various investments in administrative assets, held for their operational capacity and not their financial capacity. These investments often provide no income, and a market value is not determinable or reliably measurable.</p>	<p><b>No changes are proposed.</b>          During the development of ED 90, the IPSASB discussed whether COV was an applicable measurement basis for assets in the scope of IPSAS 41, <i>Financial Instruments</i>. The IPSASB noted that a financial asset can contribute to service delivery objectives; however, it does not have service potential on its own because a financial asset is cash, a contract to receive cash, or an equity instrument. Based on this, the IPSASB concluded that COV is not an applicable measurement basis for assets in the scope of IPSAS 41. (see IPSAS 46.BC98-BC99 and IPSAS 46.106, section 11 of the <a href="#">June 2023 IPSASB meeting minutes</a> and <a href="#">Agenda Item 11</a>).</p>

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Feedback received on amendments to IPSAS 46	
<p><b>Relation between ‘current value’ and ‘current value model’.</b>            R01 requests that the IPSASB explain how the expressions ‘Current Value’ and ‘Current Value Model’ are related.</p>	<p><b>No changes are proposed.</b></p> <p>With the development of ‘current operational value’ for assets held for their operational capacity, the ‘revaluation model’ in IPSAS 31 and IPSAS 45 was renamed to ‘current value model’ for alignment with the updated Chapter 7: <i>Measurement of Assets and Liabilities in Financial Statements</i> of the Conceptual Framework and IPSAS 46. With the publication of IPSAS 46, the term ‘current value’ was introduced across the IPSAS literature.</p> <p>Staff notes that the relation between ‘current value’ and ‘current value model’ is reflected in the IPSASB’s literature, see paragraph 36 of IPSAS 46—subsequent measurement framework—and is determined using one of the measurement bases in the current value model.</p>
<p><b>Removing Measurement Technique Hierarchy</b>            R04 disagrees with the amendments to paragraphs B4 through B6 because they do away with the hierarchy, giving precedence to the price in an active market where one exists.</p>	<p><b>No changes are proposed.</b></p> <p>The amendments were proposed to clarify the application of the ‘least costly manner’, a core principle for estimating COV. The amendments did not impact current guidance which states that when an active market exists for the identical or similar asset, ‘the amount the entity would pay’ is the price in the active market.</p> <p>Staff notes that the amendments to paragraphs B4 to B6 in IPSAS 46 are consistent with the core principles for estimating COV and do not introduce new guidance on determining current operational value. No further action is proposed.</p>
<p><b>Include operational and financial capacity definitions in IPSAS 45 and IPSAS 46.</b>            R05 recommends that the IPSASB define or include references to operational and financial capacity definitions from Chapter 7 of the IPSASB’s Conceptual Framework to IPSAS 45 and IPSAS 46. Because both terms are used pervasively throughout these standards, as well as throughout ED 90 and anchor the application of COV versus fair value to the subsequent measurement of assets.</p>	<p><b>No changes are proposed.</b></p> <p>Staff notes that IPSAS 45 includes application guidance to help entities determine whether an entity holds an asset for its operational or financial capacity, see paragraphs IPSAS 45.AG21-AG23. The guidance was developed and is consistent with Chapter 7 of the Conceptual Framework. Also, IPSAS 46 has implementation guidance on how an entity can determine an asset’s intended primary measurement objective, see paragraph IPSAS 46.B.1.</p> <p>No further action is proposed as guidance on determining the current value measurement for an asset in the current value model is included in IPSAS 45. Furthermore, including operational and financial capacity definitions is outside the scope of the <i>Measurement Application Phase</i> project.</p>

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### Appendix A.3 - Constituents' Editorial Comments where Revisions to the Final Pronouncement are not Proposed by Staff

1. The table below provides staff's detailed analysis of respondents' editorials, for which staff do not propose revisions to the Final Pronouncement (see [Agenda Item 3.3.1](#)).

