

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

**Meeting Location:** New York, USA

**Meeting Date:** December 2–5, 2025

## Agenda Item 9

For:

☐ Approval

☒ Discussion

☐ Information


### MEASUREMENT – APPLICATION PHASE: COV IN IPSAS 31 – NARROW SCOPE AMENDMENTS


<b>Project summary</b>	The project objective is to evaluate the applicability of current operational value in IPSAS 31, <i>Intangible Assets</i> .	
<b>Project staff lead</b>	<ul style="list-style-type: none"> <li>Agustina Llambi, Principal</li> </ul>	
<b>Board sponsor</b>	<ul style="list-style-type: none"> <li>David Watkins, IPSASB Technical Advisor</li> </ul>	
<b>Meeting objectives</b>	<b>Topic</b>	<b>Agenda Item</b>
<b>Project management</b>	<a href="#">Measurement – Application Phase: COV in IPSAS 31 – Narrow Scope Amendments Dashboard</a>	<a href="#">9.1.1</a>
	<a href="#">Instructions up to Previous Meeting</a>	<a href="#">9.1.2</a>
	<a href="#">Decisions up to Previous Meeting</a>	<a href="#">9.1.3</a>
	<a href="#">Measurement – Application Phase: COV in IPSAS 31 – Narrow Scope Amendments: Project Roadmap</a>	<a href="#">9.1.4</a>
<b>Decisions required at this meeting</b>	<a href="#">Project Overview</a> (for discussion purposes only)	<a href="#">9.2.1</a>
	<a href="#">Summary of Responses to SMC 1 – COV in IPSAS 31</a>	<a href="#">9.2.2</a>
	<a href="#">Conceptual Applicability of COV in IPSAS 31</a>	<a href="#">9.2.3</a>
	<a href="#">Absence of an Active Market Restriction</a>	<a href="#">9.2.4</a>
	<a href="#">Other Issues Raised by Respondents</a>	<a href="#">9.2.5</a>

Prepared by: Agustina Llambi (November 2025)

The 'International Public Sector Accounting Standards Board', 'International Public Sector Accounting Standards', 'Recommended Practice Guidelines', 'International Federation of Accountants', 'IPSASB', 'IPSAS', 'RPG', 'IPSASB SRS', 'IFAC', the IPSASB logo, and IFAC logo are trademarks of IFAC, or registered trademarks and service marks of IFAC in the US and other countries.

**MEASUREMENT – APPLICATION PHASE: COV IN IPSAS 31 –  
NARROW SCOPE AMENDMENTS: DASHBOARD**

Topic	Past Meetings	December 2025	March 2026	June 2026	Sep 2026
<b>Overall Project Management</b>	✓				
Plan and Approach	✓				
Review and Approve the Final Pronouncement					
<b>Scope of Project (Development of ED)</b>					
Applicability of Current Operational Value in IPSAS 31	✓				
<b>Analyze and Address Responses to IPSAS ED 90</b>					
Part 1: Applicability of Current Operational Value in IPSAS (SMC 1 – IPSAS 31)					

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

**INSTRUCTIONS UP TO PREVIOUS MEETING**

Meeting	Instruction	Actioned
June 2025	1. Continue analysis of the responses received on the introduction of current operational value in IPSAS 31 separately from the Final Pronouncement approved at the June 2025 meeting.	1. See <a href="#">Agenda Item 9.2.1</a> to <a href="#">Agenda Item 9.2.5</a>

**DECISIONS UP TO PREVIOUS MEETING**

Meeting	Decision	BC Reference
June 2025	1. All decisions provided up until June 2025 were reflected in <a href="#">Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, Measurement</a> .	1. n/a

**MEASUREMENT – APPLICATION PHASE: COV IN IPSAS 31 –  
NARROW SCOPE AMENDMENTS:  
PROJECT ROADMAP**

<b>Meeting</b>	<b>Completed Actions or Discussions / Planned Actions or Discussions:</b>
June 2025	1. Measurement Application Phase: COV in IPSAS 31 – Narrow Scope Amendments was added to the IPSASB's Work Program
December 2025	1. Initial Review of Responses – COV in IPSAS 31
March 2026 to September 2026	1. Review of Responses – COV in IPSAS 31 2. Approval of Final Pronouncement

## **Project Overview**

### **Purpose**

1. To provide a project overview of IPSASB's decisions regarding the amendments proposed in [ED 90, \*Amendments to IPSAS as a Result of the Application of IPSAS 46, Measurement\*](#) on the applicability of current operational value (COV) in IPSAS 31, *Intangible Assets*.

### **Background**

2. The IPSASB developed COV to address constituents' concerns received in the April 2019 [Measurement Consultation Paper](#), that fair value is difficult and inappropriate to apply to assets held for their operational capacity, as is often the case in the public sector, because the following concepts generally are not applicable:
  - (a) Highest and best use; and
  - (b) Maximizing the use of market participant data.
3. In March 2023, the IPSASB decided to include IPSAS 31 in the scope of the [Measurement Application of Current Operational Value](#) project. Analyzing and reflecting on the measurement principles developed as part of [Measurement](#) project in IPSAS 31 was a pre-commitment as a result of the feedback received on its [2021 Mid-Period Consultation](#)<sup>1</sup>.

## **Project Overview**

### *Scope of Work*

4. The scope of the Measurement Application of COV project included the evaluation of the potential applicability of COV in IPSAS 31 at initial and subsequent measurement, including the relevance and potential application in relation to deemed cost<sup>2</sup>. 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.

### *Proposed Amendments to IPSAS 31 in Part 1 of ED 90*

5. In March 2024, the IPSASB decided that COV could be used to measure intangible assets held for their operational capacity, as it presents useful information for holding the entity to account and for decision-making purposes.<sup>3</sup>

---

<sup>1</sup> See Appendix A of [Agenda Item 3.2.1](#) from the June 2025 IPSASB Meeting.

