



**INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
OF UGANDA**

*Our Ref: STA/001*

**25 October 2021**

**The Technical Director,**  
International Public Sector Accounting Standards Board,  
International Federation of Accountants,  
277 Wellington Street,  
4<sup>th</sup> Floor Toronto Ontario M5V 3H2,  
CANADA.

Dear Sir,

**ICPAU COMMENTS ON IPSASB PACKAGE OF MEASUREMENT-RELATED  
EXPOSURE DRAFTS 76, 77 AND 78.**

The Institute of Certified Public Accountants of Uganda (ICPAU) welcomes the opportunity to provide responses to *IPSASB's Package of Measurement-Related Exposure Drafts*.

We provide our responses on some of the matters discussed in these EDs below:

**ED 76 Conceptual Framework Update: Chapter 7, Measurement of Assets and Liabilities in Financial Statements**

- a. ICPAU agrees 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.

We note that with the introduction of fair value as a measurement basis, the reference to the market value is no longer relevant and was removed from the Conceptual Framework. We agree with that decision because it helps clarify when to use fair value or to turn to current operational value

or cost of fulfillment. We believe that introducing fair value and removing market value is an improvement.

- b. ICPAU also agrees with eliminating unused measurement bases in the suite of standards, and enhancing focus on those that are commonly used.

### **ED 77 Measurement**

The ED proposes to create a new IPSAS, which explains how to apply the measurement bases required by standards to assets and liabilities. This would reflect the changes to the Conceptual Framework set out in ED 76.

- a. The proposed measurement standard provides a useful overview of the most commonly applied measurement bases and techniques, which are: historical cost; fair value (aligned with IFRS 13 Fair Value Measurement), current operational value (a new approach for assets); and cost of fulfillment.
- b. ICPAU agrees with the IPSASB that fair value has a role in valuing assets held for their financial capacity, and is happy that the Board has also developed a new public sector specific measurement basis that captures the unique measurement characteristics of assets held by public sector entities (for assets which are held for their operational capacity), called current operational value.
- c. The Board goes on to define current operational value as the estimated amount required to replace the service potential of an asset at the measurement date.

This proposed definition however, is quite open-ended as it simply states that it is a value of an asset used to achieve the entity's service delivery objectives. We believe there is a certain lack of clarity to this definition that should be addressed.

### **ED 78 Property, Plant and Equipment**

The ED proposes to update IPSAS 17 *Property, Plant and Equipment*, by proposing new requirements for heritage assets, infrastructure assets, and measurement of property, plant, and equipment.

- a. ICPAU commends the IPSAS Board for removing IPSAS 17's scope exclusion for heritage assets, and including them in the future revised standard on Property, Plant and Equipment (PPE).
- b. Specifically, ICPAU agrees with:
  - The description provided of heritage assets and the three characteristics included in paragraph AG3 - this is a huge improvement on the previous guidance.
  - The introduction of possible indefinite useful lives for such assets, which reflects well for those assets that have been around for centuries.
  - The requirement to provide specific disclosure of unrecognized heritage assets that cannot be measured reliably.
- c. We also believe that infrastructure assets are appropriately described and the characteristics well reflect the specific features of those assets.
- d. In addition, ICPAU strongly believes that the requirements on tangible assets in the public sector should consider situations where an asset, or a group of assets, is transferred for free from one public sector entity to another, with the objective of serving the public. We believe that additional guidance for such transactions should be included in the future standard.

We hope you will find our comments useful.

Yours sincerely,



CPA Charles Lutimba  
**Manager, Standards & Technical Support**

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