

Final Pronouncement
August 2025

IPSAS®

International Public Sector Accounting Standard®

*Amendments to IPSAS
Standards as a Result of the
Application of IPSAS 46,
Measurement*

IPSASB

International Public
Sector Accounting
Standards Board®

This document was developed and approved by the International Public Sector Accounting Standards Board® (IPSASB®).

The objective of the IPSASB is to serve the public interest by setting high-quality public sector accounting and sustainability reporting standards and by facilitating the adoption and implementation of these, thereby enhancing the quality and consistency of practice throughout the world and strengthening the transparency and accountability of public sector finances and sustainable development.

In meeting this objective, the IPSASB sets International Public Sector Accounting Standards™ (IPSAS®), IPSASB Sustainability Reporting Standards™ (IPSASB SRS™) and Recommended Practice Guidelines™ (RPG™) for use by public sector entities, including national, regional, and local governments, and related governmental agencies.

IPSAS Accounting Standards relate to the general purpose financial statements (financial statements) and are authoritative. IPSASB SRS Standards relate to sustainability disclosures and are authoritative. RPG Guidelines are pronouncements that provide guidance on good practice in preparing general purpose financial reports (GPFRs) that are not financial statements. Unlike IPSAS Accounting Standards and IPSASB SRS Standards, RPG Guidelines do not establish requirements. IPSASB SRS Standards and RPG Guidelines do not provide guidance on the level of assurance (if any) to which information should be subjected.

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AMENDMENTS TO IPSAS STANDARDS AS A RESULT OF THE APPLICATION OF IPSAS 46, *MEASUREMENT*

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Introduction

Objective

1. The objective of *Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, Measurement*, is to amend IPSAS to:
 - (a) Add current operational value as an applicable current value measurement basis at initial and subsequent measurement for IPSAS 12, *Inventories* (Part 1);
 - (b) Update the definition of recoverable service amount in IPSAS 21, *Impairment of Non-Cash Generating Assets* (Part 2);
 - (c) Add a definition of accounting estimate to IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors* (Part 3), consistent with IPSAS 46 terminology; and
 - (d) Enhance the consistency of current value measurement disclosures in relevant IPSAS (Part 4).

IPSAS Standards Amended

2. The table below sets out the amendments to IPSAS Standards, including the summary of changes:

IPSAS Standards	Summary of Change
Part 1. Applicability of Current Operational Value in IPSAS Standards	
IPSAS 3, <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	To reflect that a change in measurement model rather than a change in measurement basis is a change in accounting policy. (See Part 1)
IPSAS 12, <i>Inventories</i>	To reflect that current operational value is an applicable measurement basis: <ul style="list-style-type: none"> • At initial measurement, for inventories acquired in non-exchange transaction; and • At subsequent measurement, for inventories held in accordance with paragraph 17. (See Part 1)
IPSAS 46, <i>Measurement</i>	To clarify the application of the principle 'least costly manner' when measuring current operational value. (See Part 1)
Part 2. Limited Scope Update to IPSAS 21, <i>Impairment of Non-Cash Generating Assets</i>	
IPSAS 21, <i>Impairment of Non-Cash Generating Assets</i>	To update the definition of recoverable service amount to the higher of fair value less costs to sell and current operational

	value; and remove the approaches to determine value in use of a non-cash-generating asset. (See Part 2)
Part 3. Definition of Accounting Estimates (IPSAS 3)	
IPSAS 3, <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	To include a definition of an accounting estimate. (See Part 3)
Part 4. Improvements to Current Value Measurement Disclosures	
IPSAS 16, <i>Investment Property</i>	To enhance the consistency of current value measurement disclosure terminology across relevant IPSAS. (See Part 4)
IPSAS 27, <i>Agriculture</i>	
IPSAS 30, <i>Financial Instruments: Disclosures</i>	
IPSAS 31, <i>Intangible Assets</i>	
IPSAS 34, <i>Separate Financial Statements</i>	
IPSAS 38, <i>Disclosure of Interest in Other Entities</i>	

AMENDMENT: PART 1 – APPLICABILITY OF CURRENT OPERATIONAL VALUE IN IPSAS STANDARDS

Amendments to IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors*

Paragraphs 40A and 59G are added. Paragraph 40 is amended. New text is underlined and deleted text is struck through.

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Changes in Accounting Estimates

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40. A change in the measurement ~~basis~~ model applied is a change in an accounting policy, and is not a change in an accounting estimate. ~~When it is difficult to distinguish a change in an accounting policy from a change in an accounting estimate, the change is treated as a change in an accounting estimate. A change in the measurement basis applied within the current value model is a change in an accounting estimate.~~

40A. When it is difficult to distinguish a change in an accounting policy from a change in an accounting estimate, the change is treated as a change in an accounting estimate.

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Effective Date

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59G. Paragraph 40A was added and paragraph 40 was amended by Part 1 of *Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, Measurement*, issued in August 2025. An entity shall apply these amendments prospectively for annual financial statements covering periods beginning on or after January 1, 2028. Earlier application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact.

...

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, IPSAS 3.

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Revision of IPSAS 3 as a result of Part 1 of Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, Measurement issued in August 2025

- BC16. The IPSASB decided in March 2023 to align IPSAS 3 and IPSAS 45, *Property, Plant, and Equipment*, on how to account for a change between current value measurement bases when an entity elects the current value model as its accounting policy choice in ED 90, Amendments to IPSAS as a Result of the Application of IPSAS 46, *Measurement*.
- BC17. During the development of IPSAS 45, the IPSASB decided in September 2022 that an entity choosing to adopt the current value model as its accounting policy choice for subsequent measurement purposes shall measure an item of property, plant, and equipment depending on the primary objective for which the entity holds the asset. Specifically, the IPSASB decided that an item of property, plant, and equipment that an entity holds for its operational capacity shall be measured at current operational value and when held for its financial capacity it shall be measured at fair value.
- BC18. The IPSASB discussed the implication of this decision on the requirement in IPSAS 3 to treat a change in measurement basis as a change in accounting policy. IPSAS 45 notes that a change between current value measurement bases, when an entity chooses the current value model as its accounting policy choice, is appropriate when the primary objective for which the entity holds the item of property, plant, and equipment changes from operational capacity to financial capacity, or vice versa.
- BC19. The IPSASB decided to amend IPSAS 3 to reflect that a change in measurement model, rather than a change in measurement basis, is a change in accounting policy. When an entity chooses the current value model, instead of the historical cost model, it is making an accounting policy choice that requires an entity to develop an accounting estimate. Because current value measurement bases are accounting estimates, the change between them does not change such accounting policy choice. It is when an entity changes between measurement models that such accounting policy choice changes.
- BC20. In August 2024, the IPSASB published Exposure Draft (ED) 90, Amendments to IPSAS as a Result of the Application of IPSAS 46, *Measurement*, which proposed amending IPSAS 3 to reflect that a change in measurement model, rather than a change in measurement basis, is a change in accounting policy. While respondents supported the proposal, some indicated further clarification is needed on what constitutes a change in measurement basis.
- BC21. In responding to constituents' comments, the IPSASB decided to clarify that a change in measurement basis applied within the current value model is a change in an accounting estimate, consistent with paragraph BC19.

Amendments to IPSAS 12, *Inventories*

Paragraphs 17A and 51L are added. Paragraphs 1, 9, 16, 17, 31, 43, 50A, 50C(a)-50C(g), 50D, and 50E are amended. Heading above paragraph 43 is amended. New text is underlined and deleted text is struck through.

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Objective

1. The objective of this Standard is to prescribe the accounting treatment for inventories. A primary issue in accounting for inventories is the amount of cost to be recognized as an asset and carried forward until the related revenues are recognized. This Standard provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value or current operational value. It also provides guidance on the cost formulas that are used to assign costs to inventories.

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Definitions

9. The following terms are used in this Standard with the meanings specified:

~~Current replacement cost is the cost the entity would incur to acquire the asset on the reporting date.~~

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The term **current operational value** is defined in IPSAS 46, *Measurement*.

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Measurement of Inventories

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16. Where inventories are acquired through a non-exchange transaction, their cost shall be measured at their ~~fair value~~ deemed cost as at the date of acquisition. An entity shall apply IPSAS 46 when measuring the deemed cost of inventories.
17. Inventories shall be measured at the lower of cost and ~~current replacement cost~~ current operational value where they are held for:
 - (a) Distribution at no charge (a transfer expense) or for a nominal charge; ~~or~~
 - (b) Consumption in the production process of goods to be distributed at no charge (a transfer expense) or for a nominal charge; or
 - (c) Consumption in the rendering of services at no charge (a transfer expense) or for a nominal charge.
- 17A. An entity shall apply IPSAS 46 when measuring the current operational value of inventories measured in accordance with paragraph 17.

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Cost of Inventories

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Techniques for the Measurement of Cost

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31. Inventories may be transferred to the entity by means of a non-exchange transaction. For example, an international aid agency may donate medical supplies to a public hospital in the aftermath of a natural disaster. Under such circumstances, the cost of inventory is ~~its fair value as at the date it is acquired~~ measured in accordance with paragraph 16.

...

Distributing Distribution and Consumption of Goods at No Charge or for a Nominal Charge

43. A public sector entity may hold inventories ~~whose future economic benefits or service potential~~ for purposes that are not directly related to their ability to generate net cash inflows. ~~For example, these types of inventories may arise when a government has determined to distribute certain goods at no charge (a transfer expense) or for a nominal amount. In these cases, the future economic benefits or service potential of the inventory for financial reporting purposes is reflected by the amount the entity would need to pay to acquire the economic benefits or service potential if this was necessary to achieve the objectives of the entity. Where the economic benefits or service potential cannot be acquired in the market, an estimate of replacement cost will need to be made~~ measured in accordance with paragraph 17. If the purpose for which the inventory is held changes, then the inventory is valued using the provisions of paragraph 15.

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Disclosure

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Current Value Measurement

- 50A. **An entity shall disclose information that helps users of its financial statements assess both of the following:**

- (a) **For inventories that are measured at current operational value or fair value ~~on a recurring non-recurring basis~~ in the statement of financial position after initial recognition, the measurement techniques and inputs used to develop those measurements; and**
- (b) **For ~~recurring~~ fair value measurements using significant unobservable inputs (Level 3) in the statement of financial position after initial recognition, the effect of the measurements on surplus or deficit or net assets/equity for the period.**

...

- 50C. To meet the objectives in paragraph 50A, an entity shall disclose, at a minimum, the following information for each class of inventories (see paragraph 50D for information on determining appropriate classes of inventories) measured at current operational value or fair value (including measurements based on fair value within the scope of IPSAS 46, *Measurement*) in the statement of financial position after initial recognition:

- (a) ~~For recurring and non-recurring fair value measurements, the~~ The current operational value or fair value measurement at the end of the reporting period, and for ~~non-recurring fair value~~ current operational value measurements, the reasons for the measurement. ~~Recurring fair value measurements of inventories are those that this Standard requires or permits in the statement of financial position at the end of each reporting period. Non-recurring fair value measurements of inventories are those that this Standard requires or permits in the statement of financial position in particular circumstances;~~
- (b) ~~For recurring and non-recurring fair value measurements, the level of the fair value hierarchy within which the fair value measurements are categorized in their entirety (Level 1, 2 or 3);~~ For current operational value measurements, whether the current operational value measurements are estimated using observable or unobservable inputs;

- (c) For ~~recurring and non-recurring~~ current operational value or fair value measurements estimated using unobservable inputs, a description of the measurement technique(s) and the inputs used in the current operational value or fair value measurement. If there has been a change in measurement technique (e.g., changing from a market approach to an income approach or the use of an additional measurement technique), the entity shall disclose that change and the reason(s) for making it. For current operational value measurement estimated using significant unobservable inputs, or for fair value measurements categorized within Level 3 of the fair value hierarchy, an entity shall provide quantitative information about the significant unobservable inputs used in the current operational value or fair value measurement. An entity is not required to create quantitative information to comply with this disclosure requirement if quantitative unobservable inputs are not developed by the entity when measuring current operational value or fair value (e.g. when an entity uses prices from prior transactions or third-party pricing information without adjustment). However, when providing this disclosure an entity cannot ignore quantitative unobservable inputs that are significant to the current operational value or fair value measurement and are reasonably available to the entity;
- (d) For ~~recurring~~ fair value measurements categorized within Level 3 of the fair value hierarchy, ~~or for recurring fair value measurements estimated using unobservable inputs~~, a reconciliation from the opening balances to the closing balances, disclosing separately changes during the period attributable to the following:
...
- (e) For ~~recurring~~ fair value measurements categorized within Level 3 of the fair value hierarchy, ~~or for recurring fair value measurements estimated using unobservable inputs~~, the amount of the total gains or losses for the period in (d)(i) included in surplus or deficit that is attributable to the change in unrealized gains or losses relating to those inventories held at the end of the reporting period, and the line item(s) in surplus or deficit in which those unrealized gains or losses are recognized;
- (f) For ~~recurring and non-recurring~~ fair value measurements categorized within Level 3 of the fair value hierarchy, or for ~~recurring and non-recurring fair value measurements~~ current operational value estimated using unobservable inputs, a description of the valuation processes used by the entity (including, for example, how an entity decides its valuation policies and procedures and analyses changes in fair value measurements from period to period); and
- (g) For ~~recurring~~ fair value measurements categorized within Level 3 of the fair value hierarchy:
...

50D. An entity shall determine the appropriate disaggregation of inventories on the basis of the following:

- (a) The nature, characteristics and risks of the inventories; and
- (b) The level of the fair value hierarchy within which the fair value measurement is categorized or to the extent to which unobservable inputs are used in estimating current operational value.

The disaggregation may need to be greater for current operational value measurements estimated using unobservable inputs or for fair value measurements categorized within Level 3 of the fair value hierarchy, because those measurements have a greater degree of uncertainty and subjectivity. Determining the appropriate disaggregation of inventories for which disclosures about current operational value or fair value measurements should be provided requires judgment. Inventories will often require greater disaggregation than the line items presented in the statement of financial position. However, an entity shall provide information sufficient to permit reconciliation to the line items presented in the statement of financial position. If another IPSAS specifies the disaggregation for an inventory, an entity may use that disaggregation in

providing the disclosures required in this Standard if that disaggregation meets the requirements in this paragraph.

- 50E. For each class of inventories not measured at current operational value or fair value in the statement of financial position but for which the current operational value or fair value is disclosed, an entity shall disclose the information required by paragraph 50C(b), (c) and (g). However, an entity is not required to provide the quantitative disclosures about significant unobservable inputs used in fair value measurements categorized within Level 3 of the fair value hierarchy, or for current operational value measurements estimated using unobservable inputs, required by paragraph 50C(c). For such inventories, an entity does not need to provide the other disclosures required by this Standard.

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Effective Date

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- 51L. Paragraph 17A is added, paragraphs 1, 9, 16, 17, 31, 43, 50A, 50C(a)-50C(g), 50D, and 50E are amended, and heading above paragraph 43 is amended by Part 1 of *Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, Measurement*, issued in August 2025. An entity shall apply these amendments prospectively for annual financial statements covering periods beginning on or after January 1, 2028. Earlier application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact.

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Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, IPSAS 12.

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Revision of IPSAS 12 as a result of the application of IPSAS 46, *Measurement*

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- BC11. During the development of ED 77, *Measurement*, the IPSASB had agreed to retain the current measurement bases in this Standard. The IPSASB specifically noted current replacement cost, which shares some characteristics with current operational value, should be retained, and not replaced in this Standard because when ~~IPSAS 46~~ ED 77 was issued, the IPSASB was not aware of any issues in practice when applying current replacement cost to inventory. The IPSASB agreed any changes to a specific measurement basis in this Standard should be considered as part of a standalone project related to this IPSAS. This ~~will~~ would allow stakeholders to clearly consider the implications of the proposal.
- BC12. After approving IPSAS 46 in March 2023, the IPSASB decided to evaluate the applicability of current operational value across existing IPSAS, in the context of the recently approved current operational value principles in IPSAS 46 and the updated objective of measurement of assets in the Updated Conceptual Framework: Chapter 7, Measurement of Assets and Liabilities in Financial Statements.

Revision of IPSAS 12 as a result of Part 1 of *Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, Measurement* issued in August 2025.

Reasons for Revising IPSAS 12

- BC13. In March 2023, the IPSASB commenced the evaluation of the applicability of current operational value across existing IPSAS, except for IPSAS 45, *Property, Plant, and Equipment* where the IPSASB had already decided current operational value was an applicable current value measurement basis for assets held for their operational capacity when the entity elects the current value model as its accounting policy choice.
- BC14. The IPSASB developed current operational value in response to constituents' concerns received on the April 2019 Measurement Consultation Paper that fair value is difficult and inappropriate to apply to assets held for their operational capacity. Therefore, when considering which IPSAS should be in the scope of *Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, Measurement*, the IPSASB identified IPSAS that require measurement of assets at current values or non-historical cost measurement basis.

Scope of the Revisions

- BC15. The scope of the revisions to IPSAS 12 was limited to the evaluation of the applicability of current operational value for initial and subsequent measurement basis of inventories, to provide more relevant measurement information for inventories held for:
- (a) Distribution at no charge (a transfer expense) or for a nominal charge;
 - (b) Consumption in the production process of goods to be distributed at no charge (a transfer expense) or for a nominal charge; or
 - (c) Consumption in the rendering of services at no charge (a transfer expense) or for a nominal charge.

Evaluation of the Applicability of Current Operational ValueMeasurement of Inventories

- BC16. The IPSASB evaluated whether current operational value should replace current replacement cost in the measurement of inventories at the 'lower of cost and current replacement cost'. Measuring inventories at the lower of cost and current replacement cost is a public sector specific guidance for specific inventories, see paragraph BC15.
- BC17. The IPSASB considered that current replacement cost and current operational value are both amounts that the entity would pay for the asset at the measurement date and share key principles - entry values, entity-specific, and reflect the current condition of the existing asset. Therefore, replacing current replacement cost with current operational value is not expected to result in measurement differences, but rather will align IPSAS 12 measurement guidance with the IPSASB's updated measurement guidance in IPSAS 46, *Measurement*.
- BC18. The IPSASB agreed that current operational value should replace current replacement cost when measuring inventories at the lower of cost and current replacement cost.

