

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.

I agree.

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.

I disagree for the following reasons. In the French system of public accounting, positive law is as follows.

Comparability of general accounting standards

At the national level, unlike the conceptual framework of public accounts and the compendium of state accounting standards and like the compendiums of accounting standards for public institutions and social security institutions, the compendium of accounting standards for local public entities only takes into account the amortized cost of tangible fixed assets at the end of the financial year, *i.e.* the historical cost. Let us remember that the conceptual framework and the collection of state accounting standards retain either the historical cost or their current one.

The synoptic table below summarizes the divergences of solutions that no reason is given to explain them:

	Historical cost	Current value
Conceptual framework for public accounts	X	X
Compendium of State accounting standards	X	X
Compendium of accounting standards for social security institutions	X	
Compendium of accounting standards for public institutions	X	
Compendium of accounting standards for local public entities	X	

Comparability of national accounts standards

The national accounts shall include only the market value of tangible fixed assets, irrespective of the government concerned. It therefore rules out the historical cost.

As noted by the Council for the International Standardization of Public Accounts (IPSASB) in the consultation on¹measurement, the accounting solution is in line with international statistical standards:

Table 3.1 - International Public Sector Accounting Standards Board Conceptual Framework: The Measurement Models

	IPSAS	IVS 2017	GFS 2014
Historical cost model allowed?	Yes	No	No
Revaluation model allowed?	Yes	Yes	Yes

This valuation would be close to the economic approach to value defined by David Ricardo. He argued in the first edition of *the Principles of Political Economy and Taxation*:² "Suppose a machine is *manufactured, the duration of which is 100 years and the value of £20,000. Let us still suppose that this machine, without the help of any human labor, a certain amount of goods annually and that the rate of profit is 10%. The total value of goods produced annually would be £2,000 2s 11d as the profit is £2,000 and an annuity of £2s 11d for 100 years at 10% will replace, at the end of that period, a capital of £20,000.*"

Therefore, there are three methods of valuing tangible fixed assets, looking at:

- to the past, the historical cost ;
- towards the present, fair value and,
- towards the future. Ricardo's example from 1817 is used in more modern net present value (NPV) calculations. To calculate the value of an investment, a discount rate is used as well as a series of future disbursements (negative values) and receipts (positive values).

In addition, the introduction of the present value would be consistent with the definition of assets. The future economic benefits would be associated with the notion of market value, and the potential for future service would be associated with the replacement cost.

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.

I agree.

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?

¹ The text of the consultation, including page 100, can be downloaded from:

https://www.ifac.org/system/files/publications/files/IPSASB-Consultation-Paper-Measurement_0.pdf.

² In the translation of Paul FABRA in *l'anticapitalisme* (pp. 161 – 162, published by Arthaud in 1974).

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.

I agree.

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.

I agree.

The Exposure Draft includes an Alternative View on 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.

I agree.

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.

I disagree. If the activity of the public entity has increased, the asset should be measured at a different value who takes into consideration this increase.

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.

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

I agree.

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.

I agree.

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.

I disagree, see the answer to the question above Specific Matter for Comment 2—(paragraph 17).

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.

I agree.

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.

I agree.

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.

I agree.

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.

I agree.

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.

I agree.