<sup>2</sup> See section 11 of [Approved Minutes March 2023.pdf](#)

<sup>3</sup> See section 9 of [Approved Minutes March 2024 - Final.pdf](#)

## Agenda Item 9.2.1

6. ED 90 was published on August 1, 2024, with a 120-day comment period. Part 1 of ED 90 proposed aligning the initial and subsequent measurement in IPSAS 31 with the measurement objective<sup>4</sup> in Chapter 7: *Measurement of Assets and Liabilities in Financial Statements* of the *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities*.
7. The amendments proposed in ED 90:
  - (a) Add COV as an applicable measurement at initial measurement for intangible assets acquired in a non-exchange transaction; and
  - (b) Add COV to the current value model at subsequent measurement. Entities would need to apply the appropriate current value measurement bases depending on the primary objective for which the intangible asset is held.
8. 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. Two members presented an alternative view (AV)<sup>5</sup> noting that the existing guidance should remain unchanged. This view was included in ED 90 for stakeholders to consider.

### *Feedback Received for ED 90*

9. The IPSASB received 26 comment letters from a diverse group of stakeholders (see [Agenda Item 10.3.1](#) of the March 2025 IPSASB meeting). The proposal to add COV at initial and subsequent measurement in IPSAS 31 received mixed feedback. See [Agenda Item 9.2.2](#) for the summary of responses.
10. In the June 2025 meeting<sup>6</sup>, the IPSASB discussed respondents' comments on ED 90's proposal to introduce COV in IPSAS 31 and decided to continue analyzing the responses received on the introduction of COV in IPSAS 31 separately from the [Final Pronouncement, Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, Measurement](#), which was published on August 14, 2025.

### *Analysis performed in Q4 2025*

11. The following agenda items are included for the IPSASB's consideration in the December 2025 IPSASB meeting:
  - (a) **Summary of response** to SMC 1: COV in IPSAS 31 (see [Agenda Item 9.2.2](#));
  - (b) **Analysis of responses** to SMC 1: COV IPSAS 31:
    - (i) Conceptual applicability of COV in IPSAS 31 (see [Agenda Item 9.2.3](#));

---

<sup>4</sup> It notes that meeting the measurement objective requires selecting a measurement basis that most fairly reflects the costs of services, operational capacity, and financial capacity of the entity in a manner that is useful in holding the entity to account, and for decision-making purposes.

<sup>5</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.

<sup>6</sup> See [June 2025 IPSASB Meeting Minutes](#).

- (ii) Absence of an active market restriction for COV at the subsequent measurement in IPSAS 31 (see [Agenda Item 9.2.4](#)); and
- (iii) Other issues raised by respondents (see [Agenda Item 9.2.5](#))

**Decision Required**

12. No decision is required.



## Summary of Responses to Specific Matters for Comment 1: COV in IPSAS 31

### Question

1. Does the IPSASB agree that the issues raised by respondents to Specific Matter for Comment (SMC) 1: COV in IPSAS 31 in ED 90 have been appropriately captured by the staff summary?

### Background

2. ED 90 was published on August 1, 2024, with a 120-day comment period. Part 1 of ED 90 amendments proposed to:
  - (a) Add current operational value ('COV') as an applicable measurement at initial measurement for intangible assets acquired in a non-exchange transaction; and
  - (b) Add COV to the current value model at subsequent measurement. Entities would need to apply the appropriate current value measurement bases depending on the primary objective for which the intangible asset is held.
3. SMC 1 asked constituents whether they agree with the applicability of COV in IPSAS 31. Two members presented an Alternative View<sup>7</sup> (AV) noting that the existing guidance should remain unchanged. This view was included in ED 90 for stakeholders to consider.
4. The IPSASB received 26 comment letters from a diverse group of stakeholders, see [Agenda Item 10.3.1](#) of the March 2025 IPSASB meeting.

### Summary of Responses to SMC 1 (COV in IPSAS 31)

5. Respondents who supported ED 90's proposal to add COV in IPSAS 31 noted:
  - (a) It aligns the measurement of assets with the core objectives of public sector entities, delivering public services as opposed to generating cash flows (R01, R02, R04, R13, R15, R17, R18, R23, R24, R26);
  - (b) 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);
  - (c) Disagreement with the AV because 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 (R01 and R15); and
  - (d) Requested the IPSASB develop additional non-authoritative guidance to support the introduction of COV in IPSAS 31 (R03, R13, R15, R21, and R24):
    - (i) How to apply the cost technique to estimate COV for intangible assets (R15);

---

<sup>7</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.

- (ii) Develop a set of criteria that is objective and transparent to determine when it is appropriate to use the COV and how to calculate it (R21); or
- (iii) How to measure specialized intangible assets at COV (R24).

See [Agenda Item 9.2.5](#) for staff analysis.

- (e) Provided no further details (R20 and R22).

6. Respondents who did not support the proposal either agreed with all or part of the AV (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) **Main concerns:**

- (i) **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. See [Agenda Item 9.2.3](#) for staff analysis.
- (ii) **Absence of an active market restriction for COV** (R06, R08, R09, R11, and R25) may impact the reliability of intangible assets' current value measurement. See [Agenda Item 9.2.4](#) for staff analysis.
- (iii) **The introduction of COV in IPSAS 31 may result in measurement inconsistencies between intangible assets held for operational versus financial capacity** (R11) and lead to more revaluations at COV compared to intangible assets measured at fair value (R08), as the latter requires a reference to an active market. See [Agenda Item 9.2.3](#) for staff analysis.
- (iv) **Applicability of specific COV principles to intangible assets** (R05 and R11). Application challenges may arise as COV was developed for tangible assets. See [Agenda Item 9.2.3](#) for staff analysis.

(b) **Other Issues raised:**

- (i) **Estimating the COV of an intangible asset using the cost approach may lead to capitalizing research costs at subsequent measurement under the current value model** (R06, R08, R09, R11, and R25). See [Agenda Item 9.2.5](#) for staff analysis.
- (ii) **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). See [Agenda Item 9.2.5](#) for staff analysis.
- (iii) **Increase Audit Costs.** R08 believes that audit costs for reporting entities will increase due to arbitrary assumptions and judgments associated with COV. See [Agenda Item 9.2.5](#) for staff analysis.