Constituents Comments	Staff Analysis
<b>Feedback received on amendments to IPSAS 12</b>	
<p><b>Terminology preferences.</b>                      R04 requests that the IPSASB replace 'valued' with 'remeasured' in the last sentence of paragraph 43 of IPSAS 12, as to read 'If the purpose for which the inventory is held changes, then the inventory is <del>valued</del><u>remeasured</u> using the provisions of paragraph 15.'</p>	<p><b>No changes are proposed.</b>                      ED 90 did not amend this sentence. The terms 'valued' and 'measured' are used interchangeably in IPSAS 46. Revising terminology in IPSAS 46 is outside this project's scope, which is to evaluate the applicability of current operational value in relevant IPSAS Standards.</p>
<p><b>Drafting preferences.</b>                      R15 suggests adding 'deemed' ahead of 'cost of inventory' in paragraph 31 of IPSAS 12 because the last sentence of this paragraph directs preparers to paragraph 16, which discusses deemed cost.</p>	<p><b>No changes are proposed.</b>                      Paragraph 31 in IPSAS 12 directs the reader to apply deemed cost in paragraph 16. The section where paragraph 31 is located has a broader focus than deemed cost, and would not be appropriate to make such an amendment. No revisions are proposed.</p>
<p><b>Drafting preferences.</b>                      R22 proposes drafting revisions to specific paragraphs in IPSAS 12, such as replacing in paragraph 1 ' [...] this Standard provides guidance on the cost determination and its subsequent recognition as an expense, including <b>any reduction to the net realizable value and the current operational value.</b> [...] ' with ' [...] <u>also any correction of the carrying amount, the net realizable value, or the current operational value, as applicable.</u> [...] ' Please <a href="#">refer to page 5-9 of its Comment Letter</a> for other examples.</p>	<p><b>No changes are proposed.</b>                      Staff notes that the revisions proposed in pages 5-9 of R22 Comment Letter are drafting preferences and does not propose changes because the revisions suggested by R22 are inconsistent with the guidance in the IPSASB's policy paper, <a href="#">Process for Reviewing and Adapting IASB Documents</a>.</p>

Feedback received on amendments to IPSAS 16	
<p><b>Changing the title of CVMD in IPSAS 16.</b>                      R22 believes the title of the current value measurement disclosures section should be revised to “Measurement basis of fair value”, since the name “current value measurement” may be linked to ‘current value model’ which includes other current value measurement basis than the ones in paragraphs IPSAS 16.89A and 89C.</p>	<p><b>No changes are proposed.</b></p> <p>Staff notes that both fair value and current operational value are referred to as current value measurement bases in IPSAS 46, and does not propose amending the title from “Current Value Measurement” to “Measurement basis of fair value” as suggested by the respondent. Additionally, staff notes that the scope of amendments to CVMD included in ED 90 is limited to removing ‘recurring and recurring’ from CVMD to enhance guidance’s terminology.</p>
Feedback received on amendments to IPSAS 21	
<p><b>Renaming ‘fair value less costs to sell’.</b>                      R04 suggests changing “fair value less costs to sell” to “fair value less costs of disposal” for alignment with IPSAS 26 and IAS 36. R04 notes that “costs of disposal” is a defined term in IPSAS 21.</p>	<p><b>No changes are proposed.</b></p> <p>Staff notes that ‘Fair value less costs to sell<sup>8</sup>’ is a defined term in IPSAS 21, which includes the defined term ‘disposal costs’. Because of this, staff does not recommend changing the defined term ‘fair value less costs to sell’ to ‘fair value less costs of disposal’.</p>
Feedback received on IPSAS 44	
<p><b>Propose amendments to IPSAS 44.</b>                      R04 notes that IPSAS 44 has not been amended by IPSAS 46, highlighting the required amendments. For example, paragraph 6(d) of IPSAS 44 still refers to the fair value model, and paragraph 10 of IPSAS 44 still refers to IFRS 13.</p>	<p><b>No changes are proposed.</b></p> <p>Staff has reviewed IPSAS 44, <i>Non-Current Assets Held for Sale and Discontinued Operation</i> and notes that:</p> <ul style="list-style-type: none"> <li>• When IPSAS 44 was published, it included a cross-reference to IFRS 13 in paragraph 10. With the publication of the 2024 IPSASB Handbook, the cross-reference was updated from IFRS 13 to IPSAS 46 in paragraph 10 of IPSAS 44.</li> <li>• Paragraph 6(d) in IPSAS 44 refers to ‘fair value model’ instead of ‘current value model’ in IPSAS 16, <i>Investment Property</i>. This editorial revision will be fixed during the editorial process of the 2026 IPSASB Handbook production, as IPSAS 44 is not in the scope of the <i>Measurement Application Phase</i> project.</li> </ul>

<sup>8</sup> It is defined as ‘the price that would be received to sell the asset in an orderly transaction between market participants, less the costs of disposal.’