Initial Measurement of Inventories Acquired through a Non-Exchange Transaction

- BC19. For inventories acquired through a non-exchange transaction, the IPSASB agreed to align IPSAS 12 initial measurement (i.e., fair value) with IPSAS 46 guidance. The alignment of the guidance results in an entity initially measuring inventories at deemed cost, meaning at current operational value or fair value depending on whether the entity holds the inventories for financial capacity or as described in paragraph BC15. The IPSASB noted that this will prevent a revaluation of inventories to current operational value after initial recognition solely because of differences between current value measurement bases.

Responses to the Initial and Subsequent Measurement of Inventories Proposed in ED 90

- BC20. The IPSASB published Exposure Draft (ED) 90, Amendments to IPSAS as a Result of the Application of IPSAS 46, *Measurement* in August 2024. The proposals to replace 'current replacement cost' with 'current operational value' in the measurement of inventories at the 'lower of cost and current replacement cost' was strongly supported by constituents. Some respondents raised concerns, such as:
- (a) Questioning whether the costs of aligning IPSAS 12 measurement guidance with IPSAS 46 outweigh the benefits;
 - (b) Requesting additional application guidance to estimate current operational value; or
 - (c) Noting that jurisdiction or entity-specific reasons will make the estimation of current operational value challenging.
- BC21. The IPSASB considered the issues raised by these respondents and decided to proceed with ED 90 proposals because:
- (a) As noted by other respondents, current replacement cost and current operational value shared key principles, and the values are expected to be similar; as such, costs of implementation are not expected to outweigh its benefits; and
 - (b) Consistent with its objective, IPSAS 46 contains guidance to help entities estimate the measurement bases in its scope, such as the current operational value.

Measuring Biological Assets (IPSAS 27) at the Lower of Cost and Current Operational Value

- BC22. Paragraph 29 requires the cost of inventories comprising agricultural produce that an entity has harvested from its biological assets to be fair value less cost to sell at the point of harvest in accordance with IPSAS 27,

Agriculture. Measuring inventories comprising agricultural produce that an entity has harvested from its biological assets at the lower of cost and current operational value could result in a revaluation when current operational value is lower than cost (i.e., fair value less cost to sell when the agricultural produce becomes inventory).

- BC23. The IPSASB agreed that the introduction of current operational value for the measurement of specific inventories, see paragraph BC15, is consistent with existing measurement guidance to measure inventory at the lower of cost and current replacement cost because:
- (a) The IPSASB noted that the practice of writing inventories down below cost, in this case to current operational value, is consistent with the view that assets are not to be carried in excess of the service potential expected to be realized from their distribution, or consumption; and
 - (b) The expectation that current replacement cost and current operational value will yield a similar, if not the same, value.

Current Value Measurement Disclosures

- BC24. During the development of Exposure Draft (ED) 90, Amendments to IPSAS as a Result of the Application of IPSAS 46, *Measurement*, the IPSASB decided to remove the terms ‘recurring’ and ‘non-recurring’ to enhance the consistency of current value measurement disclosure terminology across IPSAS. The IPSASB noted that whether a current value measurement basis is applied on a recurring or non-recurring basis after initial recognition is specified in the relevant IPSAS. Therefore, having these terms can lead to inconsistent application of the current value measurement disclosure principles.
- BC25. The IPSASB published ED 90 in August 2024. The ED proposed enhancing current value measurement disclosures by removing the terms ‘recurring and non-recurring’ and adding current operational value disclosures in IPSAS 12. The current value measurement disclosures added were on a non-recurring basis because the measurement of inventories at current operational value at subsequent measurement take place on a non-recurring basis (i.e., when an inventory in the scope of paragraph 17 is written down to current operational value because this is lower than its cost).
- BC26. A respondent to ED 90 sought clarification for:
- (a) Current value measurement disclosures requirements at subsequent measurement for inventories at current operational value; however, the same disclosures are not required for inventories subsequently measured at net realizable value; and
 - (b) The reason why IPSAS 46 did not include similar current value measurement disclosures for current replacement cost, as those proposed in ED 90 for subsequent measurement at current operational value.
- BC27. The IPSASB noted that current value measurement disclosures were added across IPSAS Standards to enhance the disclosures of measurement bases in the scope of IPSAS 46. Disclosures are required only for assets subsequently measured under a measurement basis available in the current value model. Measurement bases for assets available in the current value model are current operational value and fair value. Therefore, current value measurement disclosures are not required when inventories are subsequently measured at net realizable value.
- BC28. The IPSASB noted respondents' support for enhancing current value measurement disclosures as proposed in ED 90. Therefore, it decided to proceed with removing ‘recurring and non-recurring’ from current value measurement disclosures in IPSAS 12. The IPSASB does not consider the respondent comments, documented in BC26, to challenge the proposal to remove the term ‘recurring and non-recurring’.

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COMPARISON WITH IAS 2

IPSAS 12, *Inventories* is drawn from IAS 2 *Inventories* (Revised 2003). The main differences between IPSAS 12 and IAS 2 are as follows:

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- ~~A definition of current replacement cost, which is additional to the definitions in IAS 2, has been included in IPSAS 12. [Deleted]~~
- IPSAS 12 requires that where inventories are acquired through a non-exchange transaction, their cost is their deemed cost ~~fair value~~ as at the date of acquisition.
- IPSAS 12 requires that certain inventories, see paragraph 17, ~~where inventories are provided at no charge or for a nominal charge, they are to~~ be valued at the lower of cost and current operational value ~~current replacement cost~~.

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Amendments to IPSAS 46, *Measurement*

Paragraphs 23, B4-B6, and B9 are amended. Paragraph 56A is added. New text is underlined and deleted text is struck through.

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Measurement

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Subsequent Measurement

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Measurement Bases

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Current Operational Value Basis

23. Current operational value is an entry, entity-specific amount that the entity would pay for the remaining service potential of an asset in the least costly manner at the measurement date. Current operational value provides monetary information about assets, and related amortization, depreciation, etc., using information updated to reflect conditions at the measurement date. Current operational value therefore reflects changes in the values of assets since the previous measurement date. Similar to fair value and cost of fulfillment, current operational value is not dependent, even in part, on the transaction or event that gave rise to the asset.

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Effective Date and Transition

Effective Date

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- 56A. Paragraphs 23, B4-B6, and B9 are amended by Part 1 of *Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, Measurement*, issued in August 2025. An entity shall apply these amendments prospectively for annual financial statements covering periods beginning on or after January 1, 2028. Earlier application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact.

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Appendix B

Current Operational Value

This Appendix is an integral part of IPSAS 46.

Measurement

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The Amount an Entity would Pay

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B4. The amount an entity would pay is:

- (a) The price to acquire the identical, or a similar, asset ~~in an active market~~; or
- (b) The costs that would be incurred to develop or produce the identical, or a similar, asset.

B5. ~~When an active market exists for~~ The price to acquire the identical, or a similar, asset, ~~current operational value uses this price as~~ is the amount an entity would pay for the asset in an active market. If an active market for the identical asset does not exist an entity will need to estimate current operational value using appropriate measurement techniques.

B6. ~~When no active market exists, a reliable acquisition price for an identical, or similar, asset will generally not exist. Current operational value will then need to be~~ The costs that would be incurred to develop, or produce the identical, or a similar, asset is estimated based on the costs to develop or produce the asset using available price information. For example, many military assets, such as an aircraft, generally do not have active markets. Such assets often cannot be acquired as a finished product that is identical, or similar, to the aircraft under valuation. Measuring the cost of each part of the asset, such as the fuselage, engine, electronics etc., and the cost to assemble them into the same, or similar, aircraft, adjusted for the age, functionality, and condition, will generally be necessary to estimate the aircraft's current operational value.

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The Least Costly Manner

B9. A current operational value measure 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 in an orderly transaction.

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Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, IPSAS 46.

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Initial Measurement (paragraphs 7–16)

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Deemed Cost

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- BC23A. In August 2024, the IPSASB published Exposure Draft (ED) 90, Amendments to IPSAS as a Result of the Application of IPSAS 46, *Measurement* proposing to align the initial measurement of inventories acquired through a non-exchange transaction with IPSAS 46. Some respondents to ED 90 requested that the IPSASB clarify what current value measurement basis should be applied to determine the deemed cost of inventory acquired in a non-exchange transaction, noting that IPSAS 12 refers the reader to IPSAS 46 and does not specify whether an entity should estimate deemed cost of an asset using current operational value or fair value.
- BC23B. The IPSASB considered these views, noting that implementation guidance on Section B: Selection of Measurement Bases could be enhanced to ensure the consistent determination of deemed cost of a non-exchange transaction. The IPSASB discussed whether the guidance should be included in IPSAS 12 instead of IPSAS 46; however, it decided that it should be included in IPSAS 46, as this standard provides generic guidance to ensure the consistent application of measurement bases in its scope and is relevant to other IPSAS.
- BC23C. In response to constituents' comments, the IPSASB decided to add implementation guidance that notes that whether an entity applies current operational or fair value depends on the primary objective for which the entity holds the asset.

Current Operational Value (Appendix B)

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Current Operational Value – Amount the Entity Would Pay

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Revision of IPSAS 46 as a result of Part 1 of Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, *Measurement*

The Amount the Entity Would Pay – Least Costly Manner

- BC49A. During the development of *Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, Measurement* and the analysis of the responses received by the IPSASB for Exposure Draft 84, *Concessionary Leases and Right-of-Use Assets In-Kind (Amendments to IPSAS 43 and IPSAS 23)*, the IPSASB noted that 'least costly manner' could be interpreted to include concessionary elements, such as those received in concessionary leases.
- BC49B. The IPSASB noted that the inclusion of a concessionary element when determining the current operational value of an asset would not provide users with information that is a faithful representation of the transaction. The IPSASB agreed that the 'least costly manner' should not be interpreted to include a concessionary element, because current operational value is a measurement basis that achieves the qualitative

characteristics in the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities, such as faithfully presenting relevant valuation information about the asset to users.

- BC49C. The IPSASB decided to clarify the application of the current operational value principle, 'least costly manner'. The amendments to IPSAS 46 seek to ensure consistent application of current operational value.

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Current Operational Value – Measurement Techniques

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- BC60. The IPSASB agreed the income approach is not an appropriate measurement technique when estimating the value of the asset when measured at current operational value. Given public sector assets often generate little to no cash flows, and generally cash flows are insufficient to cover operating expenses, the IPSASB concluded discounting future income streams would be impracticable. Furthermore, given the nature of current operational value, the income approach would not be applied in conjunction with another measurement technique because discounting future cash flows is not necessary given the market approach assumes pricing for the asset is available on the measurement date, and the cost approach assumes the production or development of the asset is immediate. However, the exclusion of the income approach as a measurement technique to estimate current operational value does not preclude the use of the present value technique in the market approach or the cost approach when the time value of money is material.

Use of Current Operational Value throughout IPSAS

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- BC63. The IPSASB had identified other instances where current operational value may be appropriate throughout its literature. However, the IPSASB agreed any additional changes to measurement bases are best made through projects specific to the IPSAS in question to allow stakeholders to focus on the impact of the proposal. The IPSASB did not propose current operational value be added to any other IPSAS when this Standard was issued.
- BC63A. After approving this Standard in March 2023, the IPSASB decided to evaluate the applicability of current operational value across existing IPSAS, in the context of the recently approved current operational value principles in this Standard and the updated objective of measurement of assets in the Updated Conceptual Framework: Chapter 7, Measurement of Assets and Liabilities in Financial Statements. See paragraphs BC92-BC105 for the analysis as a result of Part 1 of *Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, Measurement*.

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Disclosures

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Improvements to Current Value Measurement Disclosures

- BC88A. As part of the IPSASB's review of the applicability of current operational value in ED 90, the IPSASB reviewed the current value measurement disclosures and concluded that the term 'recurring or non-recurring' is not necessary when an IPSAS only requires recurring current value measurement of assets. The IPSASB noted that whether a current value measurement basis is applied on a recurring basis after initial recognition is specified in the relevant IPSAS. Therefore, having these terms can lead to inconsistent application of the current value measurement disclosure principles.

- BC88B. In August 2024, the IPSASB published Exposure Draft (ED) 90, Amendments to IPSAS as a Result of the Application of IPSAS 46, *Measurement*, which proposed enhancing current value measurement disclosures by removing the terms 'recurring and non-recurring' across IPSAS. While respondents supported the proposal in Part 4 of ED 90, a few respondents noted that the removal of 'recurring and non-recurring' expanded the scope to initial recognition for fair value measurement using significant unobservable inputs (Level 3).
- BC88C. The IPSASB agreed that the removal of 'recurring' in paragraphs that do not stipulate 'in the statement of financial position after initial recognition' could be interpreted to require current value measurement disclosures for assets initially measured at deemed cost. In responding to constituents' comments, the IPSASB updated relevant current value measurement disclosures paragraphs across IPSAS to ensure the scope of current value measurement disclosures is limited to assets measurement using current value measurement basis in the statement of financial position after initial recognition.

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Analysis as a result of Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, *Measurement*

Scope

- BC92. The IPSASB developed current operational value in response to constituents' concerns received on the April 2019 Measurement Consultation Paper that fair value is difficult and inappropriate to apply to assets held for their operational capacity. Therefore, when considering which IPSAS should be in the scope of the Measurement Application Phase project, the IPSASB identified IPSAS that require measurement of assets at current values or non-historical cost measurement basis.
- BC93. The following IPSAS were in the scope of the Measurement Application Phase project:
- (a) IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors*;
 - (b) IPSAS 12, *Inventories*;
 - (c) IPSAS 16, *Investment Property*;
 - (d) IPSAS 21, *Impairment of Non-Cash-Generating Assets*;
 - (e) IPSAS 27, *Agriculture*;
 - (f) IPSAS 31, *Intangible Assets*;
 - (g) IPSAS 32, *Service Concession Arrangements: Grantor*;
 - (h) IPSAS 36, *Investments in Associates and Joint Ventures*;
 - (i) IPSAS 37, *Joint Arrangements*;
 - (j) IPSAS 40, *Public Sector Combinations*;
 - (k) IPSAS 41, *Financial Instruments*; and
 - (l) IPSAS 43, *Leases*.

Applicability of Current Operational Value

- BC94. During the development of ED 90, the IPSASB had concluded current operational value is an applicable measurement basis:
- (a) At initial measurement, for the determination of deemed cost, for inventories (IPSAS 12) and intangible assets (IPSAS 31) acquired through a non-exchange transaction;

- (b) At subsequent measurement for inventories (IPSAS 12) held for:
 - (i) Distribution at no charge (a transfer expense) or for a nominal charge;
 - (ii) Consumption in the production process of goods to be distributed at no charge (a transfer expense) or for a nominal charge; or
 - (iii) Consumption in the rendering of services at no charge (a transfer expense) or for a nominal charge;
- (c) At subsequent measurement for intangible assets (IPSAS 31) held for their operational capacity, when the entity chooses the current value model as its accounting policy choice;
- (d) At subsequent measurement for service concession assets (IPSAS 32) when the entity chooses the current value model as its accounting policy choice in accordance with IPSAS 31 or IPSAS 45; and
- (e) At subsequent measurement for right-of-use assets (IPSAS 43) when the lessee chooses the current value model as its accounting policy choice in accordance with IPSAS 45.

BC95. The IPSASB had concluded current operational value is applicable to these transactions based on the intended use or the entity's reasons for holding the asset (i.e., the assets are held for their operational capacity) and current operational value will present more relevant measurement information to users in a manner that is useful in holding the entity to account, and for decision-making purposes.

BC96. The IPSASB had agreed that amendments are not required to IPSAS 32 and IPSAS 43 on the applicability of current operational value at subsequent measurement for service concession assets and right-of-use assets because these IPSAS cross reference to IPSAS 31 and IPSAS 45. Revisions of IPSAS 12 and IPSAS 31 as a result of ED 90 were proposed, further information on the amendments and the IPSASB's decision on the evaluation of current operational value can be found in paragraphs BC16-BC23 of IPSAS 12 and BC107-BC108, respectively.

BC97. The IPSASB had concluded that current operational value is an applicable current value measurement for:

- (a) Service concession assets subsequently measured in accordance with IPSAS 31 and IPSAS 45 because consistency in the subsequent measurement guidance ensures comparability.
- (b) Right-of-use assets subsequently measured in accordance with IPSAS 45 because the subsequent measurement guidance should not change depending on whether the asset is owned or leased.

BC98. The IPSASB had concluded that current operational value is not an applicable current value measurement for assets in the scope of:

- (a) IPSAS 16 because these are held for their financial capacity;
- (b) IPSAS 27 because the biological transformation these assets undergo during their lifespan is best reflected by fair value less costs to sell,
- (c) IPSAS 41 because financial assets do not have service potential on their own; and
- (d) IPSAS 36 because current operational value does not reflect the investor's ability to participate in the financial and operating decisions of the investee.

BC99. The IPSASB noted that measurement requirements of assets within the scope of IPSAS 37 and IPSAS 40 are determined by reference to other IPSAS. Thus, it was decided that this final pronouncement should not amend IPSAS 37 and IPSAS 40, and the measurement of an asset within their scope should continue to be determined by reference to the relevant IPSAS.

Applicability of Current Operational Value – Right of Use Assets

- BC100. During the development of ED 90, the IPSASB evaluated the applicability of current operational value for right-of-use assets (i.e., assets in the scope of IPSAS 43) subsequently measured in accordance with IPSAS 45.
- BC101. The IPSASB had noted that the value of right-of-use assets is most commonly estimated by discounting the expected lease payments. Considering this, the IPSASB discussed whether current operational value could be used to subsequently measure right-of-use assets. The discussion resulted in the following two views:
- (a) View 1. An entity should discount cash flows when applying the market approach and the cost approach to estimate the current operational value of an asset at subsequent measurement. For example, applying the market approach would require an entity to estimate the current operational value of a right-of-use asset by discounting observable lease payments of an identical or comparable right-of-use asset in an active market.
 - (b) View 2. The absence of the income approach to convert future amounts to a single current amount, results in limited practical application of current operational value to estimate the value of a right-of-use asset at subsequent measurement.
- BC102. Having considered both views, the IPSASB had concluded that the ability to discount cash flows is a concept that is not limited to one measurement technique and that current operational value is an applicable measurement basis for right-of-use assets subsequently measured in accordance with IPSAS 45 using the market approach or cost approach.

