

<b>Meeting:</b>	International Public Sector Accounting Standards Board	<b>Agenda Item 1</b>	For:
<b>Meeting Location:</b>	Virtual Meeting		<input type="checkbox"/> Approval
<b>Meeting Date:</b>	May 15, 2024		<input checked="" type="checkbox"/> Discussion <input type="checkbox"/> 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 leads</b>	<ul style="list-style-type: none"> <li>• Agustina Llambi, Senior Manager</li> <li>• John Stanford, Senior Advisor</li> </ul>	
<b>Task Force members</b>	<ul style="list-style-type: none"> <li>• David Watkins, IPSASB Technical Advisor (Task Force Chair)</li> <li>• Liang Yang, IPSASB Member</li> <li>• Takeo Fukiya, IPSASB Technical Advisor</li> <li>• Mark Wermuth, IPSASB Technical Advisor</li> <li>• Todd Beardsworth, Office of the Auditor-General Te Mana Arotake</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="#">1.1.1</a>
	<a href="#">Instructions up to Previous Meeting</a>	<a href="#">1.1.2</a>
	<a href="#">Decisions up to Previous Meeting</a>	<a href="#">1.1.3</a>
	<a href="#">Measurement Application Phase: Project Roadmap</a>	<a href="#">1.1.4</a>
<b>Decisions required at this meeting</b>	<a href="#">March 2024 IPSASB Instructions</a>	<a href="#">1.2.1</a>
	<a href="#">Specific Matters for Comment</a>	<a href="#">1.2.2</a>
<b>Other supporting items</b>	<a href="#">(draft) Exposure Draft [XX], Amendments to IPSAS as a result of the Application of IPSAS 46, Measurement</a>	<a href="#">1.3.1</a>

**MEASUREMENT APPLICATION PHASE:  
 DASHBOARD**

Topic	Past Meetings	May 2024	June 2024
Project Management	✓		
Review and Approval of Measurement Application Phase			
<b>Measurement – Applicability of current operational value</b>			
• IPSAS 3, <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	✓		
• IPSAS 12, <i>Inventories</i>	✓		
• IPSAS 16, <i>Investment Property</i>	✓		
• IPSAS 21, <i>Impairment of Non-Cash-Generating Assets</i>	✓		
• IPSAS 26, <i>Impairment of Cash-Generating Assets</i>	✓		
• IPSAS 27, <i>Agriculture</i>	✓		
• IPSAS 31, <i>Intangible Assets</i>			
• IPSAS 32, <i>Service Concession Arrangements: Grantor</i>	✓		
• IPSAS 36, <i>Investments in Associates and Joint Ventures</i>	✓		
• IPSAS 37, <i>Joint Arrangements</i>	✓		
• IPSAS 40, <i>Public Sector Combinations</i>	✓		
• IPSAS 41, <i>Financial Instruments</i>	✓		
• IPSAS 43, <i>Leases</i>	✓		
Current Value Measurement Disclosures	✓		
Exposure Draft			