**Feedback Required**

7. Do IPSASB members note significant issues raised by respondents that should be captured, in addition to those summarized by staff?

## **SMC 1 – Conceptual Applicability of COV in IPSAS 31**

### **Question**

1. Does the IPSASB agree that COV is conceptually applicable for measuring intangible assets held for their operational capacity in IPSAS 31, *Intangible Assets*?

### **Recommendation**

2. Staff recommend that the IPSASB proceed with its conclusion that COV is conceptually applicable for the measurement of intangible assets in the scope of IPSAS 31.

### **Background**

3. ED 90 was published on August 1, 2024, with a 120-day comment period. Part 1 of ED 90 amendments proposed to:
  - (a) Add current operational value ('COV') as an applicable measurement at initial measurement for intangible assets acquired in a non-exchange transaction; and
  - (b) Add COV to the current value model at subsequent measurement. Entities would need to apply the appropriate current value measurement bases depending on the primary objective for which the intangible asset is held.
4. SMC 1 asked constituents whether they agree with the applicability of COV in IPSAS 31, as proposed in Part 1 of ED 90.

### **Analysis**

#### *Feedback Received*

5. As noted in [Agenda Item 9.2.2](#), four main issues were identified by respondents. Three of those issues are analyzed in this Agenda Item because they are related to the conceptual applicability of COV to intangible assets:
  - (a) The applicability of COV should be considered after the revision of IAS 38 *Intangible Assets*;
  - (b) The introduction of COV in IPSAS 31 may result in measurement inconsistencies between intangible assets held for operational versus financial capacity;
  - (c) The applicability of specific COV principles to intangible assets.

The fourth main issue, 'Absence of an active market restriction for COV', is analyzed separately, as it concerns how to introduce COV at subsequent measurement in IPSAS 31, considering its reliability (see [Agenda Item 9.2.4](#)).

#### *COV Conceptual Applicability*

6. When considering the introduction of COV in IPSAS 31, the IPSASB considered measurement principles in Chapter 7 *Measurement of Assets and Liabilities in Financial Statements* of the *Conceptual Framework* and IPSAS 46, *Measurement*. Neither guidance differentiates between the measurement of tangible and intangible assets; therefore, the intrinsic nature of an asset alone should not influence its measurement. The *Conceptual Framework* notes that the current value measurement basis selected for an asset should reflect the intended use or the entity's reasons for holding the intangible asset.

7. During the development of ED 90, the IPSASB discussed, and the majority of respondents to ED 90 agreed that:
- (a) Public sector entities hold intangible assets for their operational capacity, similar to tangible assets within the scope of IPSAS 45, *Property, Plant, and Equipment*. Accordingly, to present useful information for holding the entity to account and for decision-making purposes, intangible assets held for their operational capacity should be allowed to be measured at COV.
  - (b) IPSASB's stakeholders' feedback on the 2019 [Measurement Consultation Paper](#) noted that FV principles—'highest and best use' and 'maximizing the use of market participant data'—are not applicable to the current value measurement of public sector assets held for their operational capacity. The publication of IPSAS 46 has aligned FV in IPSAS Standards with IFRS 13 *Fair Value Measurement*. As a result, entities that have elected the current value model at subsequent measurement are left applying a measurement basis that is difficult and inappropriate for assets held for their operational capacity. Stakeholders have noted that FV does not provide useful information for accountability and decision-making regarding assets held to achieve a policy objective (i.e., in a capacity other than one that satisfies its higher and best financial use).

#### *Responses Analysis*

8. Staff considered and assessed respondents' timing and conceptual concerns who did not support the proposal (see [Appendix A](#) for further details), noting the following:
- (a) **The applicability of COV should be considered after the revision of IAS 38 *Intangible Assets*.** Some respondents suggested revisions to IPSAS 31 should be postponed until the IASB completes its comprehensive project on IAS 38, as IPSAS 31 primarily draws from IAS 38.

Staff analysis (See [Appendix B](#) for further details):

- (i) **The project should continue independently of the IASB project.** In June 2025, the IPSASB decided to continue analyzing the responses received on the introduction of COV in IPSAS 31, independently of the IASB project on IAS 38. The IPSASB decided this because:
  - a. **Existence of a public sector issue.** The publication of IPSAS 46 means that FV in IPSAS 31 is aligned with IFRS 13, which stakeholders communicated is an inappropriate current value measurement for public sector assets held for their operational capacity by the entity. Thus, there is an existing public sector financial reporting issue that the IPSASB can address by introducing COV in IPSAS 31.
  - b. **Difference in scope between IPSASB's and IASB's projects.** The scope of the revisions to IPSAS 31 is limited to evaluating the applicability of COV, a public sector-specific current value measurement basis for assets held for their operational capacity. The project on IAS 38 is not expected to remove this public sector issue, warranting departure from IFRS alignment in IPSAS Standards. Additionally, it is uncertain when the IAS 38 project will be completed or whether it will result in changes to align guidance in IPSAS 31.

- c. **Feedback was sought and received.** The consideration of respondents' comments is part of the IPSASB's [Due Process and Working Procedures](#). To complete the Due Process of ED 90, the IPSASB should discuss the feedback received and decide on whether COV should be introduced in IPSAS 31.
- (b) **The introduction of COV in IPSAS 31 may result in measurement inconsistencies between intangible assets held for operational versus financial capacity** and lead to more revaluations at COV compared to intangible assets measured at FV, as the latter requires a reference to an active market.

