

**October 24, 2021**

Ross Smith  
Program & Technical Director  
International Public Sector Accounting Standards Board  
227 Wellington Street  
West Toronto, ON M5V 3H2  
Canada

Dear Sir/Madam,

**REQUEST FOR COMMENTS ON INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS BOARD (IPSASB) EXPOSURE DRAFT 76 – CONCEPTUAL FRAMEWORK UPDATE – CHAPTER 7, MEASUREMENT OF ASSETS AND LIABILITIES IN FINANCIAL STATEMENTS**

The Financial Reporting Council of Nigeria (FRC) hereby avails its input alongside its constituents in Nigeria on the IPSASB Exposure Drafts (ED)76.

In view of the responses received from the constituents in Nigeria, the Council wishes to comment on the exposure drafts (ED 76) as hereunder:

**ED 76 - CONCEPTUAL FRAMEWORK UPDATE**

**Specific Matter for Comment 1:**

The IPSASB decided to propose a measurement hierarchy for assets and liabilities in financial statements in ED 76 Conceptual Framework Update: Chapter 7, Measurement of Assets and Liabilities in Financial Statements (see paragraphs 7.5–7.12). Do you agree with the three-tier hierarchy (see paragraphs 7.5–7.12)? If not, why not. How would you modify it?

Our response:

We agree with the IPSASB's decision to propose a measurement hierarchy for assets and liabilities in financial statements.

**Specific Matter for Comment 2:**

The IPSASB decided to propose the inclusion of fair value as a measurement basis for assets and liabilities with the same definition as in IFRS 13, Fair Value Measurement, in the Conceptual Framework in ED 76, Conceptual Framework Update: Chapter 7, Measurement of Assets and Liabilities in Financial Statements (see paragraphs BC7.25).

Do you agree with the IPSASB's decision? If not, why not.

Our response:

We agree with the IPSASB's decision to include the same definition as in IFRS 13, Fair Value Measurement as a measurement basis for assets and liabilities in the Conceptual Framework in ED 76.

**Specific Matter for Comment 3:**

The IPSASB decided to propose the inclusion of current operational value as a measurement basis for assets and liabilities in the Conceptual Framework in ED 76, Conceptual Framework Update: Chapter 7, Measurement of Assets and Liabilities in Financial Statements (see paragraphs BC43– BC45).

Do you agree with the IPSASB's decision? If not, why not.

Our response:

We agree with the IPSASB's decision to include current operational value as a measurement basis for assets and liabilities as this gives users more measurement options for valuation.

#### **Specific Matter for Comment 4:**

The IPSASB decided to propose to substitute a general description of value in use (VIU) in both cash-generating and non-cash-generating contexts, for the previous broader discussion of VIU. This is because the applicability of VIU is limited to impairments in ED 76, Conceptual Framework Update: Chapter 7, Measurement of Assets and Liabilities in Financial Statements (see paragraphs 7.57 – 7.62).

Do you agree with the IPSASB's decision? If not, why not? How would you approach VIU instead and why?

Our response:

We agree with the IPSASB's decision to substitute the broader description of value in use (VIU).

#### **Specific Matter for Comment 5:**

Noting that ED 77, Measurement proposes the use of the cost approach and the market approach as measurement techniques, the IPSASB decided to propose to delete the following measurement bases from the Conceptual Framework in ED 76, Conceptual Framework Update: Chapter 7, Measurement of Assets and Liabilities in Financial Statements (see paragraphs BC7.28– BC7.33).

- Market value – for assets and liabilities; and
- Replacement cost – for assets

Do you agree with the IPSASB's decision? If not, which would you retain and why?

Our response:

We agree with the IPSASB's decision to delete the measurement bases. The market value definition would be similar to the fair value definition under the current value model and hence retaining this would amount to a duplication. Replacement cost has also been captured in the broader measurement models.

#### **Specific Matter for Comment 6:**

The IPSASB considers that the retention of certain measurement bases that were in the 2014 Conceptual Framework is unnecessary and proposed to delete the following measurement bases in ED 76, Conceptual Framework Update: Chapter 7, Measurement of Assets and Liabilities in Financial Statements (see paragraphs BC7.58– BC7.67).

- Net selling price – for assets
- Cost of release – for liabilities
- Assumption price – for liabilities



## FINANCIAL REPORTING COUNCIL OF NIGERIA

*Federal Ministry of Industry, Trade and Investment*

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Do you agree with the IPSASB's decision? If not, which would you retain and why?

Our response:

We agree with the IPSASB's decision to delete these measurement bases.

### **Specific Matter for Comment 7:**

Are there any other issues relating to Chapter 7: Measurement of Assets and Liabilities in Financial Statements of the Conceptual Framework that you would like to highlight?

Our response:

We agree with how the IPSASB has modified the Conceptual Framework. We do not have any additional reasons outside those already discussed in the Basis for Conclusions.

If you require any further information or clarification, do not hesitate to contact the Head, Directorate of Accounting Standards (Public Sector) on: [ioanyahara@financialreportingcouncil.gov.ng](mailto:ioanyahara@financialreportingcouncil.gov.ng)

Yours faithfully,

**Theanyi O. Anyahara, PhD**

**Head, Directorate of Accounting Standards – Public**

**For: Executive Secretary/CEO**