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

**INSTRUCTIONS UP TO PREVIOUS MEETING**

Meeting	Instruction	Actioned
March 2024	1. Draft BCs to reflect whether the introduction of current operational value in IPSAS 12 results in an unintended Day 2 revaluation.	1. See paragraph 4(f)(i) in <a href="#">Agenda Item 1.2.1</a>
	2. The Measurement Application Task Force to consider the scope of the proposed amendments, deferring the analysis of the applicability of COV until the IASB has completed its project on IAS 38, <i>Intangible Assets</i> , and whether COV shall be determined by reference to an active market.	2. See paragraph 4(e) in <a href="#">Agenda Item 1.2.1</a>
	3. Redraft paragraphs B5 and B6 in IPSAS 46 to ensure consistent application of the 'least costly manner' in the determination of current operational value.	3. See paragraph 4(c) in <a href="#">Agenda Item 1.2.1</a>
	4. Delete the reference to 'materials and supplies' from paragraph 17(c) of IPSAS 12.	4. See paragraph 4(g) in <a href="#">Agenda Item 1.2.1</a>
	5. Shorten the title of (draft) ED [XX] to exclude the various IPSAS proposed to be amended.	5. See paragraph 4(a) in <a href="#">Agenda Item 1.2.1</a>
	6. Expand the table in the introduction of (draft) ED [XX] to include all the IPSASB decisions on the applicability of COV on IPSAS in the scope of the Measurement Application Phase project.	6. See paragraph 4(b) in <a href="#">Agenda Item 1.2.1</a>
	7. Provide a more detailed discussion in the Basis for Conclusions on the IPSASB's considerations on the applicability of COV as a subsequent measurement for right-of-use assets in accordance with IPSAS 45, <i>Property, Plant, and Equipment</i> .	7. See paragraph 4(f)(ii) in <a href="#">Agenda Item 1.2.1</a>
	8. Redraft paragraph 39C in IPSAS 21 to reflect that an asset with a COV of zero may not be impaired if fair value less costs to sell is greater than the carrying amount.	8. See paragraph 4(g) in <a href="#">Agenda Item 1.2.1</a>
	9. Move paragraph 43A in IPSAS 21 to the Basis for Conclusions.	9. See paragraph 4(g) in <a href="#">Agenda Item 1.2.1</a>

# Agenda Item 1.1.2

	10. Consider whether COV disclosures, similar to the ones added by IPSAS 46 to IPSAS 26, should be added to IPSAS 21.	10. See paragraph 4(d) in <a href="#">Agenda Item 1.2.1</a>
	11. Delete the table ahead of IE17 Part 2 of (draft) ED [XX] (IPSAS 21).	11. See paragraph 4(g) in <a href="#">Agenda Item 1.2.1</a>
December 2023	1. Consider redrafting of proposed IPSAS 12.17© for clarity and whether there is an unintended Day 2 movement for harvested biological assets in the scope of IPSAS 12.	1. See <a href="#">Agenda Item 9.2.5</a> and <a href="#">Agenda Item 9.2.1</a> of the March 2024 Meeting.
	2. Review the examples illustrating the application of current value measurement bases in impairment calculations to: (a) Consider the unit of account; (b) Provide an example of the market approach to estimate COV; and (c) Reduce the number of monetary units in the examples.	2. See <a href="#">Agenda Item 9.2.5</a> and <a href="#">Supporting Document 9.3.1</a> of the March 2024 Meeting.
	3. Clarify how the principle of 'least costly manner' should be applied in the context of right-of-use assets.	3. See <a href="#">Agenda Item 9.2.2</a> of the March 2024 Meeting.
September 2023	1. Develop examples to illustrate how to determine recoverable service amount under both IPSAS 21, <i>Impairment of Non-Cash Generating Assets</i> , and the staff proposals in Agenda Items 8.2.3 and 8.2.4.	1. See <a href="#">Agenda Item 4.2.3</a> of the December 2023 Meeting
	2. Revise the initial measurement guidance in IPSAS 32 to put more emphasis on discounting of future cash flows technique and remove the reference to fair value.	2. See <a href="#">Agenda Item 4.2.2</a> of the December 2023 Meeting.
	3. Include a Specific Matter for Comment asking whether the income approach is necessary to measure a right of use asset.	3. See <a href="#">Agenda Item 1.2.2</a>
	4. Further analyze the applicability of COV for assets within the scope of IPSAS 12, <i>Inventories</i> , and IPSAS 43, <i>Leases</i> .	4. See <a href="#">Agenda Item 4.2.2</a> for IPSAS 12 and <a href="#">Agenda Item 4.2.4</a> for IPSAS 43 of the December 2023 Meeting.
	5. Develop a draft ED addressing the IPSASB's decisions to date.	5. See <a href="#">Supporting Document 9.3.1</a> of the March 2024 Meeting.