Responses to the Applicability of Current Operational Value at Initial and Subsequent Measurement Proposed in ED 90

- BC103. In August 2024, the IPSASB published Exposure Draft (ED) 90, Amendments to IPSAS as a Result of the Application of IPSAS 46, *Measurement*. The following proposals in ED 90 received strong constituent support:
- (a) Current operational value is an applicable measurement basis for inventories (IPSAS 12) acquired through a non-exchange transaction;
 - (b) Current operational value should replace ‘current replacement cost’ in the measurement of inventories (IPSAS 12.17) at ‘the lower of cost and current replacement cost’;
 - (c) Current operational value is an applicable subsequent measurement basis for service concessions assets (IPSAS 32) when the entity chooses the current value model as its accounting policy choice in accordance with IPSAS 45; and
 - (d) Current operational value is an applicable subsequent measurement basis for right-of-use assets (IPSAS 43) when the lessee chooses the current value model as its accounting policy choice in accordance with IPSAS 45.
- BC104. Some respondents noted the following issues:
- (a) Current operational value cannot be applied to right-of-use assets without the income approach as one of its measurement techniques;
 - (b) Additional guidance is required to determine current operational value of a right-of-use asset because current operational value was developed for tangible assets, noting uncertainty regarding the applicability of certain current operational value principles—‘modern equivalent’ and existing location’; and

- (c) Additional guidance is required to assist preparers in estimating the current operational value of a right-of-use asset when using the cost approach.

BC105. The IPSASB considered these views and decided to proceed with the strongly supported proposals above because:

- (a) Present value techniques are not exclusive to the income approach; rather, an entity applies present value techniques when estimating current operational value using the market or cost approach when the time value of money is material;
- (b) Though current operational value was first applied to property, plant, and equipment, this should not be interpreted to mean current operational value was developed exclusively for tangible assets; and
- (c) IPSAS 46 includes principles-based guidance to estimate current operational value using the cost approach. Additionally, the IPSASB noted that both the market and the cost approach are well-understood measurement techniques.

BC106. Two respondents sought clarification on the IPSASB's conclusion on the applicability of the current operational value for assets in the scope of IPSAS 27 and IPSAS 41, respectively. The IPSASB discussed that though assets in the scope of IPSAS 27 can be distributed at no charge or for a nominal charge, fair value less costs to sell provides more relevant and useful information for decision-making as it reflects the maximization of the output. The IPSASB discussed that financial assets (IPSAS 41) can contribute to service delivery objectives; however, it does not have service potential on their own. The IPSASB considered these and decided to proceed with its decision that current operational value is not an applicable current value measurement for such assets.

BC107. ED 90 proposed that current operational value is an applicable current value measurement basis at initial and subsequent measurement for intangible assets and proposed to amend IPSAS 31. While a majority of respondents to ED 90 supported the proposal, a significant number of respondents did not. The majority of these views either supported a component or the entirety of the Alternative View included in ED 90:

- (a) The applicability of current operational value should be considered after the IASB completes its comprehensive project on IAS 38 *Intangible Assets*;
- (b) The absence of an active market restriction for the determination of current operational value within the current value model in IPSAS 31 may impact the reliability and faithfulness of intangible assets' current value; and
- (c) There is uncertainty about the applicability of certain current operational value principles to intangible assets.

BC108. The IPSASB considered these views and decided to conduct further analysis on the applicability of the current operational value for assets in the scope of IPSAS 31. Therefore, at this time, proposals to amend IPSAS 31 were removed from Part 1 of this final pronouncement.

IPSAS 3, Accounting Policies, Changes in Accounting Estimates and Errors

BC109. The IPSASB decided in December 2023 to amend IPSAS 3 to reflect that a change in measurement model rather than a change in measurement basis is a change in accounting policy.

Limited Scope Update of IPSAS 21, Impairment of Non-Cash-Generating Assets

BC110. The IPSASB concluded that the two branches of recoverable service amount in IPSAS 21 shall be current operational value and fair value less costs to sell, and that depreciated replacement cost, restoration cost and service unit approaches should be removed from the updated IPSAS 21. These changes were made to

enhance the usefulness of the measurement information provided and to align IPSAS 21 measurement principles with IPSAS 46 and updated Chapter 7 of the Conceptual Framework.

Definition of an Accounting Estimate

BC111. The IPSASB decided that the revisions to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* included in *Definition of Accounting Estimates* (Amendments to IAS 8) issued by the IASB in February 2021 should be in the scope of Part 3 of this Final Pronouncement. However, if the amendments to IAS 8 were adopted verbatim in IPSAS 3, it would result in terminology inconsistencies within the IPSAS literature, specifically with the meaning of the term 'measurement techniques' introduced by IPSAS 46. Therefore, the IPSASB decided the amendments to IPSAS 3 would be aligned with the terminology of IPSAS 46.

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Implementation Guidance

This guidance accompanies, but is not part of, IPSAS 46.

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Section A: Measurement

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A.2. What disclosures are required when applying current value measurements bases in IPSAS?

~~For assets and liabilities measured using the current value model, additional disclosures are required. The level of necessary disclosures depends on whether the current value measurement is applied on a recurring or non-recurring basis after initial recognition. Recurring current value measurements of assets are those that the specific IPSAS requires or permits in the statement of financial position at the end of each reporting period. Non-recurring current value measurements of assets are those that the specific IPSAS requires or permits in the statement of financial position in particular circumstances, such as when an entity subsequently measures inventories at current operational value because the inventories' current operational value is lower than its cost.~~

~~Disclosures for recurring and non-recurring measurements are required. With recurring remeasurements, because~~ new information is available as at each the measurement date. Disclosures providing information about the measurement techniques, inputs and assumptions applied when measuring assets and liabilities using the current value model provide useful information for decision making. These disclosure requirements were inserted in the relevant IPSAS to clearly indicate to which IPSAS the disclosures are to be applied. For example, disclosures related to the fair value hierarchy are inserted in the relevant IPSAS as follows:

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Section D: Selection of Measurement Bases

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B.4. How should an entity select between current value measurement bases when estimating deemed cost at initial measurement, when an asset is acquired in a non-exchange transaction?

The selection of measurement basis to estimate deemed cost, at initial measurement, takes into consideration the primary objective for which the entity holds the asset:

- (a) When an entity holds an asset for its operational capacity, it will measure the deemed cost using current operational value. This is because current operational value faithfully represents the value of the asset to the public sector entity in its operational capacity.
- (b) When an entity holds an asset for its financial capacity, it will measure the deemed cost using fair value. This is because fair value faithfully represents the value of the asset to the public sector entity in its financial capacity.

...

Section D: Current Operational Value

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D.7. Does the least costly amount an entity would pay for the remaining service potential of an asset include concessionary elements received by an entity when determining the current operational value of an asset?

No. Current operational value measures the amount the entity would pay for the remaining service potential of the asset in an orderly transaction. The inclusion of a concessionary element when determining current

operational value will incorporate a non-exchange element into the value and would not faithfully present relevant information to users of general purpose financial statements. For example, an entity that at subsequent measurement is determining the current value of a donated asset (i.e., building), initially recognized at deemed cost, will determine the current value of the asset using current operational value or fair value, which excludes the concessionary element from its measurement.

AMENDMENT: PART 2 – LIMITED SCOPE UPDATE TO IPSAS 21, IMPAIRMENT OF NON-CASH GENERATING ASSETS

Amendments to IPSAS 21, *Impairment Non-Cash-Generating Assets*

Paragraphs 10A, 14, 35-40, 67(a)-67(b), and 77(e)-77(f) are amended. Paragraphs 10A(a), 10A(b), 41-42, and 44-50 are deleted. Paragraphs 39B, 39C, 43A, 77(f)(i)-77(f)(iii) and 82O, and the heading above paragraph 39B are added.

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Scope

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10A. However, this Standard applies to non-cash-generating assets that are carried at revalued amounts (i.e., fair value, or current operational value, at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses) in accordance with other IPSAS, such as the current value model in IPSAS 45, *Property, Plant, and Equipment* and the current value revaluation model in IPSAS 31, *Intangible Assets*.

- (a) ~~If the disposal costs are negligible, the recoverable service amount of the revalued non-cash-generating asset is necessarily close to, or greater than, its revalued amount. In this case, after the revaluation requirements have been applied, it is unlikely that the revalued non-cash-generating asset is impaired and recoverable service amount need not be estimated. [Deleted]~~
- (b) ~~If the disposal costs are not negligible, the fair value less costs to sell of the revalued non-cash-generating asset is necessarily less than its fair value. Therefore, the revalued non-cash-generating asset will be impaired if its value in use is less than its revalued amount. In this case, after the revaluation requirements have been applied, an entity applies this Standard to determine whether the non-cash-generating asset may be impaired. [Deleted]~~

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Definitions

14. The following terms are used in this Standard with the meanings specified:

An active market is a market in which all the following conditions exist: [Deleted]

- (a) ~~The items traded within the market are homogeneous; [Deleted]~~
- (b) ~~Willing buyers and sellers can normally be found at any time; and [Deleted]~~
- (c) ~~Prices are available to the public. [Deleted]~~

...

Fair value less costs to sell is the price that would be received to sell the asset in an orderly transaction between market participants amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

...

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its current operational value and its value in use.

...

Useful life is either:

- (a) ~~The period of time over which an asset is expected to be used by the entity; or [Deleted]~~
- (b) ~~The number of production or similar units expected to be obtained from the asset by the entity. [Deleted]~~

~~**Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. [Deleted]**~~

...

The following term is defined and used in this Standard with the same meaning as in IPSAS 45:

- (a) **Useful life.**

The following terms are defined and are used in this Standard with the same meaning as in IPSAS 46, *Measurement*:

- (a) **Active market;**
- (b) **Current operational value; and**
- (c) **Fair Value.**

...

Measuring Recoverable Service Amount

35. This Standard defines recoverable service amount as the higher of an asset's fair value, less costs to sell, and its ~~value in use~~ current operational value. Paragraphs 36–43 set out the basis for measuring recoverable service amount.
36. It is not always necessary to determine both an asset's fair value less costs to sell and its ~~current operational value in use~~. If either of these amounts exceeds the asset's carrying amount, the asset is not impaired, and it is not necessary to estimate the other amount.
37. It may be possible to determine fair value less costs to sell, even if an asset is not traded in an active market. ~~Paragraph 42 sets out possible alternative bases for estimating fair value less costs to sell when an active market for the asset does not exist. IPSAS 46 identifies three measurement techniques: the cost approach, market approach, and income approach. Appendix D Fair Value of IPSAS 46 provides guidance on these measurement techniques and their application. However, sometimes it will not be possible to determine fair value less costs to sell, because there is no basis for making a reliable estimate of the amount obtainable from the sale of the asset in an orderly transaction arm's length transaction between knowledgeable and willing parties. In this case, the entity may use the asset's value in use current operational value as its recoverable service amount.~~
38. If there is no reason to believe that an asset's ~~value in use~~ current operational value materially exceeds its fair value less costs to sell, the asset's fair value less costs to sell may be used as its recoverable service amount. ~~This will often be the case for an asset that is held for disposal. This is because the value in use of an asset held for disposal will consist mainly of the net disposal proceeds. However, for many public sector non-cash-generating assets that are held on an ongoing basis to provide specialized services or public goods to the community, the value in use current operational value of the asset is likely to be greater than its fair value less costs to sell.~~
39. In some cases, estimates, averages, and computational short cuts may provide reasonable approximations of the detailed computations illustrated in this Standard for determining fair value less costs to sell or ~~value in use~~ current operational value.

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Current Operational Value

- 39B. Appendix B Current Operational Value of IPSAS 46 provides authoritative guidance on current operational value, including the components of the definition and the measurement techniques to estimate current operational value.
- 39C. Current operational value is likely to be relevant to the determination of recoverable service amount for many assets held for the delivery of services, especially assets which are specialized, and where there are restrictions on an alternative use to that for which the asset is currently deployed.

Fair Value Less Costs to Sell

40. Appendix D of IPSAS 46 provides authoritative guidance on fair value. The best evidence of an asset's fair value less costs to sell is an observable price in an active market a binding sale agreement in an arm's length transaction, adjusted for incremental costs that would be directly attributable to the disposal of the asset. Appendix D of IPSAS 46 discusses measurement techniques to determine fair value indirectly and the fair value hierarchy that categorizes into three levels the inputs to measurement techniques used to measure fair value.
41. ~~If there is no binding sale agreement, but an asset is traded in an active market, fair value less costs to sell is the asset's market price less the costs of disposal. The appropriate market price is usually the current bid price. When current bid prices are unavailable, the price of the most recent transaction may provide a basis from which to estimate fair value less costs to sell, provided that there has not been a significant change in economic circumstances between the transaction date and the date as at which the estimate is made. [Deleted].~~
42. ~~If there is no binding sale agreement or active market for an asset, fair value less costs to sell is based on the best information available to reflect the amount that an entity could obtain, at reporting date, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. In determining this amount, an entity could consider the outcome of recent transactions for similar assets within the same industry. Fair value less costs to sell does not reflect a forced sale, unless management or the governing body is compelled to sell immediately. [Deleted]~~

...

Value in Use [Deleted]

44. ~~This Standard defines the value in use of a non-cash generating asset as the present value of the asset's remaining service potential. Value in use in this Standard refers to value in use of a non-cash generating asset, unless otherwise specified. The present value of the remaining service potential of the asset is determined using any one of the approaches identified in paragraphs 45–49, as appropriate. [Deleted]~~

Depreciated Replacement Cost Approach [Deleted]

45. ~~Under this approach, the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset. [Deleted]~~

46. ~~The replacement cost and reproduction cost of an asset are determined on an optimized basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features that are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimized basis thus reflects the service potential required of the asset. [Deleted]~~
47. ~~In certain cases, standby or surplus capacity is held for safety or other reasons. This arises from the need to ensure that adequate service capacity is available in the particular circumstances of the entity. For example, the fire department needs to have fire engines on standby to deliver services in emergencies. Such surplus or standby capacity is part of the required service potential of the asset. [Deleted]~~

~~Restoration Cost Approach [Deleted]~~

48. ~~Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower. Paragraphs 45 and 47 include additional guidance on determining the replacement cost or reproduction cost of an asset. [Deleted]~~

~~Service Units Approach [Deleted]~~

49. ~~Under this approach, the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower. [Deleted]~~

~~Application of Approaches [Deleted]~~

50. ~~The choice of the most appropriate approach to measuring value in use depends on the availability of data and the nature of the impairment: [Deleted]~~
- ~~(a) Impairments identified from significant long-term changes in the technological, legal, or government policy environment are generally measurable using a depreciated replacement cost approach or a service units approach, when appropriate; [Deleted]~~
 - ~~(b) Impairments identified from a significant long-term change in the extent or manner of use, including that identified from the cessation or near cessation of demand, are generally measurable using a depreciated replacement cost or a service units approach, when appropriate; and [Deleted]~~
 - ~~(c) Impairments identified from physical damage are generally measurable using a restoration cost approach or a depreciated replacement cost approach, when appropriate. [Deleted]~~

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Reversing an Impairment Loss

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67. A reversal of an impairment loss reflects an increase in the estimated recoverable service amount of an asset, either from use or from sale, since the date when an entity last recognized an impairment loss for that

asset. Paragraph 77 requires an entity to identify the change in estimates that causes the increase in recoverable service amount. Examples of changes in estimates include:

- (a) A change in the basis for recoverable service amount (i.e., whether recoverable service amount is based on fair value less costs to sell or current operational value in use);
- (b) If recoverable service amount was based on current operational value in use, a change in estimate of the components of current operational value in use; or

...

Disclosure

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77. **An entity shall disclose the following for each material impairment loss recognized or reversed during the period:**

- (a) ...

...

- (e) **Whether the recoverable service amount of the asset is its fair value less costs to sell or its value in use-current operational value;**

- (f) **If the recoverable service amount is fair value less costs to sell, ~~the basis used to determine fair value less costs to sell (such as whether fair value was determined by reference to an active market)~~ the entity shall disclose the following information:**

- (i) **The level of the fair value hierarchy (see IPSAS 46) within which the fair value measurement of the asset is categorized in its entirety (without taking into account whether 'costs to sell' are observable);**

- (ii) **For fair value measurements categorized with Level 2 and Level 3 of the fair value hierarchy, a description of the measurement technique(s) used to measure fair value less costs to sell. If there has been a change in measurement technique, the entity shall disclose that change and the reason(s) for making it; and**

- (iii) **For fair value measurements categorized with Level 2 and Level 3 of the fair value hierarchy, each key assumption on which measurement has based its determination of fair value less costs to sell. Key assumptions are those to which the asset's recoverable service amount is most sensitive.**

- (g) **If the recoverable service amount is ~~value in use~~ current operational value the measurement technique ~~approach~~ used to determine ~~value in use~~ current operational value.**

...

Effective Date and Transition

Effective Date

...

820. **Paragraphs 10A, 14, 35-40, 67(a)-67(b), and 77(e)-77(f) are amended, paragraphs 10A(a), 10A(b), 41-42, and 44-50 are deleted, and paragraphs 39B, 39C, and 77(f)(i)-77(f)(iii) are added by Part 2 of *Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, Measurement* issued in August 2025. An entity shall apply these amendments prospectively for annual financial statements**

covering periods beginning on or after January 1, 2028. Earlier application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact.

Amendments to Other IPSAS Standards and the Conceptual Framework

Amendments to IPSAS 46, *Measurement*

Paragraph 56B is added and 4(c) is amended. New text is underlined and deleted text is struck through.

...

Scope

...

4. The measurement requirements of this Standard do not apply to the following:

...

- (c) Measurements that have some similarities to the measurement bases in this Standard but are not those measurement bases, such as net realizable value in IPSAS 12, *Inventories* or value in use in ~~IPSAS 21, *Impairment of Non-Cash-Generating Assets*~~ and IPSAS 26, *Impairment of Cash-Generating Assets* (but this Standard is applied in measuring fair value as required in IPSAS ~~21 and~~ 26).

...

Effective Date and Transition

Effective Date

...

56B. Paragraph 4(c) is amended by Part 2 Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, *Measurement* issued in August 2025. An entity shall apply these amendments for annual financial statements covering periods beginning on or after January 1, 2028. Earlier application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact.

...

Amendments to the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities

Paragraphs 7.17, 7.57, and 7.62 are amended. Paragraphs 7.59 and 7.61 are deleted. New text is underlined and deleted text is struck through.

...

Chapter 7: Measurement of Assets and Liabilities in Financial Statements

...

The Objective of Measurement

...

