



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

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The International Public Sector Accounting Standards Board

277 Wellington St. West

Toronto, ON

M5V 3H2

Dear Sir,

Re: Exposure Draft 77 - MEASUREMENT

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

Specific Matter for Comment 1:

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?

Response: We agree with the principle that recognizes initial measurement of item at transaction price. This approach is consistent with other IPSAS and aligns with IFRS.

Specific Matter for Comment 2:

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.

Response: We agree that after initial measurement, an accounting policy choice should be made to measure the item at historical cost unless other relevant IPSAS requires it otherwise. However, with regards to the definition of current value, we had recommended in ED 76, that the definition of current value definition should be revisited in line with the alternatives view of Mr. Todd Beardsworth. We believe that the current definition in the exposure draft is vague and would be subject to varied interpretation. We believe that the proposal in the alternative view provides a more practical approach in determining current value.

Specific Matter for Comment 3 & 4:

In response to constituents' comment letters on the Consultation Paper, Measurement, guidance on historical cost has been developed that is generic in nature. 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.

Response: We agree that the guidance is appropriate for application by public sector entities and the current measurement technique is sufficient when applying the historical cost measurement basis in subsequent measurements.

Specific Matter for Comment 5, 6 & 7

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?.

Response: We align with the alternative view definition.

Specific Matter for Comment 8:

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.

Response: We align with the definition in the alternative view.

Specific Matter for Comment 9:

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?

Response: We agree the guidance is appropriate for application. The definition of Fair value should be same in both IPSAS and IFRS.

Specific Matter for Comment 10:

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. 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?

Response: We agree the guidance is appropriate for application by public sector entities. The guidance would provide better clarity in terms of application by public entities, and we agree that it should be aligned across IPSAS.

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.

Response: We are not aware of any additional that should be included.

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.

Response: The disclosure requirement should be applied consistently so that the users have the same amount of information regarding the fair value across different financial statement lines. We believe stakeholders would require similar levels of disclosure about management's basis for arriving at fair value.

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.

Response: We agree with the proposal disclosure requirements for items remeasured under current value model at each reporting date. This is because more detail would be required to explain the impact of current circumstances on the carrying value.

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.

Response: We agree with the disclosure of inputs to fair value hierarchy. This would provide more clarity around the basis of arriving at the measurement.

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



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