# Agenda Item 1.1.2

June 2023	1. Include in the Basis for Conclusions the fact that biological assets in the scope of IPSAS 27 are held to generate economic benefits and therefore current operational value is not an applicable measurement basis.	1. See <a href="#">Agenda Item 9.2.6</a> of the March 2024 Meeting.
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**DECISIONS UP TO PREVIOUS MEETING**

Meeting	Decision	BC Reference
March 2024	1. COV is an applicable measurement basis for inventories (IPSAS 12) at initial measurement acquired in non-exchange transactions.	1. See IPSAS 12.BC13-BC22 <a href="#">Supporting Document 1.3.1</a>
	2. COV is an applicable subsequent measurement basis for inventories (IPSAS 12) held for their operational capacity.	2. See IPSAS 12.BC13-BC22 <a href="#">Supporting Document 1.3.1</a>
	3. Paragraph 23 in IPSAS 46, <i>Measurement</i> should be amended to highlight the applicability of the ‘least costly manner’ in the determination of current operational value.	3. See IPSAS 46.BC49A-BC49C <a href="#">Supporting Document 1.3.1</a>
	4. Subject to instruction in <a href="#">Agenda Item 1.1.2</a> during the March 2024 meeting, COV is an applicable measurement basis for intangible assets (IPSAS 31) at initial measurement acquired in non-exchange transactions.	4. See <a href="#">Agenda Item 1.2.1</a> and IPSAS 31.BC26 <a href="#">Supporting Document 1.3.1</a>
	5. Subject to instruction in <a href="#">Agenda Item 1.1.2</a> during the March 2024 meeting, COV is an applicable subsequent measurement basis for intangible assets (IPSAS 31) held for their operational capacity.	5. See <a href="#">Agenda Item 1.2.1</a> and IPSAS 31.BC17-BC25 <a href="#">Supporting Document 1.3.1</a>
	6. The term ‘recurring’ and/or ‘non-recurring’ should be deleted from current value measurement disclosures in IPSAS 16, <i>Investment Property</i> , IPSAS 27, <i>Agriculture</i> , IPSAS 30, <i>Financial instruments: Disclosures</i> , IPSAS 34, <i>Separate Financial Statements</i> , and IPSAS 38, <i>Disclosure of Interest in Other Entities</i> .	6. See Part 4 of <a href="#">Supporting Document 1.3.1</a>
	7. Non-recurring COV measurement disclosures should be added to IPSAS 12.	7. See IPSAS 12.BC13-BC22 <a href="#">Supporting Document 1.3.1</a>
	8. Paragraph 17 of IPSAS 12 should reflect that inventories held for the rendering of services at no charge (a transfer expense) or for a nominal charge should be measured at the ‘lower of cost and current operational value’.	8. See IPSAS 12.BC13-BC22 <a href="#">Supporting Document 1.3.1</a>
	9. (Draft) ED [XX] should be split into four parts: (a) Part 1 – Applicability of Current Operational Value in IPSAS; (b) Part 2 – Limited Scope Update of IPSAS 21, <i>Impairment Non-Cash Generating Assets</i> ; (c) Part 3 – Definition of Accounting Estimates (IAS 8); and (d) Part 4 – Improvements to Current Value Measurement Disclosures.	9. See <a href="#">Supporting Document 1.3.1</a>