The Selection of Measurement Models and Measurement Bases

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7.17 Value in use is used solely for the impairment of cash-generating assets, and therefore is discussed separately in paragraphs 7.57-7.62

...

Measurement Bases for Assets

...

Value in Use

...

7.57 Value in use is applicable for assessments of impairment ~~of cash-generating assets~~. Impairment testing involves determining whether the amount at which an asset is stated on the statement of financial position is recoverable.

...

7.59 ~~Value in use of a non-cash-generating asset is the asset's remaining service potential at the measurement date. The estimation of service potential requires the use of techniques, which are dependent on the nature of the asset and, because of its applicability to impairment, the indicator of impairment. [Deleted]~~

...

7.61 ~~Value in use for non-cash-generating assets is also complex, as it requires entity-specific estimates of an asset's remaining service potential. [Deleted]~~

7.62 Paragraph 7.36 discusses the situation where an asset is used for service provision and also generates economic benefits, noting that an entity that is using the current value model makes a judgment whether an asset is primarily held for operational capacity or financial capacity, and selects the current operational value measurement basis or the fair value measurement basis accordingly. This factor and the complexity and subjectivity discussed above mean that value in use in ~~both a cash-generating and non-cash-generating~~ context is likely to be applicable only to accounting for losses or reversals of losses related to impairment.

...

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, IPSAS 21.

...

Updating of IPSAS 21 as a result of Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, Measurement

Reasons for Updating IPSAS 21

BC29. The IPSASB decided to update IPSAS 21 because of:

- (a) The publication of IPSAS 46, *Measurement*, in May 2023, in particular the adoption of current operational value as a public sector specific current value measurement basis for assets held for operational capacity and the revised definition of, and guidance on, fair value; and
- (b) Reservations expressed about the term, and description of, “value in use of a non-cash-generating asset” during the updating of Chapter 7, *Measurement of Assets and Liabilities in Financial Statements*, in *The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities*.

Scope of Limited Scope Update

BC30. Consistent with the above reasons, the scope of the update was limited to the definition, and branches, of, recoverable service amount — specifically whether current operational value should be directly or indirectly adopted as a branch of recoverable service amount and whether fair value less costs to sell should be retained as a branch of recoverable service amount. Therefore, the update did not consider other aspects of impairment including:

- (a) Indications of impairment;
- (b) Recognizing and measuring impairment losses;
- (c) Reversals of impairment losses; and
- (d) The redesignation of assets from cash-generating assets to non-cash-generating assets or from non-cash-generating assets to cash-generating assets.

Retention of fair value less costs to sell

BC31. The IPSASB considered whether fair value less costs to sell should be retained as a branch of recoverable service amount following the revised definition of, and guidance on, fair value in IPSAS 46. In the definition of ‘fair value’ in IPSAS 17, *Property, Plant, and Equipment*, the predecessor of IPSAS 45, *Property, Plant, and Equipment*, fair value could be applied to assets held for operational capacity through application of depreciated replacement cost, restoration cost, and the service units approach. Conversely, in IPSAS 46, the value premise for fair value is based on a highest and best use assumption. The definition of fair value in IPSAS 46 is therefore an exit value, which reflects the perspective of a market participant. While the revised measurement basis is appropriate for the assessment of impairments for cash-generating assets held for financial capacity, it was less clear whether it is relevant as a branch of recoverable service amount for assets held for operational capacity.

BC32. The IPSASB acknowledged concerns that the determination of fair value less costs to sell could impose unnecessary costs on preparers. However, in most cases it will be clear whether current operational value is higher than the carrying amount, and there will be no need to determine fair value less costs to sell.

BC33. The IPSASB analyzed this issue by considering the example of an office building measured at historical cost, which is used to provide educational support services. A change in the legislative environment had led to a

decline in demand for such services. No decision has been made to dispose of the office building, so the building is not within the scope of IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations*. Individual floors of the building cannot be leased for security reasons, so the building is treated as a single unit of account. There is an active market for such office buildings.

- BC34. Despite the fact that there is a permanent decline in demand for the services provided by the asset it is clear that, in light of the buoyant commercial property market, the non-specialized nature of the asset, and the fact that there are no legal restrictions on the use of the asset, fair value less costs to sell may be higher than both carrying amount and current operational value. Therefore, there is no impairment loss. A failure to determine fair value less costs to sell in these and similar circumstances may lead to recognition of an impairment loss, when the reality is that there is no loss. Recognition of such a loss will have an adverse impact on the faithful representation of financial position and financial performance.
- BC35. The IPSASB therefore concluded that fair value less costs to sell may be the determinant of recoverable service amount when an asset is non-specialized and there are no restrictions on its use, so that a market participant can deploy the asset for its highest and best use. Fair value less costs to sell may also be relevant where, as a result of an impairment, a previously operative asset does not provide service potential at the measurement date but has a scrap value. Consequently, the IPSASB decided to retain fair value less costs to sell as a branch of recoverable service amount in the updated IPSAS 21.

Value in use of a non-cash-generating asset and alternatives

Introduction

- BC36. The IPSASB considered three options for the retention or replacement of value in use of a non-cash-generating asset as a branch of recoverable service amount:
- (a) Retain the definition of “value in use of a non-cash-generating asset”, the methods of determining the present value of an asset’s remaining service potential, and the accompanying guidance and illustrative examples.
 - (b) Use current operational value as a surrogate for “value in use of a non-cash-generating asset” as a branch of recoverable service amount.
 - (c) Adopt current operational value as a branch of recoverable service amount in its own right.

Approach (a): Retention of value in use of a non-cash-generating asset

- BC37. Approach (a) would retain the definitions, methods, and guidance that have been in IPSASB’s standards-level literature since the publication of IPSAS 21 in 2004.
- BC38. IPSASB considered that the term “present value” in the definition of “value in use of a non-cash-generating asset” implies a discounted cash flow approach. IPSAS 21 identifies and provides guidance on, three approaches to determining value in use of a non-cash-generating asset — depreciated replacement cost, restoration cost and the service units approach. These approaches do not involve risk adjustments and discounting cash flows to a present value. Therefore, “value in use” is not being used in the same way as in IPSAS 26 and IAS 36.
- BC39. The current requirements and guidance in IPSAS 21 are also inconsistent with IPSAS 46 and the Conceptual Framework. IPSAS 46 does not include depreciated replacement cost as a measurement technique. Unlike IPSAS 17, and IPSAS 21, IPSAS 46 does not include restoration cost or the service units approach as methods of estimating fair value for specialized items of property, plant, and equipment. The Conceptual Framework did not retain replacement cost as a measurement basis in the recently updated Chapter 7, because of the introduction of current operational value and the similarity of depreciated replacement cost and the cost approach to current operational value.

- BC40. Therefore, the IPSASB rejected an approach that does not use value in use consistently with IPSASB and IASB literature and includes techniques that are no longer in IPSASB's literature on measurement.

Approach (b) Adopting current operational value as a surrogate for value in use

- BC41. Unlike fair value, current operational value reflects the value of an asset in its existing use rather than the asset's highest and best use. In assessing the remaining service potential of an asset, current operational value takes into account the current age, functionality, and condition of the asset, and reflects factors such as physical, functional, and economic obsolescence.
- BC42. The IPSASB considered that, because current operational value reflects the amount that an entity would pay for the remaining service potential of an asset in its existing condition, its existing use, and its existing location it reflects the value of the asset to the entity. Consequently, the IPSASB concluded that current operational value is appropriate for determining an impairment loss (or a reversal of an impairment loss) for a non-cash-generating asset held for its operational capacity.
- BC43. However, the IPSASB did not support Approach (b) because it would retain the definition of "value in use of a non-cash-generating asset". As for Approach (a) this is inconsistent with the definition of "value in use" in IPSAS 26 and IAS 36.

Approach (c) Adopt current operational value as a branch of recoverable service amount in its own right.

- BC44. In Approach (c) the branches of recoverable service amount are current operational value and fair value less costs to sell. Replacing value in use of a non-cash-generating asset with current operational value updates the terminology in IPSAS 21 to reflect the measurement guidance in IPSAS 46. The revised definition of recoverable service amount is consistent with the main principle of impairment testing that the carrying amount of an asset should be written down to the higher of:
- (a) The value of the asset to the entity in operation (i.e., current operational value); or
 - (b) The amount for which the asset could be sold (i.e., fair value).
- BC45. Where an entity has selected the current value model for subsequent measurement it will already be presenting assets held for operational capacity at current operational value in accordance with IPSAS 45. The use of current operational value as a branch of recoverable service amount will therefore have cost-benefit advantages for entities that have adopted the current value model.
- BC46. The IPSASB decided to adopt Approach (c) because replacing 'value in use of a non-cash-generating asset' with current operational value in the definition of recoverable service amount updates the measurement guidance in IPSAS 21 with measurement guidance in IPSAS 46 and the Conceptual Framework. Additionally, it is considered to result in cost benefits when entities have adopted the current value model in IPSAS 45.

Implications of adoption of current operational value for entities that have adopted the current value model for measurement subsequent to recognition

- BC47. The IPSASB further considered the implications of the adoption of current operational value as a branch of recoverable service amount for entities that apply the current value model for measurement subsequent to recognition. In 2016, the scope of IPSAS 21 was broadened to bring property, plant, and equipment and intangible assets that are measured under the revaluation model (the predecessor of the current value model in IPSAS 46) within the scope of IPSAS 21 and IPSAS 26.
- BC48. Many entities that apply the current value model for measurement subsequent to recognition, will revalue assets on a rolling program over a specified period. IPSAS 45, *Property, Plant, and Equipment*, requires that "revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using current value at the reporting date." The IPSASB therefore

concluded that the main implication of the adoption of current operational value as a branch of recoverable service amount is that entities on the current value model may have to bring forward revaluations where there is an indication that an asset might be impaired. As noted in paragraph BC20E, an impairment loss or reversal of an impairment loss of an asset does not necessitate the revaluation of the entire class of assets to which that item belongs.

Impact of impairments due to physical damage on current operational value of an asset

- BC49. During the development of ED 90, the IPSASB had considered the impact of physical damage on an asset that is held for its service potential and is not operable at the measurement date. The IPSASB had acknowledged that if and when an asset is restored to its pre-impaired state, it may be able to resume the provision of services. However, following the impairment, the IPSASB was of the view that measurement of current operational value should reflect the physical condition of the asset at the measurement date. The IPSASB had proposed that if, due to its physical condition, the asset is inoperable, its current operational value is zero.
- BC50. In some cases an asset that is incapable of delivering services will have a disposal value. In such cases, recoverable service amount will be represented by fair value less costs to sell.

Responses to ED 90, Amendments to IPSAS as a Result of the Application of IPSAS 46, Measurement

- BC51. In August 2024, the IPSASB published Exposure Draft (ED) 90, Amendments to IPSAS as a Result of the Application of IPSAS 46, *Measurement*, which proposed updating the definition of recoverable service amount to the higher of fair value less costs to sell and current operational value; and removing depreciated replacement cost, restoration cost, and service units approaches from IPSAS 21. The proposal received strong support from constituents.
- BC52. Some respondents did not support the proposal to replace 'value in use of a non-cash-generating asset' with 'current operational value' in the definition of recoverable service amount in Part 2 of ED 90 and noted:
- (a) The applicability of current operational value in IPSAS should be evaluated as part of a comprehensive review of IPSAS 21; or
 - (b) The estimation of current operational value would be challenging because of jurisdiction-specific reasons.
- BC53. The IPSASB considered the issues raised by these respondents and decided to proceed with ED 90 proposals to update recoverable service amount because:
- (a) The limited-scope project on IPSAS 21 was a pre-commitment from the 2021 Mid-Period Work Program Consultation. A comprehensive review of IPSAS 21 is outside the scope of the Measurement Application Phase project; and
 - (b) Current operational value and value in use of a non-cash generating asset share many key characteristics, such as measuring the asset's remaining service potential.
- BC54. Some respondents who supported the update to the definition of recoverable service amount suggested that guidance stating that the 'current operational value of a previously operational asset that no longer provides service potential at the measurement date is zero' should be removed in Part 2 of ED 90. The IPSASB noted that this guidance is prescriptive on how to apply current operational value principles in IPSAS 46. Additionally, adding guidance on determining COV in IPSAS 21 is inconsistent with why the IPSASB developed IPSAS 46. Consequently, the IPSASB decided to delete the guidance proposed in ED 90 from the Final Pronouncement.

...

Implementation Guidance

This guidance accompanies, but is not part of, IPSAS 21.

...

Current Operational Value and Impairment

- IG8. Current operational value is the amount that an entity would pay for the remaining service potential of an asset in the least costly manner based on conditions at the measurement date. In this Standard current operational value is one of two branches of recoverable service amount; fair value less costs to sell is the other branch.
- IG9. Current operational value is an entity-specific value that represents an entry price. As indicated in paragraph 39B of this Standard, Appendix B of IPSAS 46 provides authoritative guidance on current operational value. This guidance is relevant to the application of current operational value as a branch of recoverable service amount and should be referred to when determining recoverable service amount.

...

Illustrative Examples

These examples accompany, but are not part of, IPSAS 21.

Measurement of Impairment Loss ~~[Deleted]~~

Note: In the following examples, it is assumed that the fair value less costs to sell of the asset tested for impairment is less than its value in use or is not determinable, unless otherwise indicated. Therefore, the asset's recoverable service amount is equal to its value in use. In these examples, the straight-line method of depreciation is used.

Depreciated Replacement Cost Approach ~~[Deleted]~~

Significant Long-term Change with Adverse Effect on the Entity in the Technological Environment—Underutilized Mainframe Computer ~~[Deleted]~~

IE1. In 1999, the City of Kermann purchased a new mainframe computer at a cost of CU10 million.³ Kermann estimated that the useful life of the computer would be seven years, and that on average 80 percent of central processing unit (CPU) capacity would be used by the various departments. A buffer of excess CPU time of 20 percent was expected and needed to accommodate scheduling jobs to meet peak period deadlines. Within a few months after acquisition, CPU usage reached 80 percent, but declined to 20 percent in 2003 because many applications of the departments were converted to run on desktop computers or servers. A computer is available on the market at a price of CU500,000 that can provide the remaining service potential of the mainframe computer using the remaining applications. ~~[Deleted]~~

Footnote 3: In these examples monetary amounts are denominated in "currency units" (CU).

Evaluation of Impairment ~~[Deleted]~~

IE2. The indication of impairment is the significant long-term change in the technological environment resulting in conversion of applications from the mainframe to other platforms, and therefore decreased usage of the mainframe computer. (Alternatively it can be argued that a significant decline in the extent of use of the mainframe indicates impairment.) Impairment loss is determined using the depreciated replacement cost approach as follows: ~~[Deleted]~~

a Acquisition cost, 1999	10,000,000
Accumulated depreciation, 2003 (a × 4 ÷ 7)	5,714,286
b Carrying amount, 2003	4,285,714
c Replacement cost	500,000
Accumulated depreciation (c × 4 ÷ 7)	285,714
d Recoverable Service Amount	214,286
Impairment loss (b – d)	4,071,428

Near Cessation in Demand for the Services Provided by a Non-cash-Generating Asset—Underutilized Mainframe Software Application ~~[Deleted]~~

IE3. In 1999, the City of Kermann purchased a software license for an application for its new mainframe computer for CU350,000. Kermann estimated that the useful life of the software would be seven years, and that it would receive economic benefits and service potential from the software on a straight-line basis over the life of the software. By 2003, usage of the application had declined to 15 percent of its originally anticipated demand.

A license for a software application to replace the remaining service potential of the impaired software application costs CU70,000. [Deleted]

Evaluation of Impairment [Deleted]

- IE4. The indication of impairment is technological change, brought about by the loss of mainframe computer capacity. [Deleted]

a Acquisition cost, 1999	350,000
Accumulated depreciation, 2003 ($a \times 4 \div 7$)	200,000
b Carrying amount, 2003	150,000
c Replacement cost	70,000
Accumulated amortization ($c \times 4 \div 7$)	40,000
d Recoverable Service Amount	30,000
Impairment loss ($b - d$)	120,000

Significant Long-term Change with Adverse Effect on the Entity in the Manner of Use—School Used as Warehouse
[Deleted]

- IE5. In 1997, Lunden School District constructed an elementary school at a cost of CU10 million. The estimated useful life of the school is fifty years. In 2003, the school is closed because enrollments in the district declined unexpectedly due to a population shift caused by the bankruptcy of a major employer in the area. The school is converted to use as a storage warehouse, and Lunden School District has no expectation that enrollments will increase in the future such that the building would be reopened for use as a school. The current replacement cost for a warehouse with the same storage capacity as the school is CU4.2 million. [Deleted]

Evaluation of Impairment [Deleted]

- IE6. Impairment is indicated, because the purpose for which the building is used has changed significantly from a place for instructing students to a storage facility, and this is not anticipated to change for the foreseeable future. An impairment loss using depreciated replacement cost approach would be determined as follows: [Deleted]

a Historical cost, 1997	10,000,000
Accumulated depreciation, 2003 ($a \times 6 \div 50$)	1,200,000
b Carrying amount, 2003	8,800,000
c Replacement cost of a storage facility of similar capacity	4,200,000
Accumulated depreciation ($c \times 6 \div 50$)	504,000
d Recoverable Service Amount	3,696,000
Impairment loss ($b - d$)	5,104,000

Significant Long-term Change with Adverse Effect on the Entity in the Extent of Use—School Partially Closed Due to Decline in Enrollment [Deleted]

IE7. In 1983, the Lutton School District constructed a school at the cost of CU2.5 million. The entity estimated the school would be used for 40 years. In 2003, the enrollment declined from 1000 to 200 students as the result of population shift caused by the bankruptcy of a major employer in the area. The management decided to close the top two floors of the three-story school building. Lutton School District has no expectation that enrollments will increase in the future such that the upper stories would be reopened. The current replacement cost of the one-story school is estimated at CU1.3 million. [Deleted]

Evaluation of Impairment [Deleted]

IE8. Impairment is indicated because the extent of use of the school has changed from three floors to one floor as the result of a reduction in the number of students from 1000 to 200 students. The reduction in the extent of use is significant, and the enrollment is expected to remain at the reduced level for the foreseeable future. Impairment loss using a depreciated replacement cost approach would be determined as follows: [Deleted]

a Acquisition cost, 1983	2,500,000
Accumulated depreciation, 2003 ($a \times 20 \div 40$)	1,250,000
b Carrying amount, 2003	1,250,000
c Replacement cost	1,300,000
Accumulated depreciation ($c \times 20 \div 40$)	650,000
d Recoverable Service Amount	650,000
Impairment loss (b – d)	600,000

