

MEASUREMENT - APPLICATION PHASE - COV IN IPSAS 31

IPSASB Meeting – December 2025

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Project Overview and Summary of Responses (IPSAS 31)

Scope of Work for IPSAS 31

- Evaluate COV in IPSAS 31 at:
 - Initial Measurement (IM)
 - Subsequent Measurement (SM)

Proposal in ED 90 for IPSAS 31

- Add COV
 - IM for intangible assets (IA) acquired in a non-exchange transaction
 - SM when the entity chooses the current value model

26 Comments Letters Received

Feedback:

- Supportive of proposal.
 - It aligns the measurement of IA with the Conceptual Framework and IPSAS 46.
 - Request additional non-authoritative guidance
- Did not support the proposal, main points:
 - Wait for the IASB to complete its project on IAS 38
 - Measurement inconsistencies for IA
 - Questioned the applicability of certain COV principles for IA
 - Concerned that the absence of an active market restriction will reduce faithful representation of IA

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- Did not support the proposal, main points:
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Discussed in Agenda Item 9.2.3

Concerned that the absence of an active market restriction will reduce faithful representation of IA

Discussed in Agenda Item 9.2.4

Conceptual Applicability of COV in IPSAS 31

Analysis

- Feedback Received from Respondents to ED 90
 - Supportive of the conceptual applicability of COV to IA.
 - Concerned with the timing, measurement inconsistencies, and the applicability of COV principles to IA.
- In analyzing respondents' comments, staff considered:
 - **The existence of a public sector issue.** FV aligned with IFRS 13 is conceptually inappropriate for measuring assets held for their operational capacity.
 - **COV is a conceptually applicable current value measurement**
 - Consistency with measurement guidance in the Conceptual Framework and IPSAS 46.
 - Whether an asset is tangible or intangible on its own should not influence its measurement.
 - COV presents useful information for assets held for its operational capacity in contrast with FV.

Recommendation

- COV is conceptually applicable to the measurement of intangible assets in the scope of IPSAS 31, *Intangible Assets*.

Absence of an Active Market Restriction

Analysis

- Feedback Received
 - The requirement for FV to be measured by reference to an active market ensures that intangible assets are reliably measured.
- In analyzing respondents' comments, staff considered:
 - Ahead of applying measurement guidance, an entity shall meet existing recognition criteria in IPSAS 31.
 - The reason behind the 'active market restriction' for FV at subsequent measurement.
 - Such a restriction is inconsistent with measurement guidance for:
 - FV at initial measurement in IPSAS 31
 - FV measurement guidance in IPSAS 46
 - The appropriateness of such a requirement for COV, considering that COV and FV are distinct current value measurement bases

Recommendation

- Requiring COV to be measured by reference to an active market is not conceptually appropriate.

Other Issues Raised by Respondents

Analysis

- Other comments received about ED 90's proposal to add COV in IPSAS 31 were analyzed and grouped:
 - **Appendix A** includes respondents' concerns who did not support the proposal, not included in Agenda Items 9.2.3 and 9.2.4.
 - **Appendix B** includes a detailed staff analysis of respondents who supported the proposal and requested additional guidance on measuring COV.

Recommendation

- Respondents' other concerns have been considered and appropriately addressed.

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