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December 2023	1. IPSAS 3, <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> should be amended to reflect that a change in measurement model rather than a change in measurement basis is a change in accounting policy.	1. See IPSAS 3.BC16-BC19 in <a href="#">Supporting Document 9.3.1</a> in the March 2024 Meeting
	2. Subject to the instructions below, COV is an applicable measurement basis for inventories (IPSAS 12) at initial measurement acquired in non-exchange transactions.	2. See IPSAS 12.BC9, in <a href="#">Supporting Document 9.3.1</a> in the March 2024 Meeting
	3. Subject to the instructions below, COV is an applicable subsequent measurement basis for inventories (IPSAS 12) held for their operational capacity.	3. See IPSAS 12 BC16-BC18 in <a href="#">Supporting Document 9.3.1</a> in the March 2024 Meeting
	4. Revising the initial measurement terminology in IPSAS 32, <i>Service Concession Arrangements: Grantor</i> , is out of scope of the Measurement Application project.	4. N/A December 2023 – IPSASB Meeting Minutes (to be approved in the March 2024 meeting)
	5. The two arms of recoverable service amount should be COV and fair value less costs to sell (IPSAS 21).	5. See IPSAS 21.BC31-BC47 in <a href="#">Supporting Document 9.3.1</a> in the March 2024 Meeting
	6. The restoration cost and service units' approaches should be removed from the updated IPSAS 21.	6. See IPSAS 21.BC39-BC42 in <a href="#">Supporting Document 9.3.1</a> in the March 2024 Meeting
	7. Subject to the instructions below, COV is an applicable subsequent measurement basis for right of use assets (IPSAS 43) subsequently measured in accordance with IPSAS 45, <i>Property, Plant and Equipment</i> .	7. See IPSAS 46.BC96, in <a href="#">Supporting Document 9.3.1</a> in the March 2024 Meeting
September 2023	1. The IPSASB decided that COV is an applicable subsequent measurement basis for service concession assets accounted in accordance with IPSAS 45, <i>Property, Plant and Equipment</i> or IPSAS 31, <i>Intangible Assets</i> .	1. See IPSAS 46.BC96, in <a href="#">Supporting Document 9.3.1</a> in the March 2024 Meeting
	2. The IPSASB decided that the applicability of COV should be retained in the individual IPSAS as opposed to being included in IPSAS 40, <i>Public Sector Combinations</i> .	2. See <a href="#">Agenda Item 9.2.6</a> and IPSAS 46.BC92-BC98 in <a href="#">Supporting Document 9.3.1</a> in the March 2024 Meeting

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	<p>3. IPSAS 3, <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>, should be updated to include the definition of accounting estimate and the ‘measurement techniques’ terminology introduced in IPSAS 46, <i>Measurement</i>, should be applied consistently throughout IPSAS.</p>	<p>3. See IPSAS 46.BC100 and IPSAS 3.BC20-BC21 in <a href="#">Supporting Document 9.3.1</a> in the March 2024 Meeting</p>
June 2023	<p>1. The IPSASB decided that COV is not an applicable measurement basis for IPSAS 16, <i>Investment Property</i>.</p>	<p>1. See <a href="#">Agenda Item 9.2.6</a> and IPSAS 46.BC92-BC98 in <a href="#">Supporting Document 9.3.1</a> in the March 2024 Meeting</p>
	<p>2. The IPSASB decided that IPSAS 26, <i>Impairment of Cash-Generating Assets</i> should not be in the scope of the Measurement Application Phase.</p>	<p>2. See <a href="#">Agenda Item 9.2.6</a> and IPSAS 46.BC92-BC98 in <a href="#">Supporting Document 9.3.1</a> in the March 2024 Meeting</p>
	<p>3. The IPSASB decided that COV is not an applicable measurement basis for IPSAS 27, <i>Agriculture</i>.</p>	<p>3. See <a href="#">Agenda Item 9.2.6</a> and IPSAS 46.BC92-BC98 in <a href="#">Supporting Document 9.3.1</a> in the March 2024 Meeting</p>
	<p>4. The IPSASB decided that COV is not an applicable measurement basis for IPSAS 36, <i>Investments in Associates and Joint Ventures</i>.</p>	<p>4. See <a href="#">Agenda Item 9.2.6</a> and IPSAS 46.BC92-BC98 in <a href="#">Supporting Document 9.3.1</a> in the March 2024 Meeting</p>
	<p>5. The IPSASB decided that the applicability of COV should be retained in the individual IPSAS as opposed to being included in IPSAS 37, <i>Joint Arrangements</i>.</p>	<p>5. See <a href="#">Agenda Item 9.2.6</a> and IPSAS 46.BC92-BC98 in <a href="#">Supporting Document 9.3.1</a> in the March 2024 Meeting</p>
	<p>6. The IPSASB decided that COV is not an applicable measurement basis for IPSAS 41, <i>Financial Instruments</i>.</p>	<p>6. See <a href="#">Agenda Item 9.2.6</a> and IPSAS 46.BC92-BC98 in <a href="#">Supporting Document 9.3.1</a> in the March 2024 Meeting</p>
	<p>7. The IPSASB decided that the scope of the review of IPSAS 21 should be limited to the definition of ‘recoverable service amount’ and the components of ‘recoverable service amount’.</p>	<p>7. See IPSAS46.B99 and IPSAS 21.BC29-BC30 in <a href="#">Supporting Document 9.3.1</a> in the March 2024 Meeting</p>
March 2023	<p>1. The IPSASB decided the specific IPSAS in the scope of the Measurement Application Phase.</p>	<p>1. See <a href="#">Agenda Item 9.2.6</a> and IPSAS 46.BC93 <a href="#">Supporting Document 9.3.1</a> in the March 2024 Meeting</p>