Restoration Cost Approach [Deleted]*Physical Damage—School Bus Damaged in Road [Deleted]*

IE9. In 1998, North District Primary School acquired a bus at the cost of CU200,000 to help students from a nearby village to commute free of charge. The school estimated a useful life of 10 years for the bus. In 2003, the bus sustained damage in a road accident, requiring CU40,000 to be restored to a usable condition. The restoration will not affect the useful life of the asset. The cost of a new bus to deliver a similar service is CU250,000 in 2003. [Deleted]

Evaluation of Impairment [Deleted]

IE10. Impairment is indicated because the bus has sustained physical damage in the road accident. Impairment loss using the restoration cost approach would be determined as follows: [Deleted]

a Acquisition cost, 1998	200,000
Accumulated depreciation, 2003 ($a \times 5 \div 10$)	100,000
b Carrying amount, 2003	100,000
c Replacement cost	250,000
Accumulated depreciation ($c \times 5 \div 10$)	125,000
d Depreciated replacement cost (undamaged state)	125,000

Less: restoration cost	40,000
e Recoverable Service Amount	85,000
Impairment loss (b – e)	15,000

Physical Damage—Building damaged by fire [Deleted]

- IE11. In 1984, the City of Moorland built an office building at a cost of CU50 million. The building was expected to provide service for 40 years. In 2003, after 19 years of use, fire caused severe structural problems. Due to safety reasons, the office building is closed, and structural repairs costing CU35.5 million are to be made to restore the office building to an occupiable condition. The replacement cost of a new office building is CU100 million. [Deleted]

Evaluation of Impairment [Deleted]

- IE12. Impairment is indicated because the office building has sustained physical damage due to the fire. Impairment loss using a restoration-cost approach would be determined as follows: [Deleted]

a Acquisition cost, 1984	50,000,000
Accumulated depreciation, 2003 (a × 19 ÷ 40)	23,750,000
b Carrying amount, 2003	26,250,000
c Replacement cost (of a new building)	100,000,000
d Accumulated depreciation (c × 19 ÷ 40)	47,500,000
Depreciated replacement cost (undamaged)	52,500,000
Less: restoration cost	35,500,000
e Recoverable Service Amount	17,000,000
Impairment loss (b – e)	9,250,000

Service Units Approach [Deleted]

Significant Long-term Change with Adverse Effect on the Entity in the Extent of Use—High-rise Building Partially Unoccupied for the Foreseeable Future [Deleted]

- IE13. In 1988, Ornog City Council constructed a 20-story office building for use by the Council in downtown Ornog at the cost of CU80 million. The building was expected to have a useful life of 40 years. In 2003, National Safety Regulations required that the top four stories of high-rise buildings should be left unoccupied for the foreseeable future. The building has a fair value less costs to sell of CU45 million in 2003 after regulations came into force. The current replacement cost of a similar 20-story building is CU85 million. [Deleted]

Evaluation of Impairment [Deleted]

- IE14. Impairment is indicated because the extent of use of the office building has changed from 20 floors to 16 floors as the result of new National Safety Regulations. The reduction in the extent of use is significant, and the occupation of the building is expected to remain at the reduced level (16 floors) for the foreseeable future. Impairment loss using the service units approach would be determined as follows: [Deleted]

a	Acquisition cost, 1988	80,000,000
	Accumulated depreciation, 2003 $(a \times 15 \div 40)$	30,000,000
b	Carrying amount, 2003	50,000,000
c	Replacement cost (20-story building)	85,000,000
	Accumulated depreciation $(c \times 15 \div 40)$	31,875,000
d	Depreciated replacement cost before adjustment for remaining service units	53,125,000
e	Value in Use of the building after the regulation came into force $(d \times 16 \div 20)$	42,500,000
f	Fair value less costs to sell of the building after regulation came into force	45,000,000
g	Recoverable service amount (higher of e and f)	45,000,000
	Impairment loss $(b - g)$	5,000,000

Evidence from Internal Reporting—Higher Cost of Operating the Printing Machine [Deleted]

- IE15. In 1998, Country X Education Department purchased a new printing machine at a cost of CU40 million. The Department estimated that the useful life of the machine would be 40 million copies of books to be printed over 10 years for use by elementary school students. In 2003, it was reported that an automated feature of the machine's function does not operate as expected, resulting in a 25 percent reduction in the machine's annual output level over the remaining 5 years of the useful life of the asset. The replacement cost of a new printing machine is CU45 million in 2003. [Deleted]

Evaluation of Impairment [Deleted]

- IE16. Impairment is indicated by evidence from internal reporting that the service performance of the printing machine is worse than expected. Circumstances suggest that the decline in the service potential of the asset is significant and of a long-term nature. Impairment loss using a service units approach is determined as follows: [Deleted]

a	Acquisition cost, 1998	40,000,000
	Accumulated depreciation $(a \times 5 \div 10)$	20,000,000
b	Carrying amount, 2003	20,000,000
c	Replacement cost	45,000,000
	Accumulated depreciation $(c \times 5 \div 10)$	22,500,000
d	Depreciated replacement cost before adjustment for remaining service units	22,500,000
e	Recoverable Service Amount $(d \times 75\%)$	16,875,000
	Impairment loss $(b - e)$	3,125,000

Measurement of Impairment Losses

Introduction and Assumptions

- IE17. The following examples illustrate the measurement of impairment losses following the identification of the indications of impairment in paragraph 27. The indications of impairment apply to assets on both the historical cost model and the current value model for measurement subsequent to recognition. The examples cover both models.
- IE18. In these examples:
- The straight-line method of depreciation is applied. For simplicity, there is no change to useful lives.
 - Revaluations under the current value model are assumed to have been made with sufficient regularity for the carrying amount to not differ materially from that which would be determined using the current value at the reporting date.

Indication of Impairment (a): Cessation, or near cessation, of the demand or need for services provided by the asset—Near complete cessation in demand for incinerator following closure of general hospital.

Fact Pattern

- IE19. Swansway Health Authority (HA) operates an incinerator for medical waste for medical facilities in its geographical area. The incinerator was constructed in 2017 at a cost of CU600,000, with an estimated useful life of 30 years. The main general hospital accounts for 95% of the waste processed by the incinerator.
- IE20. In 2023 there is a national reorganization of secondary healthcare. This reorganization involves the closure of the general hospital, apart from accident and emergency services, and the centralization of general surgery and medical specialties in the new general hospital of neighboring Goosedown HA. Following this reorganization, there is a near complete cessation of demand for the incinerator. Swansway HA does not think that there is any prospect of demand returning to previous levels, as there are no alternative users of the incinerator.
- IE21. Swansway HA has adopted the historical cost model for measurement subsequent to recognition.

Analysis

- IE22. It is estimated that a smaller incinerator providing 5%-10% of the current capacity can be acquired for CU320,000, including necessary site-specific adaptations. There is a very limited market for incinerators of the type operated by Swansway HA and current operational value, using the cost approach, is therefore the determinant of recoverable service amount. There is no need to estimate fair value less costs to sell.

	<u>CU000</u>
<u>A Construction cost, 2017</u>	<u>600</u>
<u>Accumulated depreciation ($A \times 6 \div 30$)</u>	<u>120</u>
<u>B Carrying amount, 2023</u>	<u>480</u>
<u>C Recoverable Service Amount (Current Operational Value of incinerator with 5%-10% of current incinerator's capacity)</u>	<u>320</u>
<u>D Impairment loss (B-C)</u>	<u>160</u>

- IE23. The carrying amount of the incinerator is reduced to CU320,000. The impairment loss of CU160,000 is taken to surplus/deficit.

Indication of impairment (b) Significant long-term changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, legal, or government policy environment in which the entity operates—Reduction in demand for educational support services following legislative change.

Fact Pattern

- IE24. In 2004 Mullhall School District (SD) acquired an office building with four floors in a central city location in which to house educational support services for CU700,000. The building had an estimated useful life of 40 years. In 2020 there was a legislative change giving schools more budget flexibility and greater discretion over the procurement of these services. Many sought alternative provision leading to a decline in demand for services provided by Mullhal SD.
- IE25. By 2023 demand for education support services was about 75% of the 2020 level. Mullhall SD does not foresee demand returning to previous levels. Mullhal SD estimates that the education support services, after the demand reduction, can be provided in a building with about 30% of the floor area of the current building. Mullhal SD has looked into the possibility of leasing out three floors of the building but decides that because the building needs to be secure for students and their families, this is not feasible. Mullhal SD therefore treats the building as a single unit of account.
- IE26. Mullhall SD has adopted the current value model for measurement subsequent to recognition. Mullhall SD has a rolling program of revaluations. The next revaluation of the building is scheduled for 2025. Because of the indication of impairment, the revaluation is brought forward to 2023, so that the building can be tested for impairment.

Analysis

- IE27. Because the office building is non-cash-generating and held for operational capacity it is measured at current operational value. The carrying amount in 2023 is CU500,000. No decision has been made to sell the building, so it is not in scope of IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations*.
- IE28. There are no restrictions on the building's use. There is a buoyant market for commercial property with average sale prices having increased by 20% in the 2020-2023 period. Mullhal SD therefore considers that fair value less costs to sell is the relevant metric for determining recoverable service amount. There is no need to re-determine current operational value. Fair value less costs to sell is determined as CU2,000,000.

CU000

A	<u>Carrying Amount, 2023</u>	<u>500</u>
B	<u>Recoverable Service Amount (Fair Value less Costs to Sell)</u>	<u>2,000</u>
C	<u>Impairment Loss (B>A)</u>	<u>0</u>

- IE29. There is no impairment loss because recoverable service amount exceeds carrying amount. Although the asset's service potential has diminished, the resources embodied in the asset can be recovered through sale in an orderly market, which is legally permitted and feasible. Therefore, Mullhal SD continues to carry the building on its statement of financial position at CU500,000.

Indication of Impairment (b): Significant long-term changes with adverse effects on the entity have taken place during the reporting period, or will take place in the near future, in the technological, legal, or government policy environment in which the entity operates—Occupancy changes to residential home for children due to regulatory change.

Fact Pattern

- IE30. Blackwood City Council (CC) acquired a residential home for children in 2003. The residential home had an estimated useful life of 50 years. Until 2023 the home had a capacity of 100 children. In 2023 revised government regulations imposed restrictions on occupancy by residential home. As a result, the capacity was reduced to 50 children. Covenants restrict the use of the building to the provision of social services.
- IE31. Blackwood CC has adopted the current value model for measurement subsequent to recognition. The carrying amount prior to the impairment indication in 2023 is CU1,800,000. Blackwood CC has a rolling program of revaluations. The next valuation of the residential home is scheduled for 2026. Because of the indication of impairment, the valuation is brought forward to 2023. A valuer's report indicates that Blackwood CC could acquire a residential building of similar age and location suitable for 50 children for CU1,000,000. Adaptations in order to meet regulatory requirements will cost a further CU200,000 making a total cost of CU1,200,000.

Analysis

- IE32. Blackwood CC determines that, because of the covenants restricting usage of the building and the site, current operational value using the cost approach is the relevant measurement basis for determining recoverable service amount. Therefore, there is no need to determine fair value less costs to sell.

	<u>CU000</u>
A <u>Carrying Amount, 2023</u>	<u>1,800</u>
B <u>Recoverable Service Amount (Current Operational Value after impairment testing)</u>	<u>1,200</u>
C <u>Impairment Loss B-A</u>	<u>600</u>

- IE33. The carrying amount of the residential home in the statement of financial position is reduced to CU1,200,000. There is an impairment loss of CU600,000. Part of this impairment loss is debited to the revaluation reserve up to the level of previous revaluation gains. The remainder is debited to surplus/deficit.

Indication of impairment (c): Physical Damage—Bridge Damaged as a Result of Ship Colliding with Fabric of Infrastructure

Fact Pattern

- IE34. Creech City Council constructed a road bridge spanning the Grand River in 1998. The construction cost of CU20,000,000 was largely financed by grants from the state and national governments. The bridge had an estimated useful life of fifty years. Creech City Council has adopted the historical cost model for measurement subsequent to recognition.
- IE35. In 2023 three lanes out of four were closed due to structural damage after a ship collided with one of the supporting pillars. Creech City Council expects to repair the bridge in the upcoming year, and has allowed one lane of the bridge to remain open for use at the reporting date.

Analysis

- IE36. At year end the recoverable service amount is estimated to be CU 5,000,000. It is not possible to sell the bridge so fair value less costs to sell is zero.

		CU000
	<u>A</u> <u>Construction cost, 1998</u>	<u>20,000</u>
	<u>Accumulated depreciation, 2023 (A × 25 ÷ 50)</u>	<u>10,000</u>
	<u>B</u> <u>Carrying amount, 2023</u>	<u>10,000</u>
	<u>C</u> <u>Recoverable Service Amount (Current Operational Value after impairment testing)</u>	<u>5,000</u>
	<u>D</u> <u>Impairment loss (B-C)</u>	<u>5,000</u>
IE37.	<u>There is an impairment loss of CU5,000. This is taken to surplus/deficit. The impairment loss may be fully or partially reversed in a subsequent measurement period when Creech City Council repairs the bridge. The effect of such an event should be recognized in the reporting period when the work takes place.</u>	

Indication of impairment (d): Significant long-term changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used—School Used as Warehouse

Fact Pattern

IE38. In 2017 Lunden School District (SD) constructed an elementary school at a cost of CU1,000,000. The estimated useful life of the school building was fifty years. In 2023, the school closed because enrolments in the district declined unexpectedly due to a population decrease caused by the bankruptcy of the major employer in the area. Following closure, the school was converted for use as a storage warehouse for educational materials. Restrictions prevent the sale of the building and site for non-educational purposes. Lunden SD has adopted the historical cost model for measurement subsequent to recognition. The carrying amount of the building in 2023 prior to conversion was CU880,000.

Analysis

IE39. Lunden SD does not expect enrolments to increase in the future and therefore does not anticipate the building reopening as a school. The estimated cost of a warehouse with the same storage capacity as the school using the cost approach is CU300,000. The warehouse has the same remaining useful life as the school. Because the building can only be used for educational purposes fair value less costs to sell is lower than current operational value.

		CU000
	<u>A</u> <u>Acquisition cost, 2017</u>	<u>1,000</u>
	<u>Accumulated depreciation, 2023 (A × 6 ÷ 50)</u>	<u>120</u>
	<u>B</u> <u>Carrying amount, 2023</u>	<u>880</u>
	<u>C</u> <u>Recoverable Service Amount (Current Operational Value of warehouse with same storage capacity as school)</u>	<u>300</u>
	<u>D</u> <u>(d) Impairment loss (B-C)</u>	<u>580</u>
IE40.	<u>There is an impairment loss of CU580,000. This is taken to surplus/deficit. The carrying amount of the building is reduced to CU300,000.</u>	

Indication of Impairment (e): A decision to halt the construction of the asset before it is complete or in a usable condition—Halt to capital project to improve and integrate stations in mass transit system

Fact Pattern

- IE41. The Department of Transport (DoT) of Highside State Government operates the mass transit system for Metroland City, which includes an overground commuter railway and a subway network. There are two separate stations called ‘Altgate’ in Metroland City — for the overground railway and the subway. The two stations are not linked and have separate entrances 500 meters apart.
- IE42. As the first phase of a broader longer-term program to integrate public transport in 2022, the DoT initiated a capital project to integrate the two stations so that passengers can transfer between overground and subway networks without changing stations. The project includes a new concourse area, escalators between the two levels, and a new air-conditioning system. The construction work in this phase is planned to take five years.
- IE43. Highside State Government has adopted the historical cost model for measurement subsequent to recognition. As at 2023, assets of CU1,000,000 had been recognized for this project. In 2023 due to a sudden and severe financial crisis the program has to be terminated. At the reporting date there is no intention of the program resuming.

Analysis

- IE44. As there is no intention to resume the construction works it is inappropriate to treat the program as deferred. Any resale value of the components of the construction works is estimated to be immaterial, so fair value less costs to sell is not relevant. The CU1,000,000 assets are written off to surplus/deficit.

Impairment Indicator (f): Evidence from Internal Reporting — Service performance of an asset is, or is expected to be, significantly worse than expected—Printer producing less copies than originally estimated

Fact Pattern

- IE45. In 2019, Readam Education Department (ED) purchased a new printing machine in order to produce books for elementary school pupils. Readam ED has adopted the current value model for measurement subsequent to recognition. Readam ED has a rolling program of revaluations. The next revaluation is scheduled for 2024. This is brought forward because of the impairment indication. The carrying amount prior to the impairment indication was CU24,000.
- IE46. At the time of purchase, Readam ED estimated that 40,000 copies of books would be printed annually over the estimated 10-year useful life of the machine. In 2023 an internal review, identified that an automated feature of the machine does not operate as expected, resulting in a projected 25 percent reduction in the machine’s annual output level over the remaining five years of the useful life of the asset (30,000 copies annually). Repairing the printing machine is not feasible, because the parts are no longer available. The resale value is therefore negligible.

Analysis

- IE47. Recoverable service amount is estimated by reference to the cost of a printing machine with the same output as the impaired asset (30,000 annual copies), rather than the cost of replacing the original asset (40,000 annual copies). Readam ED obtains quotes for a machine with an output of 30,000 annual copies. The cheapest quote for a printing machine that does not require adaptation is CU15,000.

	<u>CU000</u>
<u>A</u> <u>Carrying Amount in 2023</u>	<u>24</u>
<u>B</u> <u>Recoverable Service Amount (Current Operational Value of printing machine with capacity to produce 30,000 annual copies)</u>	<u>15</u>
<u>C</u> <u>Impairment Loss (A-B)</u>	<u>9</u>
IE48. <u>The carrying amount of the printer is reduced to CU15,000. There is an impairment loss of CU9,000. This is taken to surplus/deficit as there has not been any surplus arising from a prior revaluation.</u>	

COMPARISON WITH IAS 36

IPSAS 21 is drawn primarily from IAS 36 (2004). The main differences between IPSAS 21 and IAS 36 are as follows:

...

