Development Document
October 2021

Development Document

Exposure Drafts 76 – 79

International Public Sector Accounting Standards Board®

DOCUMENT COMPARISON

This Development Document was prepared for information purposes only. It is not a Standard or pronouncement of the IPSASB. It has not been reviewed, approved or otherwise acted upon by the IPSASB.

Objective of the Document Comparison

The objective of this Development Document is to support constituents in their review of:

- Exposure Draft (ED) 76, *Conceptual Framework Update: Chapter 7, Measurement of Assets and Liabilities in Financial Statements*;
- ED 77, *Measurement*;
- ED 78, *Property, Plant, and Equipment*; and
- ED 79, *Non-Current Assets Held for Sale and Discontinued Operations*.

This Development Document consolidates the Amendments to Other IPSAS across each of the EDs to provide constituents the ability to review the interaction of the amendments with each other.

Development of the Exposure Drafts

This suite of four EDs are published together to highlight for respondents the common measurement principles proposed and the ways they are applied consistently throughout the draft guidance. The four EDs address several key conceptual challenges and practical implementation issues identified by the public sector community by introducing:

- Straight-forward measurement principles, by way of a measurement hierarchy, that apply throughout IPSAS and align with the Conceptual Framework;
- Enhanced guidance clarifying the recognition and measurement of infrastructure and heritage assets that are Property, Plant, and Equipment; and
- A standard that fills a gap for assets held for sale and discontinued operations.

Amendments to Other IPSAS

IPSAS 1, Presentation of Financial Statements

IPSAS 2, Cash Flow Statements

IPSAS 3, Accounting Policies, Changes in Accounting Estimates and Errors

IPSAS 4, The Effects of Change in Foreign Exchange Rates

IPSAS 5, Borrowing Costs (No changes required)

IPSAS 6, Rescinded

IPSAS 7, Rescinded

IPSAS 8, Rescinded

IPSAS 9, Revenue from Exchange Transactions

IPSAS 10, Financial Reporting in Hyperinflationary Economies

IPSAS 11, Construction Contracts (No changes required)

IPSAS 12, Inventories

IPSAS 13, Leases (No changes required)

IPSAS 14, Events After the Reporting Date

IPSAS 15, Rescinded

IPSAS 16, Investment Property

IPSAS 17, PP&E

IPSAS 18, Segment Reporting

IPSAS 19, Provisions, Contingent Liabilities and Contingent Assets

IPSAS 20, Related Party Disclosure

IPSAS 21, Impairment of Non-Cash Generating Assets

IPSAS 22, Disclosure of Financial Information about the General Government Sector

IPSAS 23, Revenue from Non-Exchange Transactions (Taxes and Transfers)

IPSAS 24, Presentation of Budget Information in Financial Statements (No changes required)

IPSAS 25, Rescinded

IPSAS 26, Impairment of Cash-Generating Units

IPSAS 27, Agriculture

IPSAS 28, Financial Instruments: Presentation

IPSAS 29, Financial Instruments: Recognition and Measurement (No changes required)

IPSAS 30, Financial Instruments: Disclosure

IPSAS 31, Intangible Assets

IPSAS 32, Service Concession Arrangements: Grantor

IPSAS 33, First-Time Adoption of Accrual Basis International Public Sector Accounting Standards

IPSAS 34, Separate Financial Statements

IPSAS 35, Consolidated Financial Statements

IPSAS 36, Investments in Associates and Joint Ventures

IPSAS 37, Joint Arrangements (No changes required)

IPSAS 38, Disclosure of Interests in Other Entities

IPSAS 39, Employee Benefits

IPSAS 40, Public Sector Combinations

IPSAS 41, Financial Instruments

IPSAS 42, Social Benefits

ED 70, Revenue with Performance Obligations

ED 71, Revenue without Performance Obligations

ED 72, Transfer Expenses

ED 73, COVID 19 (No changes required)