Staff analysis:

- (i) The *Conceptual Framework* notes that it is not possible to identify a single measurement model or measurement basis that best meets the measurement objective at a conceptual level for all circumstances. This is reflected in IPSAS 31 requirements, which allow an entity to make an accounting policy choice between the historical cost model and the current value model. Thus, existing principles in IPSAS 31 provide optionality in the subsequent measurement of intangible assets.
- (ii) The subsequent measurement of intangible assets at COV or FV, when an entity chooses the current value model as its accounting policy, is consistent with the measurement objective in the Conceptual Framework—to select those measurement bases that most fairly reflects the costs of services, operational capacity, and financial capacity of the entity in a manner that is useful in holding the entity to account, and for decision-making purposes.
- (iii) The subsequent measurement of intangible assets at COV is not expected to result in more revaluations than at FV, when the criteria for revaluing intangible assets are satisfied. This is because COV and FV use the same measurement techniques<sup>8</sup>, and the difference in principles between these alone should not cause more revaluations.
- (c) **The applicability of specific COV principles to intangible assets.** Some respondents noted that application challenges may arise as COV was initially developed for tangible assets, specifically when applying 'modern equivalent' and 'existing location' principles to estimate COV.

Staff analysis:

- (i) IPSAS 46 defines the measurement bases. This guidance is not specific to the substance of the asset (i.e., tangible or intangible), instead focusing on the use of a measurement basis that fairly reflects the cost of service, operational capacity, and/or financial capacity of the item. COV is based on the following principles:
- a. The amount an entity would pay—i.e., entry price, entity-specific value, and the least costly manner.
- b. The remaining service potential—i.e., current condition of the asset.

---

<sup>8</sup> The 'income approach' is a measurement technique only applicable to estimating FV.

- c. The asset—i.e., existing asset, use, and location.
- (ii) The **lack of physical substance** does not imply that the location of an intangible asset does not affect its current value. For example, the jurisdiction in which a vaccine patent (i.e., a legal right) is registered can be expected to affect its current value. This is because the fees for registering a legal right can vary depending on the jurisdiction (i.e., location).  
  
Furthermore, the IPSASB's decision in March 2025<sup>9</sup> that COV is an applicable subsequent measurement for right-of-use assets (intangible in the scope of IPSAS 43, *Leases*) indicates the physical substance of an asset has no impact on the applicability of COV.
- (iii) '**Modern equivalent**' is not a COV principle, but instead falls under the cost approach. It provides guidance on estimating COV when an entity is unable to find cost information for a similar or identical asset. Whether this guidance is needed when estimating COV will depend on the data available to the entity when estimating COV in accordance with IPSAS 46.

*Proposed Next Steps*

- 9. Staff recommend the IPSASB proceed with its conclusion that COV is conceptually applicable to the measurement of intangible assets in the scope of IPSAS 31, because:
  - (a) It aligns the current value model in IPSAS 31 with the measurement objective in the *Conceptual Framework* and ensures consistency of measurement guidance on the current value model across IPSAS Standards; and
  - (b) It addresses an existing public sector issue that warrants departure from alignment with IFRS measurement guidance, which is consistent with the IPSASB approach to depart from IFRS guidance when a public sector issue warrants such departure (i.e., current value measurement of assets held for their operational capacity).

**Decision Required**

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

---

<sup>9</sup> See [Approved March IPSASB Meeting Minutes Final.pdf](#)

## Appendix A – Assessment of Constituents’ Conceptual Comments who did not support introducing COV in IPSAS 31

1. The table below provides staff’s detailed analysis of the respondents’ comments who did not support introducing COV in IPSAS 31 proposed in Part 1 of ED 90.

### *Analysis of Constituents’ Comments*

Constituents Comments	Staff Analysis
Respondents disagree for the following reasons.	
<p><b>Applicability of COV should be considered after the revision of IAS 38 <i>Intangible Assets</i></b> (R05, R06, R08, R09, R11, and R14). IPSAS 31 is primarily based on IAS 38. 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.</p>	<p><b>No changes are recommended.</b></p> <p>Delaying the introduction of COV in IPSAS 31 until the IASB has completed its comprehensive project on IAS 18 will mean not addressing an existing public sector issue raised by IPSASB stakeholders. See <a href="#">Appendix B</a> for further analysis.</p>



<p><b>The introduction of COV in IPSAS 31 may result in measurement inconsistencies between intangible assets held for operational versus financial capacity (R11) and lead to more revaluations at COV compared to intangible assets measured at fair value (R08), as the latter requires a reference to an active market.</b></p>	<p>No changes are recommended.</p> <p>The <i>Conceptual Framework</i> notes that it is not possible to identify a single measurement model or measurement basis that best meets the measurement objective at a conceptual level for all circumstances. This is reflected in IPSAS 31 requirements, which allow an entity to make an accounting policy choice between the historical cost model and the current value model.</p> <p>The update to Chapter 7 of the <i>Conceptual Framework</i> and the publication of IPSAS 46, <i>Measurement</i>, introduced a public sector-specific current value measurement basis (i.e., COV) for assets that an entity holds for its operational capacity. The introduction of COV in the current value model in IPSAS 31 aligns it with the measurement objective—to select those measurement bases that most fairly reflects the costs of services, operational capacity, and financial capacity of the entity in a manner that is useful in holding the entity to account, and for decision-making purposes<sup>10</sup>—in the <i>Conceptual Framework</i>.</p> <p>IPSAS 31 does not require the subsequent measurement of intangible assets at COV; instead, an entity must apply judgment in making its accounting policy choice between the historical cost model and current value model. One such consideration is whether the measurement information will best meet the qualitative characteristics as outlined in Chapter 3 of the <i>Conceptual Framework</i>.</p> <p>The subsequent measurement of intangible assets at COV is not expected to result in more revaluations than at FV, when the criteria for revaluing intangible assets are satisfied. This is because COV and FV use the same measurement techniques, and the difference in principles between these alone should not cause more revaluations.</p>
---	--

<sup>10</sup> See paragraph 7.2 of the *Conceptual Framework*.