- ~~The method of measurement of value in use of a non-cash-generating asset under IPSAS 21 is different from that applied to a cash-generating asset under IAS 36. IPSAS 21 measures the value in use of a non-cash-generating asset as the present value of the asset's remaining service potential using a number of approaches. IAS 36 measures the value in use of a cash-generating asset as the present value of future cash flows from the asset. The recoverable service amount in IPSAS 21 is the highest of fair value less cost to sell and current operational value, while in IAS 36 the recoverable amount is the highest of fair value less cost to sell and value in use.~~

...

AMENDMENT: PART 3 – DEFINITION OF ACCOUNTING ESTIMATES (IPSAS 3)**Amendments to IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors***

Paragraphs 7, 37, 39, 43, and 53 are amended. Paragraphs 37A, 37B, 39A, 59H and IG18-IG21 are added. Paragraphs IG14-IG17 are deleted. New headings are inserted before paragraphs 39, 41, and IG18 and new subheadings are inserted before paragraphs IG18 and IG20. New text is underlined and deleted text is struck through.

...

Definitions

7 The following terms are used in this Standard with the meanings specified:

Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty.

~~A change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not correction of errors.~~

...

Changes in Accounting Estimates

37 An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty—that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. As a result of the uncertainties inherent in delivering services, conducting trading, or other activities, many items in financial statements cannot be measured with precision but can only be estimated. Developing accounting estimates involves the use of judgments or assumptions. Estimation involves judgments based on the latest available, reliable information. Examples of accounting estimates include For example, estimates may be required of:

- (a) Tax revenue due to government;
- (b) A loss allowance for expected credit losses, applying IPSAS 41, Financial Instruments~~Bad debts arising from uncollected taxes;~~
- (c) The net realizable value or current operational value of an item of inventory, applying IPSAS 12, Inventories and IPSAS 46, Measurement respectively~~Inventory obsolescence;~~
- (d) The fair value of an asset or liability, applying IPSAS 46~~financial assets or financial liabilities;~~
- (e) The depreciation expense for an item of property, plant, and equipment, applying IPSAS 45, Property, Plant, and Equipment~~The useful lives of, or expected pattern of consumption of future economic benefits or service potential embodied in, depreciable assets, or the percentage completion of road construction; and~~
- (f) A provision for ~~W~~warranty obligations, applying IPSAS 19, Provisions, Contingent Liabilities and Contingent Assets.

37A. An entity uses estimation techniques (for example, techniques used to measure a loss allowance for expected credit losses applying IPSAS 41), measurement techniques (for example, techniques used to

measure the fair value of an asset or liability applying IPSAS 46), and inputs to develop an accounting estimate.

- 37B. The term 'estimate' in IPSAS sometimes refers to an estimate that is not an accounting estimate as defined in this Standard. For example, it sometimes refers to an input used in developing accounting estimates.

...

Changes in Accounting Estimates

39. An entity may need to change an accounting estimate ~~may need revision~~ if changes occur in the circumstances on which the accounting estimate was based or as a result of new information, new developments or more experience. By its nature, a change in an accounting ~~the revision of an~~ estimate does not relate to prior periods and is not the correction of an error.
- 39A. The effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates unless they result from the correction of prior period errors.

Applying changes in accounting estimates

...

43. Prospective recognition of the effect of a change in an accounting estimate means that the change is applied to transactions, other events, and conditions from the date of that ~~the change in estimate~~. A change in an accounting estimate may affect only the current period's surplus or deficit, or the surplus or deficit of both the current period and future periods. For example, a change in a loss allowance for expected credit losses ~~the estimate of the amount of bad debts~~ affects only the current period's surplus or deficit, and therefore is recognized in the current period. However, a change in the estimated useful life of, or the expected pattern of consumption of economic benefits or service potential embodied in, a depreciable asset affects the depreciation expense for the current period and for each future period during the asset's remaining useful life. In both cases, the effect of the change relating to the current period is recognized as revenue or expense in the current period. The effect, if any, on future periods is recognized in future periods.

...

Errors

...

Limitations of Retrospective Restatement

...

53. Corrections of errors are distinguished from changes in accounting estimates. Accounting estimates by their nature are approximations that may need changing ~~revision~~ as additional information becomes known. For example, the gain or loss recognized on the outcome of a contingency is not the correction of an error.

...

Effective Date

...

- 59H Paragraphs 7, 37, 39, 43, and 53 are amended, paragraphs 37A, 37B, and 39A are added by Part 3 of *Amendments to IPSAS Standard as a Result of the Application of IPSAS 46, Measurement*, issued in August 2025. An entity shall apply these amendments for annual financial statements covering periods beginning on or after January 1, 2028. Earlier application is permitted. An entity shall apply

the amendments to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the first annual reporting period in which it applies the amendments.

...

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, IPSAS 3.

...

Revision of IPSAS 3 as a result of Part 3 of Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, Measurement issued in August 2025

- BC20. The IPSASB reviewed the revisions to IAS 8, *Basis of Preparation of Financial Statements* (previously titled *Accounting Policies, Changes in Accounting Estimates and Errors*) included in *Definition of Accounting Estimates* (Amendments to IAS 8) issued by the IASB in February 2021, and the IASB's rationale for making these amendments as set out in their Basis for Conclusions. The IPSASB generally concurred that there was no public sector specific reason for not adopting these amendments.
- BC21. The IPSASB noted an inconsistency in terminology between the IASB and the IPSASB literature, specifically with the term 'measurement techniques'. The IPSASB decided to align the terminology in the IPSAS 3 improvement with IPSAS 46, *Measurement*, thus 'valuation techniques' in IAS 8 was replaced with 'measurement techniques' as used in IPSAS 46, and the umbrella term 'measurement techniques' in IAS 8 is not required in the improvements to IPSAS 3.
- BC22. In August 2024, the IPSASB published Exposure Draft (ED) 90, Amendments to IPSAS as a Result of the Application of IPSAS 46, *Measurement*, which proposed adding a definition of accounting estimates and related amendments consistent with the amendments in the IASB's *Definition of Accounting Estimates* (Amendments to IAS 8). The IPSASB decided to proceed with the amendments proposed in Part 3 of ED 90 because the guidance is expected to help entities in the public sector to distinguish between changes in accounting policies and changes in accounting estimates.

...

Implementation Guidance

This Implementation Guidance accompanies, but is not part of, IPSAS 3.

...

Prospective Application of a Change in Accounting Policy When Retrospective Application is not Practicable **[Deleted]**

IG14. ~~During 20X2, the entity changed its accounting policy for depreciating property, plant, and equipment, so as to apply much more fully a components approach, while at the same time adopting the revaluation model.~~
~~[Deleted]~~

IG15. ~~In years before 20X2, the entity's asset records were not sufficiently detailed to apply a components approach fully. At the end of year 20X1, management commissioned an engineering survey, which provided information on the components held and their fair values, useful lives, estimated residual values, and depreciable amounts at the beginning of 20X2. However, the survey did not provide a sufficient basis for reliably estimating the cost of those components that had not previously been accounted for separately, and the existing records before the survey did not permit this information to be reconstructed.~~ ~~[Deleted]~~

IG16. ~~Management considered how to account for each of the two aspects of the accounting change. They determined that it was not practicable to account for the change to a fuller components approach retrospectively, or to account for that change prospectively from any earlier date than the start of 20X2. Also, the change from a cost model to a revaluation model is required to be accounted for prospectively. Therefore, management concluded that it should apply the entity's new policy prospectively from the start of 20X2.~~
~~[Deleted]~~

IG17. Additional information: ~~[Deleted]~~

CU

~~Property, plant and equipment~~

Cost	25,000
-----------------	--------

Depreciation	(14,000)
-------------------------	----------

Net book value	11,000
---------------------------	--------

Prospective depreciation expense for 20X2 (old basis)	1,500
--	-------

~~Some results of the engineering survey~~

Valuation	17,000
----------------------	--------

Estimated residual value	3,000
-------------------------------------	-------

Average remaining assets life (years)	7
--	---

Depreciation expense on existing property, plant and equipment for 20X2 (new basis)	2,000
--	-------

Extracts from Notes to the Financial Statements

~~From the start of 20X2, the entity changed its accounting policy for depreciating property, plant, and equipment, so as to apply much more fully a components approach, while at the same time adopting the revaluation model. Management takes the view that this policy provides faithfully representative and more relevant information, because it deals more accurately with the components of property, plant, and equipment and is based on up-to-date values. The policy has been applied prospectively from the start of 20X2, because it was not practicable to estimate the effects of applying the policy either retrospectively or prospectively from any earlier date. Accordingly the adopting of the new policy has no effect on prior periods. The effect on the current year is to (a) increase the carrying amount of property, plant, and equipment at the start of the year by CU6,000, (b) create a revaluation reserve at the start of the year of CU6,000, and (c) increase depreciation expense by CU500.~~

Applying the definition of accounting estimates—Fair value of an investment property

Fact pattern

- IG18. Entity A owns an investment property that it accounts for by applying the current value model in IPSAS 16, Investment Property. Since it acquired the investment property, Entity A has been measuring the investment property's fair value using a measurement technique consistent with the income approach described in IPSAS 46, Measurement.
- IG19. However, because of changes in market conditions since the previous reporting period, Entity A changes the measurement technique it uses to a measurement technique consistent with the market approach described in IPSAS 46. Entity A has concluded that the resulting measurement is more representative of the investment property's fair value in the circumstances existing at the end of the current reporting period and, therefore, that IPSAS 46 permits such a change. Entity A has also concluded that the change in the measurement technique is not a correction of a prior period error.

Applying the definition of accounting estimates

- IG20. The fair value of the investment property is an accounting estimate because:
- (a) The fair value of the investment property is a monetary amount in the financial statements that is subject to measurement uncertainty. Fair value reflects the price that would be received or paid in a hypothetical sale or purchase transaction between market participants—accordingly, it cannot be observed directly and must instead be estimated.
 - (b) The fair value of the investment property is an output of a measurement technique used in applying the accounting policy (current value model).
 - (c) In developing its estimate of the fair value of the investment property, Entity A uses judgements and assumptions, for example, in:
 - (i) Selecting the measurement technique that is appropriate in the circumstances; and
 - (ii) Applying the measurement technique—developing the inputs that market participants would use in applying the measurement technique, such as information generated by market transactions involving comparable assets.
- IG21 In this fact pattern, the change is in the measurement technique applied to estimate the fair value of the investment property. The effect of this change is a change in an accounting estimate because the accounting policy—to measure the investment property at fair value in the current value model—has not changed.

Amendments to Other IPSAS Standards

Amendments to IPSAS 40, *Public Sector Combinations*

Paragraphs 120(p)(ii), 124(b)(iii), and AG91 are amended. Paragraph 126I is added. Subheading above paragraph AG94 is amended. New text is underlined and deleted text is struck through.

...

Disclosures

...

120. To meet the objective in paragraph 119, the acquirer shall disclose the following information for each acquisition that occurs during the reporting period:

...

(p) For each acquisition in which the acquirer holds less than 100 percent of the quantifiable ownership interests or equivalent in the acquired operation at the acquisition date:

...

(ii) For each non-controlling interest in an acquired operation measured at fair value, the measurement ~~valuation~~ technique(s) and significant inputs used to measure that value.

...

124. To meet the objective in paragraph 123, the acquirer shall disclose the following information for each material acquisition or in the aggregate for individually immaterial acquisitions that are material collectively:

...

(b) For each reporting period after the acquisition date until the entity collects, sells or otherwise loses the right to a contingent consideration asset, or until the entity settles a contingent consideration liability or the liability is cancelled or expires:

...

(iii) The measurement ~~valuation~~ techniques and key model inputs used to measure contingent consideration.

...

Effective Date and Transition

Effective Date

...

126I. Paragraphs 120(p)(ii), 124(b)(iii), and AG91 are amended, and the subheading above paragraph AG94 is amended by Part 3 of *Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, Measurement*, issued in August 2025. An entity shall apply these amendments for annual financial statements covering periods beginning on or after January 1, 2028. Earlier application is permitted.

...

Appendix A

Application Guidance

This Appendix is an integral part of IPSAS 40.

...

Accounting for Acquisitions

Measuring the Fair Value of Particular Identifiable Assets and a Non-Controlling Interest in an Acquired Operation in an Acquisition (see paragraphs 72–73)

...

Non-Controlling Interest in an Acquired Operation

...

AG91. This Standard allows the acquirer to measure a non-controlling interest in the acquired operation at its fair value at the acquisition date. Sometimes an acquirer will be able to measure the acquisition-date fair value of a non-controlling interest on the basis of a quoted price in an active market for the equity shares (i.e., those not held by the acquirer). In other situations, however, a quoted price in an active market for the equity shares will not be available. In those situations, the acquirer would measure the fair value of the non-controlling interest using other measurement ~~valuation~~ techniques.

...

Measuring the Acquisition-Date Fair Value of the Acquirer's Interest in the Acquired Operation Using Measurement ~~Valuation~~ Techniques (see paragraph 87)

AG94. In an acquisition achieved without the transfer of consideration, the acquirer must substitute the acquisition-date fair value of its interest in the acquired operation for the acquisition-date fair value of the consideration transferred to measure goodwill, a loss or a gain on a bargain purchase (see paragraphs 85–87).

...

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, IPSAS 40.

...

Revision of IPSAS 40 as a result of Part 3 of Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, Measurement issued in August 2025

BC96. The IPSASB replaced the term 'valuation techniques' with the term 'measurement techniques' for consistency with the new terminology introduced in IPSAS 46, *Measurement*.

...

Amendments to IPSAS 41, *Financial Instruments*

Paragraphs AG124, AG130, AG135 and AG136 are amended. Paragraph 156I is added. New text is underlined and deleted text is struck through.

...

Effective Date

156I. **Paragraphs AG124, AG130, AG135, and AG136 are amended by Part 3 Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, Measurement, issued in August 2025. An entity**

shall apply these amendments for annual financial statements covering periods beginning on or after January 1, 2028. Earlier application is permitted.

...

Appendix A

Application Guidance

This Appendix is an integral part of IPSAS 41.

...

Initial Measurement

Concessionary Loans

...

AG124 An entity firstly assesses whether the substance of the concessionary loan is in fact a loan, a non-exchange transaction, a contribution from owners or a combination thereof, by applying the principles in IPSAS 28 and paragraphs AG152-AG153 of IPSAS 47. If an entity has determined that the transaction, or part of the transaction, is a loan, it assesses whether the transaction price represents the fair value of the loan on initial recognition. An entity determines the fair value of the loan by using the principles in paragraphs AG144–AG155. Where an entity cannot determine fair value by reference to an active market, it uses a measurement valuation technique. Fair value using a measurement valuation technique could be determined by discounting all future cash receipts using a market related rate of interest for a similar loan (see paragraph AG115).

...

Equity Instruments Arising from Non-Exchange Transactions

...

AG130. To the extent an equity instrument arises from the transaction, or component of the transaction, that is within the scope of this Standard, it is to be recognized initially at fair value in accordance with Paragraph 57. The equity instrument is to be measured subsequently in accordance with paragraphs 61–63. If the instrument does not have an active market, the entity shall consider measurement valuation techniques and inputs in paragraphs AG149–AG155 in determining its fair value.

...

Valuing Financial Guarantees Issued through a Non-Exchange Transaction

...

AG135. Where there is no active market for a directly equivalent guarantee contract; the entity considers whether a measurement valuation technique other than observation of an active market is available and provides a reliable measure of fair value. Such a measurement valuation technique may rely on mathematical models which consider financial risk. For example, National Government W guarantees a bond issue of Municipality X. As Municipality X has a government guarantee backing its bond issue, its bonds have a lower coupon than if they were not secured by a government guarantee. This is because the guarantee lowers the risk profile of the bonds for investors. The guarantee fee could be determined by using the credit spread between what the coupon rate would have been had the issue not been backed by a government guarantee and the rate with the guarantee in place. Where a fair value is obtainable either by observation of an active market or through another measurement valuation technique, the entity recognizes the financial guarantee at that fair value in the statement of financial position and recognizes an expense of an equivalent amount in the

statement of financial performance. When using a measurement ~~valuation~~ technique that is not based on observation of an active market an entity needs to satisfy itself that the output of any model is reliable and understandable.

- AG136. If no reliable measure of fair value can be determined, either by direct observation of an active market or through another measurement ~~valuation~~ technique, an entity is required to measure the financial guarantee contract at the amount of the loss allowance determined in accordance with paragraphs 73 to 93.

...

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, IPSAS 41.

...

Revision of IPSAS 41 as a result of Part 3 of Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, Measurement issued in August 2025

- BC53. The IPSASB replaced the term ‘valuation techniques’ with the term ‘measurement techniques’ for consistency with the new terminology introduced in IPSAS 46, *Measurement*.

...

Implementation Guidance

This Implementation Guidance accompanies, but is not part of, IPSAS 41.

...

Fair Value (paragraphs 31–34)

...

- IG15. IPSAS 30 requires a reconciliation from beginning to ending balances for those assets and liabilities that are measured in the statement of financial position at fair value based on a measurement ~~valuation~~ technique for which any significant input is not based on observable market data (Level 3). A tabular format is required unless another format is more appropriate. An entity might disclose the following for assets to comply with Paragraph 33(b). (Disclosure of comparative information is also required, but is not included in the following example).

...

Amendments to IPSAS 45, Property Plant, and Equipment

Paragraphs 79(a) and 81(d) are amended. Paragraph 87E is added. New text is underlined and deleted text is struck through.

...

Disclosure

...

Current Value Measurement

79. An entity shall disclose information that helps users of its financial statements assess both of the following:

- (a) For property, plant, and equipment that are measured at current operational value or fair value in the statement of financial position after initial recognition, the measurement ~~valuation~~ techniques and inputs used to develop those measurements.

...

81. To meet the objectives in paragraph 79, an entity shall disclose, at a minimum, the following information for each class of property, plant, and equipment (see paragraph 82 for information on determining appropriate classes of property, plant, and equipment for current value measurement disclosures) measured at current operational value or fair value in the statement of financial position after initial recognition:

...

- (d) For current operational value or fair value measurements estimated using unobservable inputs, a description of the measurement technique(s) and the inputs used in the current operational value or fair value measurement. If there has been a change in measurement technique (e.g., changing from a cost approach to a market approach or the use of an additional measurement ~~valuation~~ technique), the entity shall disclose that change and the reason(s) for making it. For fair value measurements categorized within Level 3 of the fair value hierarchy, or for current operational value or fair value measurements estimated using significant unobservable inputs, an entity shall provide quantitative information about the significant unobservable inputs used in the current operational value or fair value measurement. An entity is not required to create quantitative information to comply with this disclosure requirement if quantitative unobservable inputs are not developed by the entity when measuring current operational value or fair value (e.g., when an entity uses prices from prior transactions or third-party pricing information without adjustment). However, when providing this disclosure an entity cannot ignore quantitative unobservable inputs that are significant to the current operational value or fair value measurement and are reasonably available to the entity.

