



MALAYSIAN INSTITUTE
OF ACCOUNTANTS

25 October 2021

Mr John Stanford
Technical Director
International Public Sector Accounting Standards Board
International Federation of Accountants
277 Wellington Street West
Toronto, Ontario M5V 3H2
CANADA

Dear John,

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

The Malaysian Institute of Accountants ("MIA") is pleased to provide comments on the International Public Sector Accounting Standards Board ("IPSASB") Exposure Draft (ED) 76, *Conceptual Framework Update: Chapter 7, Measurement of Assets and Liabilities in Financial Statements* as attached in Appendix 1 to this letter.

We hope our comments would contribute to the IPSASB's deliberation in finalising the matter. If you have any queries or require clarification of this submission, please contact Rasmimi Ramli, Deputy Executive Director of Digital Economy, Reporting and Risk at +603 2722 9277 or by email at rasmimi@mia.org.my.

Yours sincerely,

MALAYSIAN INSTITUTE OF ACCOUNTANTS

DR NURMAZILAH DATO' MAHZAN
Chief Executive Officer

Specific Matter for Comments

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?

We agree with the measurement hierarchy. However, as we highlighted in our response to Specific Matter for Comment 2 of ED 77, a clear guidance on determining the appropriate bases and techniques should be included at the standard level i.e. in ED 77.

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?

We noted that fair value used in IPSASs relates to market value which is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. We believe that by using fair value with the same definition as in IFRS 13 promotes the alignment between IPSAS and IFRS. Hence, we agree with the proposed inclusion of fair value as a measurement basis for assets and liabilities.

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?

The Exposure Draft includes an Alternative View on current operational value.

We agree with the proposed inclusion of current operational value. However, we have concern on the income technique of the current operational value. As public sector entities often hold and use assets for their service potential (which enables an entity to achieve its objectives without necessarily generating net cash inflows), using the income technique may cause the asset being measured at inappropriately low amount and may be even lower than its transaction price. This will result in the reduction of the asset's value at the measurement date which may not be appropriate when the asset has higher remaining service potential..

Specific Matter for Comments

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?

We agree with the proposed change in the Conceptual Framework. However, as ED 77 is a standard covering all matters related to measurement, we believe it should include definition and guidance on 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, 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?

We agree with the proposed deletion of the above measurement bases as they are similar to the cost approach and market approach mentioned in ED 77.

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?

We agree with the proposed deletion of the above measurement bases from the Conceptual Framework.

However, since the measurement bases above are used at the standard level such as net selling price in IPSAS 12, Inventories, we propose that all measurement bases to be included in ED 77. We are of the view that ED 77 acts as an overarching guidance for all measurement bases and techniques and bases that are required by the individual IPSASs.

Specific Matter for Comments

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?

There are no other issues that we would like to highlight.