

October 25, 2021

The Chairman  
International Public Sector Accounting Standards Board  
277 Wellington Street West  
Toronto, Ontario M5V 3H2  
Canada

Via Online Submission

Dear Mr Ian Carruthers

**COMMENTS ON EXPOSURE DRAFT 76, 'CONCEPTUAL FRAMEWORK UPDATE: CHAPTER 7, MEASUREMENT OF ASSETS AND LIABILITIES IN FINANCIAL STATEMENTS'**

The Malaysian Institute of Certified Public Accountants ("MICPA") appreciates the opportunity to comment on the Exposure Draft 76, *'Conceptual Framework Update: Chapter 7, Measurement of Assets and Liabilities in Financial Statements'*. We also applaud the effort of the International Public Sector Accounting Standards Board ("IPSASB") to enhance the Standard in support of the public sector.

In this regard, we are pleased to attach MICPA's comments as set out in Appendix for your consideration.

We trust our comments, to be of value and useful to the IPSASB, in your onward deliberation. MICPA looks forward to further strengthening such dialogues with your organisation.

Please do not hesitate to contact the undersigned or the Technical Director, Ms Chiam Pei Pei, at +603-2698 9622 should you require any clarification.

Thank you.

Yours sincerely,



**NOVIE BIN TAJUDDIN**  
Chief Executive Officer

Our responses to the specific questions are as follows:

**Specific Matter for Comment 1**

**ED 76 proposes a measurement hierarchy. Do you agree with the three-tier hierarchy?**

**If not, why not? How would you modify it?**

**Comment:**

We agree with the proposed measurement hierarchy which able to assist entity when assessing the value of an asset or liability, it shows the how different components of measurement interacts.

**Specific Matter for Comment 2**

**Do you agree with the proposed 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?**

**If not, why not?**

**Comment:**

We agree with the proposed inclusion fair value as a measurement basis for assets and liabilities to fill the gap in the existing IPSAS literature and aligning the definition of fair value with IFRS 13 *Fair Value Measurement* for consistency application.

**Specific Matter for Comment 3**

**Do you agree with the proposed inclusion of current operational value as a measurement basis for assets in the Conceptual Framework?**

**If not, why not?**

**Comment:**

We agree that the current operational value to be included as a measurement basis for assets as it captures the unique measurement characteristics of assets held by public sector entities. Appendix B of Exposure Draft 77 *Measurement* provides further guidance for entities in determining the current operational value.

**Specific Matter for Comment 4**

**It is proposed 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. Do you agree with this proposed change?**

**If not, why not? How would you approach VIU instead and why?**

**Comment:**

We agree with the proposed approach of replacing the definition of value in use with limited discussion in paragraphs 7.57 – 7.62 of the Exposure Draft.

**Specific Matter for Comment 5**

**Noting that ED 77, *Measurement*, proposes the use of the cost approach and the market approach as measurement techniques, do you agree with the proposed deletion of the following measurement bases from the Conceptual Framework:**

- **Market value—for assets and liabilities; and**
- **Replacement cost—for assets?**

**If not, which would you retain and why?**

**Comment:**

We agree with the proposed deletion of market value and replacement cost as explained in paragraphs BC7.31 and BC7.33 of the Exposure Draft respectively.

**Specific Matter for Comment 6**

**The IPSASB considers that the retention of certain measurement bases that were in the 2014 Conceptual Framework is unnecessary. Do you agree with the proposed deletion of the following measurement bases from the Conceptual Framework?**

- **Net selling price—for assets**
- **Cost of release—for liabilities**
- **Assumption price—for liabilities**

**If not, which would you retain and why?**

**Comment:**

We agree with the proposed deletion of net selling price, assumption price and cost release as explained in paragraphs BC7.36, BC7.64 and BC7.67 of the Exposure Draft respectively.

**Specific Matter for Comment 7**

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

**Comment:**

We have no other issues to highlight.