...

Effective Date and Transition

Effective Date

...

- 85D. **Paragraphs 79(a) and 81(d) are amended by Part 3 of *Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, Measurement*, issued in August 2025. An entity shall apply these amendments for annual financial statements covering periods beginning on or after January 1, 2028. Earlier application is permitted.**

...

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, IPSAS 45.

...

Revision of IPSAS 45 as a result of Part 3 of *Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, Measurement* issued in August 2025

- BC91. The IPSASB replaced the term ‘valuation techniques’ with the term ‘measurement techniques’ for consistency with the new terminology introduced in IPSAS 46, *Measurement*.

...

Amendments to IPSAS 46, *Measurement*

Paragraphs B13 is amended. Paragraph 56B is added. New text is underlined and deleted text is struck through.

...

Effective Date and Transition

Effective Date

...

- 56B. Paragraph B13 is amended by Part 3 of ED 90, *Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, Measurement*, issued in August 2025. An entity shall apply these amendments for annual financial statements covering periods beginning on or after January 1, 2028. Earlier application is permitted.

...

Appendix B

Current Operational Value

This Appendix is an integral part of IPSAS 46.

...

Measurement

...

The Amount the Entity would Pay

...

Observable Inputs

...

- B13. When a price for an identical, or similar, asset is not observable, an entity measures current operational value using another measurement ~~valuation~~ technique that uses observable inputs, where feasible, such as when external resources are available and can be used.

...

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, IPSAS 46.

...

Revision of IPSAS 46 as a result of Part 3 of *Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, Measurement* issued in August 2025

- BC104. The IPSASB replaced the term 'valuation techniques' with the term 'measurement techniques' for consistency with the new terminology introduced in IPSAS 46, *Measurement*.

...

AMENDMENT: PART 4 – IMPROVEMENTS TO CURRENT VALUE MEASUREMENT DISCLOSURES

Amendments to IPSAS 16, *Investment Property*

Paragraphs 89A, and 89C(a)-89C(g) are amended. Paragraph 101N is added. New text is underlined and deleted text is struck through.

...

Disclosure

...

Current Value Measurement

89A. **An entity shall disclose information that helps users of its financial statements assess both of the following:**

- (a) **For investment properties that are measured at fair value ~~on a recurring or non-recurring basis~~ in the statement of financial position after initial recognition, the measurement techniques and inputs used to develop those measurements; and**
- (b) **For ~~recurring~~ fair value measurements using significant unobservable inputs (Level 3) in the statement of financial position after initial recognition, the effect of the measurements on surplus or deficit or net assets/equity for the period.**

...

89C. To meet the objectives in paragraph 89A, an entity shall disclose, at a minimum, the following information for each class of investment property (see paragraph 89D for information on determining appropriate classes of investment property) measured at fair value (including measurements based on fair value within the scope of IPSAS 46, *Measurement*) in the statement of financial position after initial recognition:

- (a) ~~For recurring and non-recurring fair value measurements, the fair value measurement at the end of the reporting period, and for non-recurring fair value measurements, the reasons for the measurement. Recurring fair value measurements of investment property are those that this Standard requires or permits in the statement of financial position at the end of each reporting period. Non-recurring fair value measurements of investment property are those that this Standard requires or permits in the statement of financial position in particular circumstances;~~
- (b) ~~For recurring and non-recurring fair value measurements, whether the fair value measurements are estimated using observable or unobservable inputs. For recurring and non-recurring fair value measurements, the level of the fair value hierarchy within which the fair value measurements are categorized in their entirety (Level 1, 2 or 3);~~
- (c) ~~For recurring and non-recurring fair value measurements estimated using unobservable inputs, a description of the measurement technique(s) and the inputs used in the fair value measurement. If there has been a change in measurement technique (e.g., changing from a market approach to an income approach or the use of an additional measurement technique), the entity shall disclose that change and the reason(s) for making it. For fair value measurements categorized within Level 3 of the fair value hierarchy, or for fair value measurements estimated using unobservable inputs, an entity shall provide quantitative information about the significant unobservable inputs used in the fair value measurement. An entity is not required to create quantitative information to comply with this disclosure requirement if quantitative unobservable inputs are not developed by the entity when measuring fair value (e.g., when an entity uses prices from prior transactions or third-party pricing information without~~

adjustment). However, when providing this disclosure an entity cannot ignore quantitative unobservable inputs that are significant to the fair value measurement and are reasonably available to the entity;

- (d) For ~~recurring~~ fair value measurements categorized within Level 3 of the fair value hierarchy, a reconciliation from the opening balances to the closing balances, disclosing separately changes during the period attributable to the following:
 - (i) ...
- (e) For ~~recurring~~ fair value measurements categorized within Level 3 of the fair value hierarchy, the amount of the total gains or losses for the period in (d)(i) included in surplus or deficit that is attributable to the change in unrealized gains or losses relating to those investment properties held at the end of the reporting period, and the line item(s) in surplus or deficit in which those unrealized gains or losses are recognized;
- (f) For ~~recurring and non-recurring~~ fair value measurements categorized within Level 3 of the fair value hierarchy, a description of the valuation processes used by the entity (including, for example, how an entity decides its valuation policies and procedures and analyses changes in fair value measurements from period to period); and
- (g) For ~~recurring~~ fair value measurements categorized within Level 3 of the fair value hierarchy:

...

Effective Date

- 101M. **Paragraphs 89A, and 89C(a)-89C(g) are amended by Part 4 of Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, Measurement, issued in August 2025. An entity shall apply these amendments for annual financial statements covering periods beginning on or after January 1, 2028. Earlier application is permitted.**

...

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, IPSAS 16.

...

Revision of IPSAS 16 as a result of Part 4 of Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, Measurement issued in August 2025

- BC13. During the development of ED 90, the IPSASB proposed to remove the terms ‘recurring’ and ‘non-recurring’ to enhance the consistency of current value measurement disclosure terminology across IPSAS.
- BC14. In August 2024, the IPSASB published Exposure Draft (ED) 90, Amendments to IPSAS as a Result of the Application of IPSAS 46, Measurement, which proposed enhancing current value measurement disclosures by removing the terms ‘recurring and non-recurring’ across IPSAS. While respondents supported the proposal:
- (a) A respondent suggested explaining when an asset is considered to be measured on a recurring or non-recurring basis after initial recognition; and
 - (b) A few respondents noted that the removal of ‘recurring and non-recurring’ expanded the scope to initial recognition for fair value measurement using significant unobservable inputs (Level 3).
- BC15. The IPSASB noted that:

- (a) These terms were removed because each IPSAS specifies whether an asset is measured on a recurring or non-recurring basis after initial recognition under a current value measurement basis. Therefore, explaining this within the current value measurement disclosures may lead to confusion. Instead, the IPSASB decided to enhance paragraph A.2. in Section A: Measurement, Implementation Guidance in IPSAS 46 to explain that the level of disclosures required is dependent on whether the asset is measured on a recurring or non-recurring basis at current value measurement basis after initial recognition.
- (b) The IPSASB agreed that the removal of 'recurring' in paragraphs that do not stipulate 'in the statement of financial position after initial recognition' could be interpreted to require current value measurement disclosures for assets initially measured at deemed cost.

BC16. In responding to constituents' comments, the IPSASB updated relevant current value measurement disclosure paragraphs across IPSAS to ensure the scope of current value measurement disclosures is limited to measuring assets using current value measurement basis in the statement of financial position after initial recognition.

...

Amendments to IPSAS 27, *Agriculture*

Paragraphs 46A, and 46C(a)-46C(g) are amended. Paragraph 56L is added. New text is underlined and deleted text is struck through.

...

Disclosure

...

General

...

Current Value Measurement

46A. **An entity shall disclose information that helps users of its financial statements assess both of the following:**

- (a) **For agricultural assets that are measured at fair value ~~on a recurring or non-recurring basis~~ in the statement of financial position after initial recognition, the measurement techniques and inputs used to develop those measurements; and**
- (b) **For ~~recurring~~ fair value measurements using significant unobservable inputs (Level 3) in the statement of financial position after initial recognition, the effect of the measurements on surplus or deficit or net assets/equity for the period**

...

46C. To meet the objectives in paragraph 46A, an entity shall disclose, at a minimum, the following information for each class of agricultural assets (see paragraph 46D for information on determining appropriate classes of agricultural assets) measured at fair value (including measurements based on fair value within the scope of IPSAS 46, *Measurement*) in the statement of financial position after initial recognition:

- (a) ~~For recurring and non-recurring fair value measurements, the fair value measurement at the end of the reporting period, and for non-recurring fair value measurements, the reasons for the measurement. Recurring fair value measurements of agricultural assets are those that this Standard requires or permits in the statement of financial position at the end of each reporting period. Non-recurring fair value measurements of agricultural assets are those that this Standard requires or permits in the statement of financial position in particular circumstances;~~
- (b) ~~For recurring and non-recurring fair value measurements, the level of the fair value hierarchy within which the fair value measurements are categorized in their entirety (Level 1, 2 or 3);~~
- (c) ~~For recurring and non-recurring fair value measurements estimated using unobservable inputs, a description of the measurement technique(s) and the inputs used in the fair value measurement. If there has been a change in measurement technique (e.g., changing from a market approach to an income approach or the use of an additional measurement technique), the entity shall disclose that change and the reason(s) for making it. For fair value measurements categorized within Level 3 of the fair value hierarchy, or for fair value measurements estimated using unobservable inputs, an entity shall provide quantitative information about the significant unobservable inputs used in the fair value measurement. An entity is not required to create quantitative information to comply with this disclosure requirement if quantitative unobservable inputs are not developed by the entity when measuring fair value (e.g., when an entity uses prices from prior transactions or third-party pricing information without adjustment). However, when providing this disclosure an entity cannot ignore quantitative~~

unobservable inputs that are significant to the fair value measurement and are reasonably available to the entity;

- (d) For ~~recurring~~ fair value measurements categorized within Level 3 of the fair value hierarchy, a reconciliation from the opening balances to the closing balances, disclosing separately changes during the period attributable to the following:
 - (i) ...
- (e) For ~~recurring~~ fair value measurements categorized within Level 3 of the fair value hierarchy, the amount of the total gains or losses for the period in (d)(i) included in surplus or deficit that is attributable to the change in unrealized gains or losses relating to those agricultural assets held at the end of the reporting period, and the line item(s) in surplus or deficit in which those unrealized gains or losses are recognized;
- (f) For ~~recurring and non-recurring~~ fair value measurements categorized within Level 3 of the fair value hierarchy, a description of the valuation processes used by the entity (including, for example, how an entity decides its valuation policies and procedures and analyses changes in fair value measurements from period to period); and
- (g) For ~~recurring~~ fair value measurements categorized within Level 3 of the fair value hierarchy:

...

Effective Date

56L. **Paragraphs 46A, and 46C(a)-46C(g) are amended by Part 4 of *Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, Measurement*, issued in August 2025. An entity shall apply these amendments for annual financial statements covering periods beginning on or after January 1, 2028. Earlier application is permitted.**

...

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, IPSAS 27.

...

Revision of IPSAS 27 as a result of Part 4 of *Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, Measurement* issued in August 2025

- BC19. During the development of ED 90, the IPSASB proposed to remove the terms ‘recurring’ and ‘non-recurring’ to enhance the consistency of current value measurement disclosure terminology across IPSAS.
- BC20. In August 2024, the IPSASB published Exposure Draft (ED) 90, *Amendments to IPSAS as a Result of the Application of IPSAS 46, Measurement*, which proposed enhancing current value measurement disclosures by removing the terms ‘recurring and non-recurring’ across IPSAS. While respondents supported the proposal:
 - (a) A respondent suggested explaining when an asset is considered to be measured on a recurring or non-recurring basis after initial recognition; and
 - (b) A few respondents noted that the removal of ‘recurring and non-recurring’ expanded the scope to initial recognition for fair value measurement using significant unobservable inputs (Level 3).
- BC21. The IPSASB discussed that:
 - (a) These terms were removed because each IPSAS specifies whether an asset is measured on a recurring or non-recurring basis after initial recognition under a current value measurement basis.

Therefore, explaining this within the current value measurement disclosures may lead to confusion. Instead, the IPSASB decided to enhance paragraph A.2. in Section A: Measurement, Implementation Guidance in IPSAS 46 to explain that the level of disclosures required is dependent on whether the asset is measured on a recurring or non-recurring basis at current value measurement basis after initial recognition.

- (b) The IPSASB agreed that the removal of 'recurring' in paragraphs that do not stipulate 'in the statement of financial position after initial recognition' could be interpreted to require current value measurement disclosures for assets initially measured at deemed cost.

BC22. In responding to constituents' comments, the IPSASB updated relevant current value measurement disclosure paragraphs across IPSAS to ensure the scope of current value measurement disclosures is limited to measuring assets using current value measurement basis in the statement of financial position after initial recognition.

...

Amendments to IPSAS 30, *Financial instruments: Disclosures*

Paragraphs 30A, and 30C(a)-30C(h) are amended. Paragraph 52O is added. New text is underlined and deleted text is struck through.

...

Significance of Financial Instruments for Financial Position and Financial Performance

...

Other Disclosures

...

Fair Value

30A. **An entity shall disclose information that helps users of its financial statements assess both of the following:**

- (a) **For financial instruments that are measured at fair value ~~on a recurring or non-recurring basis~~ in the statement of financial position after initial recognition, the measurement techniques and inputs used to develop those measurements; and**
- (b) **For ~~recurring~~ fair value measurements using significant unobservable inputs (Level 3) in the statement of financial position after initial recognition, the effect of the measurements on surplus or deficit or net assets/equity for the period.**

...

30C. To meet the objectives in paragraph 30A, an entity shall disclose, at a minimum, the following information for each class of financial instruments (see paragraph 30D for information on determining appropriate classes of financial instruments) measured at fair value (including measurements based on fair value within the scope of IPSAS 46, *Measurement*) in the statement of financial position after initial recognition:

- (a) ~~For recurring and non-recurring fair value measurements, the fair value measurement at the end of the reporting period, and for non-recurring fair value measurements, the reasons for the measurement. Recurring fair value measurements of financial instruments are those that this Standard requires or permits in the statement of financial position at the end of each reporting period. Non-recurring fair value measurements of financial instruments are those that this Standard requires or permits in the statement of financial position in particular circumstances;~~
- (b) ~~For recurring and non-recurring~~ fair value measurements, the level of the fair value hierarchy within which the fair value measurements are categorized in their entirety (Level 1, 2 or 3);
- (c) For financial instruments held at the end of the reporting period that are measured at fair value ~~on a recurring basis~~, the amounts of any transfers between Level 1 and Level 2 of the fair value hierarchy, the reasons for those transfers and the entity's policy for determining when transfers between levels are deemed to have occurred (see paragraph 30E). Transfers into each level shall be disclosed and discussed separately from transfers out of each level;
- (d) ~~For recurring and non-recurring~~ fair value measurements estimated using unobservable inputs, a description of the measurement technique(s) and the inputs used in the fair value measurement. If there has been a change in measurement technique (e.g., changing from a market approach to an income approach or the use of an additional measurement technique), the entity shall disclose that change and the reason(s) for making it. For fair value measurements categorized within Level 3 of the fair value hierarchy, ~~or for fair value measurements estimated using unobservable inputs~~, an entity

shall provide quantitative information about the significant unobservable inputs used in the fair value measurement. An entity is not required to create quantitative information to comply with this disclosure requirement if quantitative unobservable inputs are not developed by the entity when measuring fair value (e.g., when an entity uses prices from prior transactions or third-party pricing information without adjustment). However, when providing this disclosure an entity cannot ignore quantitative unobservable inputs that are significant to the fair value measurement and are reasonably available to the entity;

- (e) For ~~recurring~~ fair value measurements categorized within Level 3 of the fair value hierarchy, a reconciliation from the opening balances to the closing balances, disclosing separately changes during the period attributable to the following:
 - (i) ...
 - (iv) For ~~recurring~~ fair value measurements categorized within Level 3 of the fair value hierarchy, the amounts of any transfers into or out of Level 3 of the fair value hierarchy, the reasons for those transfers and the entity's policy for determining when transfers between levels are deemed to have occurred (see paragraph 30E). Transfers into Level 3 shall be disclosed and discussed separately from transfers out of Level 3.
- (f) For ~~recurring~~ fair value measurements categorized within Level 3 of the fair value hierarchy, the amount of the total gains or losses for the period in (e)(i) included in surplus or deficit that is attributable to the change in unrealized gains or losses relating to those financial instruments held at the end of the reporting period, and the line item(s) in surplus or deficit in which those unrealized gains or losses are recognized;
- (g) For ~~recurring and non-recurring~~ fair value measurements categorized within Level 3 of the fair value hierarchy, a description of the valuation processes used by the entity (including, for example, how an entity decides its valuation policies and procedures and analyses changes in fair value measurements from period to period); and
- (h) For ~~recurring~~ fair value measurements categorized within Level 3 of the fair value hierarchy:

...

Effective Date and Transition

Effective Date

...

520. **Paragraphs 30A, and 30C(a)-30C(h) are amended by Part 4 of *Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, Measurement*, issued in August 2025. An entity shall apply these amendments for annual financial statements covering periods beginning on or after January 1, 2028. Earlier application is permitted.**

...

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, IPSAS 30.

...