Feedback received on amendments to IPSAS 46	
<p><b>Propose deletion of a sentence in an existing Basis for Conclusions in IPSAS 46.</b></p> <p>R15 recommends the IPSASB remove ‘the income approach would not be applied in conjunction with another measurement technique because discounting future cash flows is not necessary’ from IPSAS 46.BC60 because it may cause confusion, as by definition, a present value is determined by discounting future cash flows.</p>	<p><b>No changes are proposed.</b></p> <p>Staff notes that this is an existing sentence in IPSAS 46.BC60, which documents the IPSASB’s decision not to allow the income approach as one of the measurement techniques for estimating current operational value.</p> <p>The IPSASB does not delete the content of prior BCs. Instead, these are revised to reflect the new information the IPSASB considered in developing ED 90. To this effect, a sentence was added to IPSAS 46.BC60 noting that the exclusion of the income approach as a measurement technique to estimate current operational value does not preclude using the present value technique in the market approach or the cost approach when the time value of money is material. No further action is proposed.</p>
<p><b>Drafting preferences.</b></p> <p>R04 requests that the IPSASB replace ‘the’ with ‘an’ in paragraph B6 of Appendix B in IPSAS 46, as to read ‘The costs that would be incurred to develop, or produce <del>the</del> <u>an</u> identical, or a similar, asset is estimated using available price information.</p>	<p><b>No changes are proposed.</b></p> <p>The drafting of paragraph B6 in Appendix B of IPSAS 46 is internally consistent with other relevant paragraphs in IPSAS 46, such as B4(a). No revisions are proposed.</p>

**Approval of Amendments to IPSAS as a result of the Application of IPSAS 46,  
*Measurement***

**Question**

1. Does the IPSASB agree to vote to approve the [draft] Final Pronouncement, Amendments to IPSAS Standards as a result of the Application of IPSAS 46, *Measurement*?

**Recommendation**

2. Staff recommend the IPSASB:
  - (a) Vote to approve Amendments to IPSAS Standards as a result of the Application of IPSAS 46, *Measurement* based on the IPSASB Program and Technical Director's assertion that due process has been followed effectively in its development; and
  - (b) Set the effective date as January 1, 2028.

**Background**

3. The IPSASB has completed its review of constituents' responses and the [draft] Final Pronouncement, Amendments to IPSAS as a result of the Application of IPSAS 46, *Measurement*.
4. This paper summarizes the IPSASB's work in compliance with due process in developing the Amendments to IPSAS Standards as a result of the Application of IPSAS 46, *Measurement*, walks through next steps to facilitate the approval, and asks the IPSASB to approve the Final Pronouncement.

**Analysis**

*Due Process*

5. The IPSASB has followed due process throughout this project. The complete analysis supporting the assertions and recommendations noted below is in [Appendix A](#). Key activities and final steps in the due process are presented below.
6. The IPSASB released [ED 90, Amendments to IPSAS as a result of the Application of IPSAS, Measurement](#) in August 2024. The IPSASB received 26 comment letters to ED 90.
7. When staff is satisfied a proposed final pronouncement is ready for approval, IPSASB's [Due Process and Working Procedures](#) sets out the necessary steps to facilitate its approval (bolded procedures require action by the IPSASB):
  - (a) **Staff present the revised content of the exposed international standard to the IPSASB;**  
See [draft] Final Pronouncement, Amendments to IPSAS as a result of the Application of IPSAS 46, *Measurement* in [Agenda Item 3.3.1](#).
  - (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] Amendments to IPSAS as a result of the Application of IPSAS 46, *Measurement*.

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

The IPSASB Chair asks the IPSASB for confirmation on due process.

- (d) **The IPSASB votes on the approval of Amendments to IPSAS Standards as a result of the Application of IPSAS 46, *Measurement* in accordance with its [Terms of Reference](#);**

Staff recommend the approval of Amendments to IPSAS Standards as a result of the Application of IPSAS 46, *Measurement*.

- (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 confirm that there have been no substantial changes that would require a vote on re-exposure by the IPSASB (see rationale in paragraph 4(e)).

- (f) **The IPSASB sets the effective date of the application of Amendments to IPSAS Standards as a result of the Application of IPSAS 46, *Measurement*;**

Staff recommend that the IPSASB set an effective date for Amendments to IPSAS Standards as a result of the Application of IPSAS 46, *Measurement* of January 1, 2028 (see rationale in paragraph 4(f) in [Appendix A](#))

- (g) **The IPSASB issues Basis for Conclusions with respect to comments received on an exposure draft.**

See Basis for Conclusions in [draft] Amendments to IPSAS as a result of the Application of IPSAS 46, *Measurement* ([Agenda Item 3.3.1](#))