<p><b>Applicability of specific COV principles to intangible assets</b> (R05 and R11). Application challenges may arise as COV was initially developed for tangible assets, specifically when applying ‘modern equivalent’ and ‘existing location’ principles to estimate COV.</p>	<p><b>No changes are recommended.</b></p> <p>The objective of IPSAS 46 is to define the measurement bases that assist in reflecting fairly the cost of services, operational capacity, and financial capacity of assets and liabilities. This guidance is not specific to the substance of the asset (i.e., tangible or intangible). IPSAS 46 was developed concurrently with IPSAS 45, <i>Property, Plant, and Equipment</i>; however, this does not mean that its principles are only applicable to the current value measurement of tangible assets.</p> <p>Respondents raised concerns about the applicability of ‘existing location’ and ‘modern equivalent’ when estimating the COV of an intangible asset. COV can be split into the following principles:</p> <ul style="list-style-type: none"> <li>• The amount an entity would pay—i.e., entry price, entity-specific value, and the least costly manner.</li> <li>• The remaining service potential—i.e., current condition of the asset.</li> <li>• The asset—i.e., existing asset, use, and location.</li> </ul> <p>The ‘existing location’ principle can be expected to be relevant in determining COV for an intangible asset because:</p> <ul style="list-style-type: none"> <li>• The lack of physical substance does not imply that the location of an intangible asset does not affect its current value. For example, the jurisdiction where a vaccine patent legal right<sup>11</sup> is registered can be expected to affect the current value of the vaccine patent. This is because the fees for registering a legal right can vary depending on the jurisdiction (i.e., location).</li> <li>• Furthermore, the IPSASB's decision in March 2025 that COV is an applicable subsequent measurement for right-of-use assets (intangible in the scope of IPSAS 43, <i>Leases</i>) indicates the physical substance of an asset has no impact on the applicability of COV.</li> </ul> <p>‘Modern equivalent’ is not a COV principle. It provides guidance on estimating COV when an entity is unable to find cost information for a similar or identical asset. In such cases, COV could be estimated by calculating the cost of a modern equivalent asset and then making deductions for obsolescence and optimization. Whether this guidance is needed when estimating COV will depend on the data available to estimate COV.</p>
--	---

<sup>11</sup> IPSAS 31.64(c) notes that fees to register a legal right is an example of a directly attributable cost of an internally generated intangible asset.

**Appendix B – Postpone the Introduction of COV in IPSAS 31 until Amendments to IAS 38 are Known**

1. Some respondents suggested that the IPSASB should be prudent in postponing the introduction of COV in IPSAS 31 until the amendments to IAS 38 *Intangible Assets* are known. Respondents are concerned that:
  - (a) IPSAS 31 will be amended for a second time once the IASB project is completed, and delaying the introduction of COV until then is prudent, as it would reduce the burden of implementing amendments to IPSAS 31.
  - (b) The IASB project could propose amendments to align principles in IPSAS 31, resulting in the IPSASB having to reassess the applicability of the COV in IPSAS 31 once the IASB's project on intangible assets is completed.

*ED 90 Proposed Amendments to Current Value Model in IPSAS 31*

2. ED 90 proposed to:
  - (a) Reflect that COV is an applicable measurement at initial measurement for intangible assets acquired in a non-exchange transaction, in a manner consistent with assets in the scope of IPSAS 45, *Property, Plant, and Equipment*, and IPSAS 12, *Inventories* held for their operational capacity when acquired in a non-exchange transaction; and
  - (b) Add COV in the current value model in IPSAS 31, in a manner consistent with current value models in IPSAS 16, *Investment Properties*, and IPSAS 45, where the selection of current value measurement bases depends on the entity's intended use or the entity's reasons for holding the asset.
3. The proposals are aligned with the measurement objective of the *Conceptual Framework*. Also, these reflect the view that the substance of an asset, on its own, should not alter the measurement methodology applied to determine the current value of an asset.

*Staff Analysis*

4. The following points are considered about the suggestion by respondents:
  - (a) The scope of the Measurement Application of COV project;
  - (b) Existing public sector departure in measurement guidance;
  - (c) COV addresses an existing public sector issue; and
  - (d) Uncertainty of the scope and timing of IASB's intangible assets project.

*Scope of the Measurement Application of COV Phase project*

5. The scope of the revisions to IPSAS 31 is limited to the evaluation of the applicability of COV for initial and subsequent measurement basis of intangible assets, to provide more relevant measurement information for intangible assets held for their operational capacity, considering the measurement principles in the updated Chapter 7 of the *Conceptual Framework* and IPSAS 46.
6. This is different from the scope of work of the IASB's project on intangible assets. One of its objectives is to make IAS 38 more suitable for newer types of intangible items and new ways of using them (see paragraph 11).

## Public Sector Issue.

7. The IPSASB developed COV to address constituents' concerns received in the April 2019 [Measurement Consultation Paper](#), that fair value is difficult and inappropriate to apply to assets held for their operational capacity, as is often the case in the public sector, because the following concepts generally are not applicable:
  - (a) Highest and best use; and
  - (b) Maximizing the use of market participant data.
8. With the publication of IPSAS 46<sup>12</sup>, the fair value in IPSAS 31 became aligned with IFRS 13 *Fair Value Measurement*. Therefore, entities in the public sector have a fair value that makes it difficult and inappropriate to apply to intangible assets held for their operational capacity.
9. In May 2022, responding to constituents' feedback on its [2021 Mid-Period Consultation](#), the IPSASB pre-committed to a limited-scope project on IPSAS 31<sup>13</sup>. This limited-scope project would reflect measurement principles developed as part of [ED 77, Measurement](#) in IPSAS 31<sup>14</sup>.
10. The feedback received on ED 90 (see [Agenda Item 9.2.2](#) or [Agenda Item 3.2.1 of the June 2025 IPSASB Meeting](#)) supported the IPSASB's conclusion that intangible assets, similar to tangible assets, can be held for their operational capacity (see [Agenda Item 9.2.3 of March 2024 IPSASB Meeting](#)). Respondents to SMC 1 did not challenge this conclusion. Therefore, delaying the introduction of COV until the IASB completes its project on intangible assets will mean not addressing a pressing public sector issue regarding the measurement of intangible assets held for their operational capacity.

