

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 77, 'MEASUREMENT'

The Malaysian Institute of Certified Public Accountants ("MICPA") appreciates the opportunity to comment on the Exposure Draft 77, 'Measurement'. 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 – (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.

Comment:

We agree with the proposed recognition of items during the initial measurement stage.

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.

Comment:

We agree with the proposal to have an accounting policy choice to measure an asset or liability at historical cost or at its current value which is reflected through the selection of the measurement model.

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.

Comment:

We agree with the proposed guidance in Appendix A.

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.

Comment:

We agree that no measurement techniques are required for historical cost when applying the historical cost measurement basis in subsequent measurement provided those changes trigger impairment.

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.

Comment:

We agree that the current operational value is the value of an asset used to achieve the entity's service delivery objectives at the measurement date.

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.

Comment:

We agree with the definition of current operational value and do not have any objection to the accompanying guidance.

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.

Comment:

We agree that the asset's current operational value that the entity will continue to meet its service delivery objectives from the same location in which the asset is currently 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.

Comment:

We agree 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.

Comment:

We agree that guidance on fair value to be aligned with IFRS 13, *Fair Value Measurement* and have no objection with the proposed guidance.

Specific Matter for Comment 10 – Appendix D (paragraphs D1-D48)

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.

Comment:

We have no objection with the proposed guidance.

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.

Comment:

We agree that measurement disclosure requirements should be included in the IPSAS which may assist preparers of financial statements and able to provide a useful disclosed information to the users of financial statements.

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.

Comment:

Please refer to our response in Specific Matter for Comment 11.

Specific Matter for Comment 13

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.

Comment:

We agree that the same disclosure requirements should apply across IPSAS to maintain the consistency of the application of the Standards.

Specific Matter for Comment 14

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.

Comment:

Please refer to our response in Specific Matter for Comment 13.

Specific Matter for Comment 15

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.

Comment:

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