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December 2022	1. The potential application of COV across the existing suite of IPSAS should be added to the work program as a separate phase, with work to begin after the expected approval of IPSAS, <i>Measurement</i> , in March 2023.	1. Not applicable - Measurement: Application of COV has been added to the <a href="#">work program</a> .
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**MEASUREMENT APPLICATION PHASE:  
PROJECT ROADMAP**

<b>Meeting</b>	<b>Completed Actions or Discussions / Planned Actions or Discussions:</b>
December 2022	1. Application of C-V - Phase 2 of the Measurement was added to the <a href="#">work program</a> .
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 Check-In	1. Review of Exposure Draft
June 2024	1. Approval of Exposure Draft
August 2024 – December 2024	1. Document Out for comment
March 2025	1. Review Responses to Exposure Draft 2. Discuss Issues
June 2025	1. Discuss Issues 2. Approval of Amendments

## March 2024 IPSASB Instructions

### Question

1. Does the IPSASB agree staff has addressed the IPSASB's March 2024 instructions?

### Recommendation

2. Staff recommend that the March 2024 IPSASB instructions were actioned accordingly, see paragraph 4.

### Background

3. In March 2024 the IPSASB instructed staff to:
  - (a) **Title of ED [XX]**. Shorten the title of (draft) ED [XX] to exclude the various IPSAS proposed to be amended;
  - (b) **IPSAS addressed and analyzed table**. Expand the table in the introduction of (draft) ED [XX] to include all the IPSASB decisions on the applicability of current operational value (COV) on IPSAS in the scope of the Measurement Application Phase project;
  - (c) **Clarification of 'Least costly manner' principle**. Redraft paragraphs B5 and B6 in IPSAS 46 to ensure consistent application of the 'least costly manner' in the determination of current operational value;
  - (d) **Current value measurement disclosures IPSAS 21**. Consider whether COV disclosures, similar to the ones added by IPSAS 46 to IPSAS 26, should be added to IPSAS 21;
  - (e) **Consider concerns raised by IPSASB members on the applicability of COV for intangible assets (IPSAS 31)**. The Measurement Application Task Force to consider the scope of the proposed amendments, deferring the analysis of the applicability of COV until the IASB has completed its project on IAS 38, *Intangible Assets*, and whether COV shall be determined by reference to an active market;
  - (f) **Instructions impacting Basis for Conclusions in (draft) ED [XX]**:
    - (i) Draft BCs to reflect whether the introduction of current operational value in IPSAS 12 results in an unintended Day 2 revaluation;
    - (ii) Provide a more detailed discussion in the Basis for Conclusions on the IPSASB's considerations on the applicability of COV as a subsequent measurement for right-of-use assets in accordance with IPSAS 45, *Property, Plant, and Equipment*.
  - (g) **Editorial Changes to (draft) ED [XX]**:
    - (i) Delete the reference to 'materials and supplies' from paragraph 17(c) of IPSAS 12;
    - (ii) Redraft paragraph 39C in IPSAS 21 to reflect that an asset with a COV of zero may not be impaired if fair value less costs to sell is greater than the carrying amount;
    - (iii) Move paragraph 43A in IPSAS 21 to the Basis for Conclusions; and
    - (iv) Delete the table ahead of IE17 in IPSAS 21.