## Scope and Timing of [IASB's Intangible Assets Project](#).

11. In April 2024, the IASB initiated a comprehensive project on intangible assets, to be executed in phases with the following objectives:
  - (a) To improve the usefulness of information entities provide about intangible items in their financial statements; and
  - (b) To update IAS 38, in particular to make it more suitable for newer types of intangible items and new ways of using them.
12. The initial stream of work is expected to be completed by [H2 2026](#)<sup>15</sup> and includes the following scope of work:
  - (a) Assessing user needs for information about recognized and unrecognized intangible assets and expenditure associated with them in the financial statements; and
  - (b) Considering whether to update the definition of an intangible asset, associated guidance, and some aspects of the recognition criteria, by initially using, as test cases application issues related to newer types of intangible assets and new ways of using them; and then considering the effects of any potential amendments on the broader population of intangible assets.

---

<sup>12</sup> IPSAS 46 became effective for annual periods beginning on or after January 1, 2025.

<sup>13</sup> See [Mid-Period Work Program Consultation Summary | IPSASB](#)

<sup>14</sup> See Appendix A of [Agenda Item 3.2.1](#) for the items pre-committed by the IPSASB.

<sup>15</sup> See Appendix B—Indicative timeline for the initial streams of work

13. It is uncertain what amendments will result from the IASB's intangible assets project to align paragraphs in IPSAS 31.

*Conclusion*

14. COV is a public sector-specific current value measurement basis for estimating the current value of assets held by a public sector entity for its operational capacity. Holding assets for its operational capacity is unique to the public sector. As such, the conceptual applicability of COV in IPSAS 31 is not expected to require reassessment as a result of amendments from the IAS 38 project.

## **Absence of an Active Market Restriction**

### **Question**

1. Does the IPSASB agree that a reference to an active market at subsequent measurement is not required for COV?

### **Recommendation**

2. Staff recommend that the IPSASB maintain its proposal in ED 90 to introduce COV at subsequent measurement without requiring it to be measured by reference to an active market.

### **Background**

3. The scope of the revisions to IPSAS 31 was limited to the evaluation of the applicability of COV for initial and subsequent measurement basis of intangible assets.
4. Part 1 of ED 90 proposed to amend the initial and subsequent measurement in IPSAS 31:
  - (a) Add COV as an applicable measurement at initial measurement for intangible assets acquired in a non-exchange transaction, in a manner consistent with assets in the scope of IPSAS 45, *Property, Plant, and Equipment*, and IPSAS 12, *Inventories* held for their operational capacity when acquired in a non-exchange transaction; and
  - (b) Add COV in the current value model in IPSAS 31, in a manner consistent with current value models in IPSAS 16, *Investment Properties*, and IPSAS 45, where the selection of current value measurement bases depends on the entity's intended use or the entity's reasons for holding the asset.
5. SMC 1 asked constituents whether they agree with the applicability of COV in IPSAS 31, as proposed in Part 1 of ED 90. Two members presented an alternative view<sup>16</sup> noting that the existing guidance should remain unchanged. This view was included in ED 90 for stakeholders to consider.

### **Analysis**

#### *Feedback Received*

6. Some respondents raised concerns with the ED 90 proposal to add COV at subsequent measurement in IPSAS 31 without requiring it to be measured by reference to an active market, as is the requirement for fair value when an entity elects the current value model as its accounting policy. In their view, "the 'active market restriction' is a fundamental principle of the revaluation requirements in the current IPSAS 31, to ensure that intangible assets are reliably measured".
7. Staff considered and assessed respondents' concerns in paragraph 6 in the context of:
  - (a) Why does the 'Fair Value by Reference to an Active Market' requirement in IPSAS 31 exist:

---

<sup>16</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:

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

- (i) **Background.** This requirement is specific to the FV measurement of intangible assets at subsequent measurement (aligned with IAS 38 *Intangible Assets*). It predates the publication of IPSAS 46, *Measurement* and IFRS 13 *Fair Value Measurement*.
  - (ii) **Difference with FV measurement guidance in IPSAS 46.** The 'active market restriction' requirement is unique to the subsequent measurement of intangible assets in the scope of IPSAS 31 and inconsistent with the FV measurement guidance in IPSAS 46.
- (b) Analysis on whether a similar measurement requirement should apply to COV, considering measurement principles in IPSAS 46:
- (i) **FV and COV principles.** These are distinct measurement bases that provide different current value measurement information. FV provides useful information for assets held for its financial capacity, while COV provides information for assets held for its operational capacity.
  - (ii) **Applicability of 'active market restriction' to COV.** Requiring COV to be measured by reference to an active market is inconsistent with the principles of COV. Additionally, it will mean applying FV principles, deemed inappropriate for valuing assets held for their operational capacity, to the measurement of COV.

### *Fair Value by Reference to an Active Market*

#### Background

- 8. IPSAS 31 requires that when an entity elects the current value model at subsequent measurement, the FV of the intangible asset be measured by reference to an active market; if no active market exists, it shall be carried at its cost, less any accumulated amortization and impairment losses. This subsequent measurement requirement is guidance aligned with IAS 38.<sup>17</sup>
- 9. Guidance in IPSAS 31 states that although intangible assets are bought and sold, and contracts are negotiated between individual buyers and sellers, these transactions are relatively infrequent (i.e., do not take place in an active market). It is for these reasons that the price paid for one intangible asset may not provide sufficient evidence of the FV of another intangible asset when the transaction occurs. Thus, the FV of intangible assets at subsequent measurement is required to be measured by reference to an active market.
- 10. The requirement for the FV of intangible assets to be measured by reference to an active market predates the publication of IPSAS 46 and IFRS 13.

#### Difference with FV measurement guidance in IPSAS 46<sup>18</sup>.

- 11. The requirement for the FV of an intangible asset to be measured by reference to an active market assumes that, unless the transaction occurs in an active market, the price of such a transaction may not provide sufficient evidence of the FV of another intangible asset.

---

<sup>17</sup> IPSAS 31 was issued in January 2010, developed as part of the IFRS Convergence Program (see paragraph BC1 in IPSAS 31). The IPSASB's policy is to align IPSAS Standards with IFRS® issued by the IASB, where appropriate, for public sector entities unless there is a public sector reason for departure.

