

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,

**COMMENTS ON INTERNATIONAL PUBLIC SECTOR ACCOUNTING
STANDARDS BOARD (IPSASB) EXPOSURE DRAFT (ED) 77 –
MEASUREMENT**

The Financial Reporting Council of Nigeria (FRC) hereby avails its input alongside its constituents in Nigeria on the IPSASB Exposure Drafts (ED) 77.

In view of the responses received from the constituents in Nigeria, the Council wishes to comment on the exposure draft (ED 77) as hereunder:

ED 77 -Measurement

Specific Matter for Comment 1 – (paragraphs 7 – 16):

Do you agree an item that qualifies for recognition shall be initially measured at its transaction price, unless:

- That transaction price does not faithfully present relevant information of the entity in a manner that is useful in holding the entity to account, and for decision-making purposes; or
- Otherwise required or permitted by another IPSAS?

If not, please provide your reasons, stating clearly what principles are more appropriate, and why?

Our response:

We agree that an item that qualifies for recognition shall be initially measured at its transaction price, unless:

- That transaction price does not faithfully present relevant information of the entity in a manner that is useful in holding the entity to account, and for decision-making

- purposes; or
- Otherwise required or permitted by another IPSAS?

Specific Matter for Comment 2 – (paragraph 17):

Do you agree after initial measurement, unless otherwise required by the relevant IPSAS, an accounting policy choice is made to measure the item at historical cost or at its current value? This accounting policy choice is reflected through the selection of the measurement model.

If not, please provide your reasons, stating clearly what principles are more appropriate, and why.

Our response:

We agree with the IPSASB on the accounting policy choice for entities to measure the item at historical cost or at its current value for the measurement an item after initial recognition.

Specific Matter for Comment 3 – Appendix A (paragraphs (A1 – A6):

In response to constituents' comment letters on the Consultation Paper, Measurement, guidance on historical cost has been developed that is generic in nature (Appendix A: Historical Cost). Do you agree the guidance is appropriate for application by public sector entities?

If not, please provide your reasons, stating what guidance should be added or removed, and why.

Our response:

We agree with the IPSASB that the guidance is appropriate for application by public sector entities.

Specific Matter for Comment 4 – Appendix A (paragraphs (A1 – A6):

Do you agree no measurement techniques are required when applying the historical cost measurement basis in subsequent measurement?

If not, please provide your reasons, stating which measurement techniques are applicable to the subsequent measurement of an asset or liability measured at historical cost, and why.

Our response:

We agree with the IPSASB that no measurement techniques are required when applying the historical cost basis since the cost has been determined at initial measurement.

Specific Matter for Comment 5 (paragraph 6):

Do you agree current operational value is the value of an asset used to achieve the entity's service delivery objectives at the measurement date?

If not, please provide your reasons, stating clearly what principles more appropriate for the public sector, and why.

Our response:

We agree with the IPSASB's definition of current operational value.

Specific Matter for Comment 6 – Appendix B (paragraphs B1 – B41):

Do you agree the proposed definition of current operational value and the accompanying guidance is appropriate for public sector entities (Appendix B: Current Operational Value)?

If not, please provide your reasons, stating clearly what definition and guidance is more appropriate, and why.

Our response:

We agree that the proposed definition of current operational value and the accompanying guidance is appropriate for public sector entities.

Specific Matter for Comment 7 – Appendix B (paragraphs B6 – B7):

Do you agree the asset's current operational value should assume that the notional replacement will be situated in the same location as the existing asset is situated or used?

If not, please provide your reasons, stating clearly why the asset should be measured at a different value.

Our response:

We agree that the asset's current operational value should assume that the notional replacement will be situated in the same location as the existing asset is situated or used.

Specific Matter for Comment 8 – (paragraphs B38 – B39):

Do you agree the income approach is applicable to estimate the value of an asset measured using the current operational value measurement basis?

If not, please provide your reasons, stating clearly why the income approach is not applicable for measuring current operational value.

Our response:

We agree with the IPSASB that the income approach is applicable to estimate the value of an asset measured using the current operational value measurement basis.

Specific Matter for Comment 9 – Appendix C (paragraphs C1 – C89):

In response to constituents' comment letters on the Consultation Paper, Measurement, guidance on fair value has been aligned with IFRS 13, Fair Value Measurement (Appendix C: Fair Value). Do you agree the guidance is appropriate for application by public sector entities?

If not, please provide your reasons, stating what guidance should be added or removed, and why.

Our response:

We agree with the IPSASB that the guidance is appropriate for application by public sector entities.

Specific Matter for Comment 10:

In response to constituents' comment letters on the Consultation Paper, Measurement, guidance on cost of fulfillment has been aligned with existing principles in the Conceptual Framework and throughout IPSAS (Appendix D: Cost of Fulfillment). Do you agree the guidance is appropriate for application by public sector entities?

If not, please provide your reasons, stating what guidance should be added or removed, and why.

Our response:

We agree with the IPSASB that the guidance is appropriate for application by public sector entities.

Specific Matter for Comment 11:

Do you agree measurement disclosure requirements should be included in the IPSAS to which the asset or liability pertains and not in ED 77?

If not, please provide your reasons, stating clearly where the measurement disclosure requirements should be included, and why.

Our response:

We agree that measurement disclosure requirements should be included in the IPSAS to which the asset or liability pertains. This would give room for the inclusion of more specific disclosures related to assets and liabilities.

Specific Matter for Comment 12:

Are there any measurement disclosure requirements that apply across IPSAS that should be included in ED 77, Measurement?

If yes, please provide your reasons, stating clearly what the disclosures are, and why.

Our response:

We do not believe there is any measurement disclosure requirements that apply across IPSAS that should be included in ED 77, Measurement.



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Federal Ministry of Industry, Trade and Investment

Do you agree current value model disclosure requirements should be applied consistently across IPSAS? For example, the same disclosure requirements should apply to inventory and property, plant, and equipment when measured at fair value.

If not, please provide your reasons, stating clearly which IPSAS require more or fewer measurement disclosures, and why.

Our response:

We agree that the current value model disclosure requirements should be applied consistently across IPSAS.

Specific Matter for Comment 13:

Do you agree with the proposal disclosure requirements for items remeasured under the current value model at each reporting date should be more detailed as compared to disclosure requirements for items measured using the current value model at acquisition as proposed in Appendix E: Amendments to Other IPSAS.

If not, please provide your reasons, stating clearly why disclosure requirements should be consistent for recurring items and non-recurring items measured using the current value model.

Our response:

We agree with the proposal disclosure requirements for items remeasured under the current value model at each reporting date should be more detailed as compared to disclosure requirements for items measured using the current value model at acquisition as proposed in Appendix E.

Specific Matter for Comment 14:

Do you agree fair value disclosure requirements should include requirements to disclose inputs to the fair value hierarchy?

If not, please provide your reasons, stating clearly why disclosure requirements for inputs in the fair value hierarchy are unnecessary.

Our response:

...the conscience of regulatory assurance



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Federal Ministry of Industry, Trade and Investment

We agree that the fair value disclosure requirements should include requirements to disclose inputs to the fair value hierarchy as this aligns with the requirements in IFRS 13 Fair Value Measurement.

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

Yours faithfully,

Iheanyi O. Anyahara, PhD
Head, Directorate of Accounting Standards – Public
For: Executive Secretary/CEO

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