**Analysis**

4. (Draft) ED [XX] has the following marked-up changes since the March 2024 IPSASB meeting:
- (a) **Title of ED [XX]**. Changed the title to “Amendments to IPSAS as a result of the *Application of IPSAS 46, Measurement*” because it identifies amendments proposed to certain IPSAS as a result of IPSAS 46 principles, such as the applicability of current operational value (COV). Acknowledging the title is long, staff is not suggesting adding ‘*and Definition of Accounting Estimates*’ at the tail end of the title. In the objective of the (draft) ED [XX] the reader is informed of the addition of an accounting estimate to IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors*.
  - (b) **IPSAS addressed and analyzed table**. Expanded the table in the Request for Comments to include all the IPSAS in the scope of the Measurement Application Phase project. This results in additional clarity to the scope of the project and documents the decisions made by the IPSASB on the applicability of COV across the IPSAS suite.
  - (c) **Clarification of ‘Least costly manner’ principle**. IPSAS 46.B5 and IPSAS 46.B6 can be interpreted as conveying a hierarchy in the determination of COV when using measurement techniques. To ensure consistent application of the ‘least costly manner’ at the measurement basis level, these paragraphs were amended.
  - (d) **Current value measurement disclosures IPSAS 21**. Disclosures in paragraphs 77(e) and 77 (f) on fair value less costs to sell have been expanded and are similar to those in IPSAS 26, *Impairment of Non-Cash-Generating Assets*, Disclosure in paragraph 77 (g) on COV has also been amended for clarity.
  - (e) **Consider concerns raised by IPSASB members on the applicability of COV for intangible assets (IPSAS 31)**. The Measurement Application Task Force (TF) discussed views raised by the IPSASB during the March 2024 meeting and agreed no further actions are required on the analysis of the applicability of COV in IPSAS 31. IPSASB member’s concerns discussed by the TF were:
    - (i) Whether it was appropriate to apply COV to an internally generated asset that has a research and development phase. The TF noted the scope is limited to the measurement of intangible assets at current values. The recognition principles are out of the scope of the (draft) ED [XX]. Therefore, no changes to recognition were considered and are proposed in (draft) ED [XX].
    - (ii) Deferring the evaluation of the applicability of COV in IPSAS 31 until the IASB has completed their existing project on IAS 38, *Intangible Assets*. Considering that COV is a public sector-specific measurement basis, the TF did not expect the recommendation on the applicability of COV for intangible assets in IPSAS 31 to be impacted by the IASB project on IAS 38. Furthermore, the TF noted that it may take the IASB several years to complete its project, which research phase was kicked off in April 2024.
    - (iii) Whether COV shall be determined by reference to an active market when an entity elects the current value model in IPSAS 31, similarly to fair value. The TF discussed that this requirement in IPSAS 31 is aligned with IAS 38 and is based on the view that it is not possible to assess reliably the amount that can be recovered (i.e., exit price) from an

internally generated intangible asset unless its' fair value can be determined by reference to an active market.

The TF did not consider the same principle applies to the determination of COV because it is an entity-specific entry value measurement basis. Thus, it should be possible for an entity to reliably assess the amount it would pay for the remaining service potential of an internally generated intangible asset using the cost approach.

(f) **Basis for Conclusions.**

- (i) Addition of Basis for Conclusions (see [Supporting Document 1](#) IPSAS 12 BC20-BC22) to document the IPSASB discussion and analysis on whether measuring assets previously in the scope of IPSAS 27, *Agriculture* at the lower of cost and COV would result in an unintended Day 2 revaluation (See [Agenda Item 9.2.1](#) of the March 2024 meeting).
- (ii) Provide a more detailed discussion on the IPSASB's consideration of the applicability of COV as a subsequent measurement for right-of-use assets in accordance with IPSAS 45, *Property, Plant, and Equipment* (see [Supporting Document 1](#) IPSAS 46 BC98-BC100).