<sup>18</sup> This guidance is aligned with the guidance in IFRS 13.

12. IPSAS 46 defines FV (see paragraph 17(a)) and provides measurement requirements for estimating it across IPSAS Standards. It notes that in some cases, FV can be determined directly by observing prices in an active market. In other cases, it is determined indirectly through measurement techniques, such as the market approach, cost approach, or income approach.
13. IPSAS 46 notes that an entity should use measurement techniques that are appropriate in the circumstances, for which sufficient data are available to estimate the FV. While it states that an entity shall maximize the use of relevant observable inputs and minimize reliance on unobservable inputs, it does not require that FV be measured by reference to an active market.
14. Furthermore, at initial measurement, an entity is to measure intangible assets acquired through a non-exchange transaction at FV; however, a reference to an active market is not required. This measurement guidance is a public sector departure from IAS 38 initial measurement principles. The IPSASB departed from IAS 38 to provide relevant information, reflecting the unique context of the public sector, and aligning IPSAS 31 initial measurement guidance with other IPSAS Standards.
15. As a result, the requirement for FV to be measured by a reference to an active market is unique to the subsequent measurement of intangible assets in the scope of IPSAS 31, and inconsistent with the FV measurement guidance in IPSAS 46.

*Measurement principles in IPSAS 46*

16. IPSAS 46 was published in May 2023 and notes that FV and COV estimated in accordance with IPSAS 46 achieve the qualitative characteristics described in the *Conceptual Framework* and ensure that the constraints on information in GPFRs are considered under the selected measurement model. The guidance in IPSAS 46 provides measurement guidance on estimating COV and FV regardless of the intrinsic nature of the asset.

**FV and COV Principles**

17. IPSAS 46 defines:
  - (a) FV as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
  - (b) COV as the amount the entity would pay for the remaining service potential of an asset at the measurement date.
18. COV and FV provide different measurement information:
  - (a) FV provides useful information on an asset's ability to generate economic benefits and the amount that would be received on the sale of the asset.
  - (b) COV provides useful information on the measure of resources available to provide services in future periods based on current policy, focusing on the remaining service potential of the asset to the entity.
19. These are distinct measurement bases, as noted by their principles in [Appendix A](#), because COV:
  - (a) Is an entry price that includes all the costs that would need to be paid for the remaining service potential of the asset, rather than an exit price to be exchanged by market participants for the asset;



- (b) Reflects the value of an asset in its existing use, rather than the asset's highest and best use; and
- (c) Is entity-specific and therefore reflects the economic position of the entity, rather than maximizing the use of market participant data (i.e., non-entity specific).

*Applicability of 'active market restriction' to COV*

- 20. The requirement for FV to be measured by reference to an active market is based on 'highest and best use' and 'maximization of the use of market participant data' principles that underpin FV and are inappropriate for the measurement of assets primarily held for their operational capacity.
- 21. FV is a measurement basis where an entity shall maximize the use of relevant observable inputs and minimize reliance on unobservable inputs when estimating it. The same is not true for COV. IPSAS 46 does not require the maximization of observable inputs when using a measurement technique to estimate COV.
- 22. IPSAS 46 notes that an entity uses measurement techniques that are appropriate in the circumstances and for which sufficient data are available to measure COV, using observable inputs, where feasible. Therefore, requiring COV to be measured by reference to an active market would:
  - (a) Result in a departure from COV principles in IPSAS 46, for example, a market price may not be the least costly amount an entity would pay for the remaining service potential of an asset, which the entity could develop in-house.
  - (b) Do not address the public sector issue for which COV was developed, see [Agenda Item 9.2.3](#), as requiring a reference to an active market is based on the FV principles—'highest and best use' and 'maximizing the use of market participant data'—which IPSASB's constituents noted are difficult and inappropriate to apply for assets held for their operational capacity.
- 23. Finally, it would not provide users with useful information in the public sector, such as the amount an entity would pay at the measurement date for the remaining service potential of its existing assets (i.e., financial position) or how the consumption of the asset, through depreciation, reflects the amount the entity would incur during the period to provide the service at current prices when an asset is measured (i.e., financial performance).

*Proposed Next Steps*

- 24. Staff recommend that COV does not require a similar requirement to FV at subsequent measurement because these are distinct current value measurement bases, and the principles for which this requirement exists for FV do not apply to COV.

**Decision Required**

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

**Appendix A – COV and FV Principles**

1. The table below notes FV and COV principles and whether these are aligned:

<b>FV Principles</b>	<b>Aligned</b>	<b>COV Principles</b>
Highest and best use	No	Existing asset, use, and location
Orderly transaction	No	<sup>19</sup>
Exist value	No	Entry value
Market participant	No	Entity-specific
-	No	Least-costly manner <sup>20</sup>

<sup>19</sup> 'Orderly transaction' is not included in the definition of COV. An entity that estimates COV using the market approach will use the asset price from an orderly transaction as its evidence to estimate COV.

<sup>20</sup> This principle assumes the amount an entity would pay for the remaining service potential of an asset at the measurement date is the least costly amount for the asset.

## **Other Issues Raised by Respondents**

### **Question**

1. Does the IPSASB agree with staff recommendations in [Appendix A](#) and [Appendix B](#)?

### **Recommendation**

2. Staff recommend that the IPSASB agree that respondents' concerns in [Appendix A](#) and [Appendix B](#) have been appropriately considered.

### **Background**

3. ED 90 was published on August 1, 2024, with a 120-day comment period. Part 1 of ED 90 amendments proposed to:
  - (a) Add current operational value ('COV') as an applicable measurement at initial measurement for intangible assets acquired in a non-exchange transaction; and
  - (b) Add COV to the current value model at subsequent measurement. Entities would need to apply the appropriate current value measurement bases depending on the primary objective for which the intangible asset is held.
4. SMC 1 asked constituents whether they agree with the applicability of COV in IPSAS 31, as proposed in Part 1 of ED 90.