**Decision Required**

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

## Appendix A – Detailed Due Process for Approval of Amendments to IPSAS as a result of the Application of IPSAS 46, *Measurement*

1. The IPSASB has followed due process throughout this project. Thus, the details of the final steps in the due process are noted below.
2. The IPSASB released [Exposure Draft \(ED\) 90, Amendments to IPSAS as a result of the Application of IPSAS 46, \*Measurement\*](#), in August 2024. The IPSASB received 26 comment letters, which were reviewed and analyzed by the IPSASB staff.
3. In March 2025, the IPSASB discussed and addressed issues raised by ED 90 respondents in its development of [draft] Final Pronouncement, Amendments to IPSAS as a result of the Application of IPSAS 46, *Measurement*. During H1 2025:
  - (a) Staff reviewed and analyzed the [26 comment letters](#) received for ED 90;
  - (b) The IPSASB discussed the issues raised by respondents to ED 90 (see [Agenda Item 10](#) from the March 2025 IPSASB meeting, [Agenda Item 3.2.1](#), and [Agenda Item 3.2.2](#));
  - (c) Staff actioned the IPSASB March 2025 decisions and instructions (see [Agenda Item 3.2.3](#) and [Agenda Item 3.3.1](#));
  - (d) Added the expected publication date (August 2025) and proposed effective date (January 1, 2028, see rationale in paragraph 4(f));
  - (e) Removed references to [draft] in the Final Pronouncement; and
  - (f) The IPSASB was presented with the Final Pronouncement (shown in [Agenda Item 3.3.1](#) in red marked-up compared to ED 90).
4. When staff is satisfied that a proposed new final international pronouncement (i.e., the Final Pronouncement) is ready for approval, IPSASB's [Due Process and Working Procedures](#) sets out the necessary steps to facilitate its approval:
  - (a) **Staff present the revised content of the exposed international standard to the IPSASB;** [Agenda Item 3.3.1](#) includes all changes in markup from ED 90 as presented to the IPSASB in this Agenda Item. Changes to the ED reflect matters raised in comment letters, to clarify the proposed guidance, or for consistency with existing guidance. There were no substantial changes to the guidance (see paragraph (e)).
  - (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, noting that:

    - ED 90 was issued for consultation;
    - Responses to the ED were received and made publicly available on the IPSASB [website](#);
    - The IPSASB has deliberated significant matters raised in the comment letters at its meetings in March 2025 and June 2025, and decisions taken have been minuted; and

- The IPSASB will be asked to consider whether there are any issues raised by respondents, in addition to those summarized by staff, that it considers should be discussed by the IPSASB and agree there are none.

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

The IPSASB Chair asks the IPSASB for confirmation on due process.

(d) **The IPSASB votes on the approval of Amendments to IPSAS as a result of the Application of IPSAS 46, *Measurement* in accordance with its [Terms of Reference](#);**

Staff recommend the approval of Amendments to IPSAS as a result of the Application of IPSAS 46, *Measurement*.

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

The IPSASB Program and Technical Director, in consultation with the Chair of the IPSASB, advises the IPSASB that no substantial changes have been made to ED 90 that would necessitate a vote on re-exposure.

Changes to ED 90 reflect matters raised in comment letters or are editorial in nature. Based on the mixed view received by the IPSASB on the applicability of current operational value in IPSAS 31, *Intangible Assets*, the IPSASB decided to remove such guidance at this time and conduct further research. The changes to ED 90 enhance the interpretation of ED 90 to help constituents apply the final pronouncement and IPSAS 46 in practice. Measurement principles remain consistent with IPSAS 46.

(f) **The IPSASB sets the effective date of the application of Amendments to IPSAS Standards as a result of the Application of IPSAS 46, *Measurement*;**

The IPSASB will need to consider the effective date of the Final Pronouncement, Amendments to IPSAS as a result of the Application of IPSAS 46, *Measurement*. Paragraph A44 of the IPSASB's [Due Process and Working Procedures](#) requires the IPSASB to consider the reasonable expected minimum period for effective implementation, including the need for translation into national languages.

Staff note that the IPSASB's usual practice when approving a new IPSAS is to set an effective date that commences:

- A minimum of 18 months after the publication of a Standard; and
- On January 1.

Amendments to IPSAS as a result of the Application of IPSAS 46, *Measurement* is expected to be published in August 2025. If the IPSASB were to follow its usual practice, this would result in an effective date of January 1, 2028.