- (g) **Editorial Changes to (draft) ED [XX].** All editorial changes from the March 2024 IPSASB meeting are identified in marked-up (see [Supporting Document 1](#)).

### Decision Required

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

## Specific Matters for Comment

### Question

1. Does the IPSASB agree with staff's recommendation to include three specific matters for comment in (draft) ED [XX]?

### Recommendation

2. Staff recommend the IPSASB to include three specific matters for comment ('SMC') in the (draft) ED [XX].

### Background

3. This paper discusses specific matters for comment to be included in the (draft) ED [XX].

### Analysis

#### *Proposed SMCs*

4. Staff recommends obtaining constituents' feedback on the applicability of current operational value (COV) to inventories (IPSAS 12), intangible assets (IPSAS 31), and right-of-use in the scope of IPSAS 43. A separate SMC is recommended for the applicability of COV to right-of-use assets to address the IPSASB September 2023 instruction.

**SMC 1:** Do you agree current operational value is an applicable current value measurement basis for assets in the scope of IPSAS 12, *Inventories*, and IPSAS 31, *Intangible Assets* which are held by the entity for their operational capacity as proposed in Part 1 of this ED?

If you do not agree please explain your reasoning and your proposed alternative.

**SMC 2:** Do you agree current operational value can be applied in the subsequent measurement of right-of-use assets (i.e., assets in scope of IPSAS 43, *Leases*) held by the entity for their operational capacity as proposed in Part 1 of this ED?

If you do not agree please explain your reasoning and your proposed alternatives.

5. Staff also proposes obtaining constituents' feedback on the proposed amendments to IPSAS 21, *Impairment of Non-Cash Generating Assets*, specifically the introduction of COV as one of the branches to determining recoverable service amount.

**SMC 3:** Do you agree with the inclusion of current operational value as a branch of recoverable service amount in the updated IPSAS 21, *Impairment of Non-Cash Generating Assets* as proposed in Part 2 of this ED?

If you do not agree please explain your reasoning and your proposed alternatives.

#### *Areas where SMCs are not proposed*

6. Staff is not recommending including specific matters of comments on the proposed amendments in Part 3 and Part 4 of (draft) ED [XX]. Respondents to the (draft) ED [XX] are welcome to comment on all parts of the (draft) ED [XX]. The proposed amendments in Part 3 and Part 4 of (draft) ED [XX] are considered improvements to IPSAS, the general practice by the IPSASB when publishing Improvements to IPSAS EDs is not to include SMC. Part 3 and Part 4 of (draft) ED [XX] proposed amendments result in:

- (a) **Part 3 reflects an IFRS alignment improvement to IPSAS.** The inclusion of a definition of accounting estimates in IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors* which is aligned to IAS 8, *Basis of Preparation of Financial Statements* (previously titled *Accounting Policies, Changes in Accounting Estimates and Errors*); and
- (b) **Part 4 general improvement to IPSAS identified by IPSASB.** Enhancement of the consistency of current value measurement disclosure terminology across IPSAS.

### Decision Required

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

**Supporting Documents 1 - (draft) Exposure Draft [XX], Amendments to IPSAS as a result of the *Application of IPSAS 46, Measurement***

1. (draft) ED [XX], *Amendments to IPSAS as a result of the Application of IPSAS 46, Measurement* referenced in Agenda Item 1.3.1 is posted separately for easier readability.

**Review Instructions:**

2. IPSASB members, Technical Advisors, and Observers are asked to note the following when reviewing draft Exposure (draft) [XX]:
  - (a) Text in marked-up red are amendments made after the March 2024 IPSASB meeting and include SMCs discussed in [Agenda Item 1.2.2](#).
3. IPSASB members are encouraged to provide editorial comments to staff offline.