### **Analysis**

5. Staff considered and completed a detailed analysis of respondents' other concerns, discussed in paragraphs 6(b) and 5(d) of [Agenda Item 9.2.2](#):
  - (a) [Appendix A](#) includes a detailed staff analysis of respondents' concerns who did not support the proposal to add COV in IPSAS 31 as proposed in Part 1 of ED 90.
  - (b) [Appendix B](#) includes a detailed staff analysis of respondents who supported the proposal and requested additional guidance on measuring COV.

### **Decision**

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

## Appendix A – Assessment of Constituents' Comments who did not support introducing COV in IPSAS 31

- The table below provides the staff's detailed analysis of the respondents' comments who did not support introducing COV in IPSAS 31 and were not discussed in [Agenda Items 9.2.3-9.2.4](#).

### Analysis of Constituents' Comments

Constituents Comments	Staff Analysis
Respondents disagree for the following reasons.	
<p><b>Estimating the COV of an intangible asset using the cost approach may lead to capitalizing research costs at subsequent measurement under the current value model</b> (R06, R08, R09, R11, and R25). This is because paragraph 76 allows for the current value model to be applied to the whole of the intangible asset, even when only part of its cost was recognized because the asset did not meet the recognition criteria until partway through the process outlined in paragraph 63 of IPSAS 31. The criteria note that:</p> <ul style="list-style-type: none"> <li>It is probable that the future economic benefits or service potential that are attributable to the asset will flow to the entity [IPSAS 31.28(a)]. This shall be assessed using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset [IPSAS 31.29].</li> <li>The cost or fair value can be measured reliably [IPSAS 31.28(b)].</li> <li>An intangible asset arising from development (or from the development phase of an internal project) shall be recognized if, and only if, an entity can demonstrate all of the criteria in IPSAS 31.55, such as technical feasibility, intention to complete the intangible asset and use it or sell it, how the intangible asset will generate probable future economic benefits or service potential, etc.</li> </ul>	<p><b>No changes are recommended.</b></p> <p>An entity estimating COV at subsequent measurement for an intangible asset using the cost approach is required to consider only amounts that would currently be required to replace the service capacity of the intangible asset, as opposed to including amounts incurred in the past during the research phase.</p> <p>There is existing guidance in IPSAS 31 and IPSAS 46 to ensure research costs are not capitalized at subsequent measurement, such as:</p> <ul style="list-style-type: none"> <li>IPSAS 31.52 requires expensing expenditures on research when incurred, and that no intangible asset can arise from such expenditures.</li> <li>IPSAS 31.70 notes that expenditures on an intangible item that were initially recognized as an expense under IPSAS 31 shall not be recognized as part of the cost of an intangible asset at a later date.</li> <li>IPSAS 31.52 notes that no intangible asset shall arise from research expenditures. This is because in the research phase of an internal project, an entity cannot demonstrate that an intangible asset exists that will generate probable future economic benefits or service potential [IPSAS 31.53].</li> <li>IPSAS 31.64 states that the cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. These costs do not include research costs, such as expenses incurred for activities aimed at obtaining new knowledge [IPSAS 31.54(a)].</li> <li>IPSAS 46.6 states the cost approach reflects the amount that would be required currently to replace the service capacity of an asset. Thus, the relevant costs are the ones that are currently required, as opposed to the expenses an entity incurred during the research phase of the intangible asset.</li> </ul>

<p><b>Jurisdictional and entity specificities</b> (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).</p>	<p><b>No changes are recommended.</b></p> <p>An entity with an asset in the scope of IPSAS 31 has an accounting policy choice at subsequent measurement between the historical cost and the current value model. ED 90 did not propose revising this option in IPSAS 31 at subsequent measurement. An entity shall continue to apply professional judgment when electing between the historical cost model and the current value model.</p>
<p><b>Increase Audit Costs.</b> R08 believes that audit costs for reporting entities will increase due to arbitrary assumptions and judgments associated with COV.</p>	<p><b>No changes are recommended.</b></p> <p>The <i>Conceptual Framework</i> acknowledges that the economic and other phenomena represented in GPFRs generally occur under conditions of uncertainty, as such information included in GPFRs will often include estimates that incorporate management's judgment. Current value measurement bases, such as FV and COV, are accounting estimates. Developing accounting estimates involves applying judgments and assumptions based on the most recent, reliable information available.</p> <p>The measurement techniques used to estimate COV are the same as those used to estimate FV. These techniques are well understood and are not expected to impose additional burdens on the preparers and auditors of financial statements beyond those already present when estimating FV with such techniques.</p>

## Appendix B - Assessment of Constituents' Comments Supporting the Proposal and Requesting Non-Authoritative Guidance

- The table below provides staff's detailed analysis of the respondents' comments who supported the proposal in Part 1 of ED 90 and requested additional non-authoritative guidance.

### *Analysis of Constituents' Comments*

Constituents Comments	Staff Analysis
Respondents who supported introducing COV in IPSAS 31 requested non-authoritative guidance.	
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)	<p><b>No changes are recommended.</b></p> <p>There is existing guidance in IPSAS 46 and proposed guidance by ED 90 to be added in IPSAS 31 that addresses the respondent's request:</p> <ul style="list-style-type: none"> <li>ED 90 proposed adding AG13-AG15 to IPSAS 31, which provides guidance on when to select COV or FV for measuring an intangible asset when the entity has elected the current value model as its accounting policy choice. COV is an appropriate current value measurement when an entity holds the intangible asset for its operational capacity and the entity has acquired the asset in a non-exchange transaction or chosen the current value model as its accounting policy.</li> <li>IPSAS 46 includes application guidance and identifies measurement techniques to measure COV consistently across IPSAS Standards.</li> </ul>
How to apply the cost technique to estimate COV for intangible assets (R15)	<p><b>No changes are recommended.</b></p> <p>IPSAS 46 includes application guidance (Appendix B) and identifies measurement techniques to measure COV consistently across IPSAS Standards. It also provides implementation guidance on calculating an asset's COV when there is no active market. These are relevant guidance for the measurement of specialized intangible assets.</p>
How to measure specialized intangible assets at COV (R24)	