



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA

(Established by Act of Parliament No. 15 of 1965)

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Registrar/Chief Executive

AHMED M. KUMSHE (PROF.), FCA

Oct 25, 2021

ICAN/ED/R&T/Sept 27/2021

The International Public Sector Accounting Standards Board

277 Wellington St. West

Toronto, ON

M5V 3H2

Dear Sir,

**Re: Exposure Draft 76 - CONCEPTUAL FRAMEWORK UPDATE: CHAPTER 7,
MEASUREMENT OF ASSETS AND LIABILITIES IN FINANCIAL STATEMENTS**

Please find below our responses to the Exposure Draft named above:

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?

Response: We agree with the proposed three – tier hierarchy. We agree that measurement bases should flow into the measurement models and the bases themselves should be underpinned by relevant measurement techniques,

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?

Response: We agree with the proposed inclusion of fair value as a measurement basis for assets and liabilities as stated. We believe Fair value may be the most appropriate measurement basis for some public sector assets and liabilities and should this be available to them as a measurement basis. We consider it appropriate that Fair value have the same definition across IPSAS and IFRS as it enhances consistency and understandability by users.

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?

Response: We agree with the proposed inclusion of current operational value as a measurement basis for assets in the Conceptual Framework. This would be a realistic basis for many Government entities given their peculiarities and unique circumstances.

Specific Matter for Comment 4:

It is proposed to substitute a general description of value in use (VIU) in both cash-generating and noncash-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?

Response: We agree with the description of Value in Use (VIU) as put forth in the conceptual framework and broader discussion of value in use and its applicability in calculating impairment of cash generating and non-cash generating assets. However, given the varied nature of Government assets, additional guidance may be required to aid users as to how they might build suitable cashflow projections in their quest to operationalize the VIU model.

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?

Response: Replacement cost should not be totally dispensed with. The definition of current operational value should be enhanced by reference to the alternative view which brings in the cost of replacement conceptually into the current operational value measurement. In our jurisdiction, we expect that there could be challenges with obtaining reliable data as public sector entities report are not very regular.

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 Net selling price for assets and Cost of release for liabilities.

However, we believe there are instances where Assumption price would meet the measurement objective. It is our view that in those instances, Assumption price for liabilities could still fit in within the level 3 Fair value measurement basis with adequate disclosure. Therefore, we agree that whilst not being retained as a separate measurement basis, Assumption Price could fit as an entity specific modelled level 3 fair value measurement basis with necessary disclosures being included in the financial statement.

We appreciate the privilege to contribute to the Exposure Draft and we are available should there be

need for further clarification.

Yours faithfully,
For: Registrar/Chief Executive

A handwritten signature in black ink, appearing to read 'IAnaso'.

Ijeoma O. Anaso (PhD) FCA
Director, Technical & Education