Revision of IPSAS 30 as a result of Part 4 of Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, *Measurement* issued in August 2025

- BC14. During the development of ED 90, the IPSASB proposed to remove the terms ‘recurring’ and ‘non-recurring’ to enhance the consistency of current value measurement disclosure terminology across IPSAS.
- BC15. In August 2024, the IPSASB published Exposure Draft (ED) 90, Amendments to IPSAS as a Result of the Application of IPSAS 46, *Measurement*, which proposed enhancing current value measurement disclosures by removing the terms ‘recurring and non-recurring’ across IPSAS. While respondents supported the proposal:
- (a) A respondent suggested explaining when an asset is considered to be measured on a recurring or non-recurring basis after initial recognition; and
 - (b) A few respondents noted that the removal of ‘recurring and non-recurring’ expanded the scope to initial recognition for fair value measurement using significant unobservable inputs (Level 3).
- BC16. The IPSASB discussed that:
- (a) These terms were removed because each IPSAS specifies whether an asset is measured on a recurring or non-recurring basis after initial recognition under a current value measurement basis. Therefore, explaining this within the current value measurement disclosures may lead to confusion. Instead, the IPSASB decided to enhance paragraph A.2. in Section A: Measurement, Implementation Guidance in IPSAS 46 to explain that the level of disclosures required is dependent on whether the asset is measured on a recurring or non-recurring basis at current value measurement basis after initial recognition.
 - (b) The IPSASB agreed that the removal of ‘recurring’ in paragraphs that do not stipulate ‘in the statement of financial position after initial recognition’ could be interpreted to require current value measurement disclosures for assets initially measured at deemed cost.
- BC17. In responding to constituents’ comments, the IPSASB updated relevant current value measurement disclosure paragraphs across IPSAS to ensure the scope of current value measurement disclosures is limited to measuring assets using current value measurement basis in the statement of financial position after initial recognition.

...

Amendments to IPSAS 31, *Intangible Assets*

Paragraphs 123A, and 123C(a)-123C(g) are amended. Paragraph 132Q is added. New text is underlined and deleted text is struck through.

...

Disclosure

General

...

...

123A. **An entity shall disclose information that helps users of its financial statements assess both of the following:**

- (a) **For intangible assets that are measured at fair value ~~on a recurring or non-recurring basis~~ in the statement of financial position after initial recognition, the measurement techniques and inputs used to develop those measurements; and**
- (b) **For ~~recurring~~ fair value measurements using significant unobservable inputs (Level 3) in the statement of financial position after initial recognition, the effect of the measurements on surplus or deficit or net assets/equity for the period.**

...

123C. To meet the objectives in paragraph 123A, an entity shall disclose, at a minimum, the following information for each class of intangible assets (see paragraph 123D for information on determining appropriate classes of intangible assets) measured at fair value (including measurements based on fair value within the scope of IPSAS 46, Measurement) in the statement of financial position after initial recognition:

- (a) ~~For recurring and non-recurring fair value measurements, the fair value measurement at the end of the reporting period, and for non-recurring fair value measurements, the reasons for the measurement. Recurring fair value measurements of intangible assets are those that this Standard requires or permits in the statement of financial position at the end of each reporting period. Non-recurring fair value measurements of intangible assets are those that this Standard requires or permits in the statement of financial position in particular circumstances;~~
- (b) ~~For recurring and non-recurring~~ fair value measurements, the level of the fair value hierarchy within which the fair value measurements are categorized in their entirety (Level 1, 2 or 3);
- (c) ~~For recurring and non-recurring~~ fair value measurements estimated using unobservable inputs, a description of the measurement technique(s) and the inputs used in the fair value measurement. If there has been a change in measurement technique (e.g., changing from a market approach to income approach or the use of an additional measurement technique), the entity shall disclose that change and the reason(s) for making it. For fair value measurements categorized within Level 3 of the fair value hierarchy, ~~or for fair value measurements estimated using unobservable inputs,~~ an entity shall provide quantitative information about the significant unobservable inputs used in the fair value measurement. An entity is not required to create quantitative information to comply with this disclosure requirement if quantitative unobservable inputs are not developed by the entity when measuring fair value (e.g., when an entity uses prices from prior transactions or third-party pricing information without adjustment). However, when providing this disclosure an entity cannot ignore quantitative unobservable inputs that are significant to the fair value measurement and are reasonably available to the entity;

- (d) For ~~recurring~~ fair value measurements categorized within Level 3 of the fair value hierarchy, a reconciliation from the opening balances to the closing balances, disclosing separately changes during the period attributable to the following:
 - (i)
- (e) For ~~recurring~~ fair value measurements categorized within Level 3 of the fair value hierarchy, ~~or for recurring fair value measurements estimated using unobservable inputs~~, the amount of the total gains or losses for the period in (d)(i) included in surplus or deficit that is attributable to the change in unrealized gains or losses relating to those intangible assets held at the end of the reporting period, and the line item(s) in surplus or deficit in which those unrealized gains or losses are recognized;
- (f) For ~~recurring and non-recurring~~ fair value measurements categorized within Level 3 of the fair value hierarchy, a description of the valuation processes used by the entity (including, for example, how an entity decides its valuation policies and procedures and analyses changes in fair value measurements from period to period); and
- (g) For ~~recurring~~ fair value measurements categorized within Level 3 of the fair value hierarchy:
 - (i) For all such measurements, a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower fair value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the fair value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the fair value measurement. To comply with that disclosure requirement, the narrative description of the sensitivity to changes in unobservable inputs shall include, at a minimum, the unobservable inputs disclosed when complying with (c).

...

Effective Date

...

132Q. Paragraphs 123A, and 123C(a)-123C(g) are amended by Part 4 of *Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, Measurement*, issued in August 2025. An entity shall apply these amendments for annual financial statements covering periods beginning on or after January 1, 2028. Earlier application is permitted.

...

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, IPSAS 31.

...

Revision of IPSAS 31 as a result of Part 4 *Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, Measurement* issued in August 2025

BC13. During the development of ED 90, the IPSASB proposed to remove the terms ‘recurring’ and ‘non-recurring’ to enhance the consistency of current value measurement disclosure terminology across IPSAS.

BC14. In August 2024, the IPSASB published Exposure Draft (ED) 90, *Amendments to IPSAS as a Result of the Application of IPSAS 46, Measurement*, which proposed enhancing current value measurement disclosures

by removing the terms 'recurring and non-recurring' across IPSAS. While respondents supported the proposal:

- (a) A respondent suggested explaining when an asset is considered to be measured on a recurring or non-recurring basis after initial recognition; and
- (b) A few respondents noted that the removal of 'recurring and non-recurring' expanded the scope to initial recognition for fair value measurement using significant unobservable inputs (Level 3).

BC15. The IPSASB discussed that:

- (a) These terms were removed because each IPSAS specifies whether an asset is measured on a recurring or non-recurring basis after initial recognition under a current value measurement basis. Therefore, explaining this within the current value measurement disclosures may lead to confusion. Instead, the IPSASB decided to enhance paragraph A.2. in Section A: Measurement, Implementation Guidance in IPSAS 46 to explain that the level of disclosures required is dependent on whether the asset is measured on a recurring or non-recurring basis at current value measurement basis after initial recognition.
- (b) The IPSASB agreed that the removal of 'recurring' in paragraphs that do not stipulate 'in the statement of financial position after initial recognition' could be interpreted to require current value measurement disclosures for assets initially measured at deemed cost.

BC16. In responding to constituents' comments, the IPSASB updated relevant current value measurement disclosure paragraphs across IPSAS to ensure the scope of current value measurement disclosures is limited to measuring assets using current value measurement basis in the statement of financial position after initial recognition.

Amendments to IPSAS 34, *Separate Financial Statements*

Paragraphs 23A, and 23C(a)-23C(h) are amended. Paragraph 32F is added. New text is underlined and deleted text is struck through.

...

Disclosure

...

Current Value Measurement

23A. **An entity shall disclose information that helps users of its financial statements assess both of the following:**

- (a) **For investments that are measured at fair value ~~on a recurring or non-recurring basis~~ in the statement of financial position after initial recognition, the measurement techniques and inputs used to develop those measurements; and**
- (b) **For ~~recurring~~ fair value measurements using significant unobservable inputs (Level 3) in the statement of financial position after initial recognition, the effect of the measurements on surplus or deficit or net assets/equity for the period.**

23C. To meet the objectives in paragraph 23A, an entity shall disclose, at a minimum, the following information for each class of investments (see paragraph 23D for information on determining appropriate classes of investments) measured at fair value (including measurements based on fair value within the scope of IPSAS 46, *Measurement*) in the statement of financial position after initial recognition:

- (a) ~~For recurring and non-recurring fair value measurements, the fair value measurement at the end of the reporting period, and for non-recurring fair value measurements, the reasons for the measurement. Recurring fair value measurements of investments are those that this Standard requires or permits in the statement of financial position at the end of each reporting period. Non-recurring fair value measurements of investments are those that this Standard requires or permits in the statement of financial position in particular circumstances;~~
- (b) ~~For recurring and non-recurring fair value measurements, the level of the fair value hierarchy within which the fair value measurements are categorized in their entirety (Level 1, 2 or 3);~~
- (c) ~~For investments held at the end of the reporting period that are measured at fair value ~~on a recurring basis~~, the amounts of any transfers between Level 1 and Level 2 of the fair value hierarchy, the reasons for those transfers and the entity's policy for determining when transfers between levels are deemed to have occurred (see paragraph 23E). Transfers into each level shall be disclosed and discussed separately from transfers out of each level;~~
- (d) ~~For recurring and non-recurring fair value measurements estimated using unobservable inputs, a description of the measurement technique(s) and the inputs used in the fair value measurement. If there has been a change in measurement technique (e.g., changing from a market approach to an income approach or the use of an additional measurement technique), the entity shall disclose that change and the reason(s) for making it. For fair value measurements categorized within Level 3 of the fair value hierarchy, an entity shall provide quantitative information about the significant unobservable inputs used in the fair value measurement. An entity is not required to create quantitative information to comply with this disclosure requirement if quantitative unobservable inputs are not developed by the entity when measuring fair value (e.g., when an entity uses prices from prior transactions or third-party pricing information without adjustment). However, when providing this disclosure an entity cannot~~

ignore quantitative unobservable inputs that are significant to the fair value measurement and are reasonably available to the entity;

- (e) For ~~recurring~~ fair value measurements categorized within Level 3 of the fair value hierarchy, a reconciliation from the opening balances to the closing balances, disclosing separately changes during the period attributable to the following:
 - (i) ...
 - (iv) For ~~recurring~~ fair value measurements categorized within Level 3 of the fair value hierarchy, the amounts of any transfers into or out of Level 3 of the fair value hierarchy, the reasons for those transfers and the entity's policy for determining when transfers between levels are deemed to have occurred (see paragraph 23E). Transfers into Level 3 shall be disclosed and discussed separately from transfers out of Level 3.
- (f) For ~~recurring~~ fair value measurements categorized within Level 3 of the fair value hierarchy, the amount of the total gains or losses for the period in (e)(i) included in surplus or deficit that is attributable to the change in unrealized gains or losses relating to those investments held at the end of the reporting period, and the line item(s) in surplus or deficit in which those unrealized gains or losses are recognized;
- (g) For ~~recurring and non-recurring~~ fair value measurements categorized within Level 3 of the fair value hierarchy, a description of the valuation processes used by the entity (including, for example, how an entity decides its valuation policies and procedures and analyses changes in fair value measurements from period to period); and
- (h) For ~~recurring~~ fair value measurements categorized within Level 3 of the fair value hierarchy:

...

Effective Date

...

- 32F. **Paragraphs 23A, and 23C(a)-23C(h) are amended by Part 4 of Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, Measurement issued in August 2025. An entity shall apply these amendments for annual financial statements covering periods beginning on or after January 1, 2028. Earlier application is permitted.**

...

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, IPSAS 34.

...

Revision of IPSAS 34 as a result of Part 4 of Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, Measurement issued in August 2025

- BC11. During the development of ED 90, the IPSASB proposed to remove the terms 'recurring' and 'non-recurring' to enhance the consistency of current value measurement disclosure terminology across IPSAS.
- BC12. In August 2024, the IPSASB published Exposure Draft (ED) 90, Amendments to IPSAS as a Result of the Application of IPSAS 46, Measurement, which proposed enhancing current value measurement disclosures by removing the terms 'recurring and non-recurring' across IPSAS. While respondents supported the proposal:
 - (a) A respondent suggested explaining when an asset is considered to be measured on a recurring or non-recurring basis after initial recognition; and

- (b) A few respondents noted that the removal of 'recurring and non-recurring' expanded the scope to initial recognition for fair value measurement using significant unobservable inputs (Level 3).

BC13. The IPSASB discussed that:

- (a) These terms were removed because each IPSAS specifies whether an asset is measured on a recurring or non-recurring basis after initial recognition under a current value measurement basis. Therefore, explaining this within the current value measurement disclosures may lead to confusion. Instead, the IPSASB decided to enhance paragraph A.2. in Section A: Measurement, Implementation Guidance in IPSAS 46 to explain that the level of disclosures required is dependent on whether the asset is measured on a recurring or non-recurring basis at current value measurement basis after initial recognition.
- (b) The IPSASB agreed that the removal of 'recurring' in paragraphs that do not stipulate 'in the statement of financial position after initial recognition' could be interpreted to require current value measurement disclosures for assets initially measured at deemed cost.

BC14. In responding to constituents' comments, the IPSASB updated relevant current value measurement disclosure paragraphs across IPSAS to ensure the scope of current value measurement disclosures is limited to measuring assets using current value measurement basis in the statement of financial position after initial recognition.

...

Amendments to IPSAS 38, *Disclosure of Interest in Other Entities*

Paragraphs 57A, and 57C(a)-57Cg) are amended. Paragraph 61F is added. New text is underlined and deleted text is struck through.

...

Current Value Measurement

57A. **An entity shall disclose information that helps users of its financial statements assess both of the following:**

- (a) **For interests in other entities that are measured at fair value ~~on a recurring or non-recurring basis~~ in the statement of financial position after initial recognition, the measurement techniques and inputs used to develop those measurements; and**
- (b) **For ~~recurring~~ fair value measurements using significant unobservable inputs (Level 3) in the statement of financial position after initial recognition, the effect of the measurements on surplus or deficit or net assets/equity for the period.**

57C. To meet the objectives in paragraph 57A, an entity shall disclose, at a minimum, the following information for each class of interests in other entities (see paragraph 57D for information on determining appropriate classes of interests in other entities) measured at fair value (including measurements based on fair value within the scope of IPSAS 46, Measurement) in the statement of financial position after initial recognition:

- (a) ~~For recurring and non-recurring fair value measurements, the fair value measurement at the end of the reporting period, and for non-recurring fair value measurements, the reasons for the measurement. Recurring fair value measurements of interests in other entities are those that this Standard requires or permits in the statement of financial position at the end of each reporting period. Non-recurring fair value measurements of interests in other entities are those that this Standard requires or permits in the statement of financial position in particular circumstances;~~
- (b) ~~For recurring and non-recurring~~ fair value measurements, the level of the fair value hierarchy within which the fair value measurements are categorized in their entirety (Level 1, 2 or 3);
- (c) ~~For recurring and non-recurring~~ fair value measurements estimated using unobservable inputs, a description of the measurement technique(s) and the inputs used in the fair value measurement. If there has been a change in measurement technique (e.g., changing from a market approach to an income approach or the use of an additional measurement technique), the entity shall disclose that change and the reason(s) for making it. For fair value measurements categorized within Level 3 of the fair value hierarchy, ~~or for fair value measurements estimated using unobservable inputs~~, an entity shall provide quantitative information about the significant unobservable inputs used in the fair value measurement. An entity is not required to create quantitative information to comply with this disclosure requirement if quantitative unobservable inputs are not developed by the entity when measuring fair value (e.g., when an entity uses prices from prior transactions or third-party pricing information without adjustment). However, when providing this disclosure an entity cannot ignore quantitative unobservable inputs that are significant to the fair value measurement and are reasonably available to the entity;
- (d) For ~~recurring~~ fair value measurements categorized within Level 3 of the fair value hierarchy a reconciliation from the opening balances to the closing balances, disclosing separately changes during the period attributable to the following:
 - (i) ...

- (e) For ~~recurring~~ fair value measurements categorized within Level 3 of the fair value hierarchy, the amount of the total gains or losses for the period in (e)(i) included in surplus or deficit that is attributable to the change in unrealized gains or losses relating to those interests in other entities held at the end of the reporting period, and the line item(s) in surplus or deficit in which those unrealized gains or losses are recognized;
- (f) For ~~recurring and non-recurring~~ fair value measurements categorized within Level 3 of the fair value hierarchy, a description of the valuation processes used by the entity (including, for example, how an entity decides its valuation policies and procedures and analyses changes in fair value measurements from period to period); and
- (g) For ~~recurring~~ fair value measurements categorized within Level 3 of the fair value hierarchy:

...

Effective Date

...

- 61F. **Paragraphs 57A, and 57C(a)-57C(g) are amended by Part 4 of Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, Measurement, issued in August 2025. An entity shall apply these amendments for annual financial statements covering periods beginning on or after January 1, 2028. Earlier application is permitted.**

...

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, IPSAS 38.

...

Revision of IPSAS 38 as a result of Part 4 of Amendments to IPSAS Standards as a Result of the Application of IPSAS 46, Measurement issued in August 2025

- BC15. During the development of ED 90, the IPSASB proposed to remove the terms ‘recurring’ and ‘non-recurring’ to enhance the consistency of current value measurement disclosure terminology across IPSAS.
- BC16. In August 2024, the IPSASB published Exposure Draft (ED) 90, Amendments to IPSAS as a Result of the Application of IPSAS 46, Measurement, which proposed enhancing current value measurement disclosures by removing the terms ‘recurring and non-recurring’ across IPSAS. While respondents supported the proposal:
- (a) A respondent suggested explaining when an asset is considered to be measured on a recurring or non-recurring basis after initial recognition; and
 - (b) A few respondents noted that the removal of ‘recurring and non-recurring’ expanded the scope to initial recognition for fair value measurement using significant unobservable inputs (Level 3).
- BC17. The IPSASB discussed that:
- (a) These terms were removed because each IPSAS specifies whether an asset is measured on a recurring or non-recurring basis after initial recognition under a current value measurement basis. Therefore, explaining this within the current value measurement disclosures may lead to confusion. Instead, the IPSASB decided to enhance paragraph A.2. in Section A: Measurement, Implementation Guidance in IPSAS 46 to explain that the level of disclosures required is dependent on whether the asset is measured on a recurring or non-recurring basis at current value measurement basis after initial recognition.

- (b) The IPSASB agreed that the removal of 'recurring' in paragraphs that do not stipulate 'in the statement of financial position after initial recognition' could be interpreted to require current value measurement disclosures for assets initially measured at deemed cost.

BC18. In responding to constituents' comments, the IPSASB updated relevant current value measurement disclosure paragraphs across IPSAS to ensure the scope of current value measurement disclosures is limited to measuring assets using current value measurement basis in the statement of financial position after initial recognition.

...

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