Setting the effective date on January 1, 2028, also takes into consideration:

- **Dependencies.** The guidance in the Final Pronouncement, Amendments to IPSAS Standards as a result of the Application of IPSAS 46, *Measurement* relies on guidance in

## Agenda Item 3.2.3

IPSAS 46, which was published in May 2023 and has an effective date of January 1, 2026<sup>9</sup>. An effective date of January 1, 2028, provides constituents time to implement and adopt this pronouncement.

- **Public Interest.** Amendments to IPSAS Standards as a result of the Application of IPSAS 46, *Measurement* evaluates the applicability of current operational value across IPSAS. As such, similar to IPSAS 46, it is important to provide stakeholders with timely guidance on applying current operational value to additional IPSAS Standards.
  - **Complexity/sufficient time to adopt.** Amendments to IPSAS Standards as a result of the Application of IPSAS 46, *Measurement* applies the guidance found in IPSAS 46, effective January 1, 2026. The resource requirements for implementing this pronouncement are expected to leverage from the implementation of IPSAS 46.
- (g) **The IPSASB issues Basis for Conclusions with respect to comments received on an exposure draft.**

Staff highlights that Final Pronouncement, Amendments to IPSAS as a result of the Application of IPSAS 46, *Measurement* includes Basis for Conclusions (See [Agenda Item 3.3.1](#))

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<sup>9</sup> [IPSASB Issues Package of Measurement-Related Pronouncements | IPSASB](#)

**Supporting Documents 1 – [draft] Final Pronouncement, Amendments to IPSAS as a result of the Application of IPSAS 46, *Measurement***

1. The [draft] Final Pronouncement, Amendments to IPSAS as a result of the Application of IPSAS 46, *Measurement* is posted separately for easier readability.

*Review Instructions*

2. IPSASB members, Technical Advisors, and Observers are asked to note the following when reviewing the [draft] Final Pronouncement, Amendments to IPSAS as a result of the Application of IPSAS 46, *Measurement* in marked-up form:
  - (a) Enhancement to current value measurement disclosures in IPSAS 31 have been relocated to Part 4 of [draft] Final Pronouncement, as the amendments to add COV to IPSAS 31 were recommended to be removed from the [draft] Final Pronouncement (see [Agenda Item 3.2.1](#));
  - (b) Text in marked-up red are revisions (deletions are strikethrough and insertions are underlined);
  - (c) The key revisions made:
    - (i) Reflect the IPSASB’s decisions and instructions taken in March 2025 after the review of responses to ED 90 see paragraph 5;
    - (ii) Are consistent with staff’s recommendations in the above Agenda Items 3.2.1 to 3.2.3.
3. IPSASB members are asked to provide editorial comments to staff offline by **Thursday, June 19<sup>th</sup>, 2025**.
4. A clean version (i.e., without track changes) is available upon request offline.

Summary of Agreed Changes at the March 2025 IPSASB meeting

5. The table below summarizes the drafting changes agreed on by the IPSASB at its March 2025 meeting (see [Agenda Item 3.1.2](#) and [Agenda Item 3.1.3](#)):

ED Section	Changes Made	Change Rationale/Comments
Part 1	<ol style="list-style-type: none"> <li>1. Incorporated editorial changes to current value measurement disclosure in IPSAS 12 and IPSAS 31 to ensure consistency with the scope of CVMDs added by IPSAS 46.</li> <li>2. Enhanced the Basis for Conclusions (BCs) to reflect the IPSASB’s work and review of responses received for ED 90.</li> </ol>	<p>To process drafting and editorial changes agreed by the IPSASB in March 2025.</p> <p>To reflect the IPSASB’s decisions in March 2025.</p>

Part 2	<p>3. Delete paragraph 39C in Part 2 of ED 90, which includes guidance that the current operational value of an asset with no service capacity and inoperable at reporting year end is zero.</p> <p>4. Enhanced the BCs to reflect the IPSASB's work and review of responses received for ED 90.</p>	<p>To process drafting and editorial changes agreed by the IPSASB in March 2025.</p> <p>To reflect the IPSASB's decisions in March 2025.</p>
Part 3	<p>5. Enhanced the BCs to reflect the IPSASB's work and review of responses received for ED 90.</p>	<p>To reflect the IPSASB's decisions in March 2025.</p>
Part 4	<p>6. Incorporated editorial changes to current value measurement disclosures to ensure consistency with the scope of CVMDs added by IPSAS 46.</p> <p>7. Enhanced the BCs to reflect the IPSASB's work and review of responses received for ED 90.</p>	<p>To process drafting and editorial changes agreed by the IPSASB in March 2025.</p> <p>To reflect the IPSASB's decisions in March 2025.</p>