ED 74, Borrowing Costs

ED 75, Leases

ED 79, Non-Current Assets Held for Disposal and Discontinued Operations

ED		Reason for change
	Amendments to Other IPSAS	
	Amendments to IPSAS 1, *Presentation of Financial Statements*	
ED77/ED78/ED79	Paragraphs 7, 88, 92, 94, 101, 102, 107, 125C, 133, 134, 143 and 148 are amended. Paragraph 153Q, 153R and 153S are added. New text is underlined, and deleted text is struck through.	
	…	
	Definitions	
ED 78	**7. The following terms are used in this Standard with the meanings specified:** **…** **Net assets/equity is the residual interest in the assets of the entity after deducting all its liabilities.** **The components of net assets/equity are contributed capital, accumulated surpluses or deficits, reserves, and non-controlling interests. Types of reserves include:** (a) **Changes in revaluation surplus (see ~~IPSAS 17~~[draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment* and IPSAS 31, *Intangible Assets*);** (b) **Remeasurements of defined benefit plans (see IPSAS 39, *Employee Benefits*);** (c) **Gains and losses arising from translating the financial statements of a foreign operation (see IPSAS 4, *The Effects of Changes in Foreign Exchange Rates*);** (d) **Gains and losses from investments in equity instruments designated at fair value through net assets/equity in accordance with paragraph 106 of IPSAS 41, *Financial Instruments*;** (e) **Gains and losses on financial assets measured at fair value through net assets/equity in accordance with paragraph 41 of IPSAS 41;** (f) **The effective portion of gains and losses on hedging instruments in a cash flow hedge and the gains and losses on hedging instruments that hedge investments in equity instruments measured at fair value through net assets/equity in accordance with paragraph 106 of IPSAS 41 (see paragraphs 113-155 of IPSAS 41);** (g) **For particular liabilities designated as at fair value through surplus or deficit, the amount of the change in fair value that is attributable to changes in the liability's credit risk (see paragraph 108 of IPSAS 41);** (h) **Changes in the value of the time value of options when separating the intrinsic value and time value of an option contract and designating as the hedging instrument only the changes in the intrinsic value (see paragraphs 113-155 of IPSAS**	

	41); and (i) **Changes in the value of the forward elements of forward contracts when separating the forward element and spot element of a forward contract and designating as the hedging instrument only the changes in the spot element, and changes in the value of the foreign currency basis spread of a financial instrument when excluding it from the designation of that financial instrument as the hedging instrument (see paragraphs 113-155 of IPSAS 41).**	
	…	
	Statement of Financial Position	
	…	
	Information to be Presented on the Face of the Statement of Financial Position	
ED79	88. As a minimum, the face of the statement of financial position shall include line items that present the following amounts: (a) Property, plant, and equipment; … (n) Non-controlling interest, presented within net assets/equity; and (o) Net assets/equity attributable to owners of the controlling entity.; (p) <u>The total of assets classified as held for sale and assets included in disposal groups classified as held for sale in accordance with [draft] IPSAS [X] (ED 79), Non-current Assets Held for Sale and Discontinued Operations; and</u> (q) <u>Liabilities included in disposal groups classified as held for sale in accordance with [draft] IPSAS [X] (ED 79).</u>	
	…	
	Statement of Financial Performance	
	Surplus or Deficit for the Period	
	…	
	Information to be Presented on the Face of the Statement of Financial Performance	
ED77	102. As a minimum, the face of the statement of financial performance shall include line items that present the	

	following amounts for the period: (a) Revenue, presenting separately: (i) Interest revenue calculated using the effective interest method; and (ii) Gains and losses arising from the derecognition of financial assets measured at amortized cost; … (d) [deleted]~~Pre-tax gain or loss recognized on the disposal of assets or settlement of liabilities attributable to discontinuing operations; and~~ (e) Surplus or deficit.; and (f) A single amount for the total of discontinued operations (see [draft] IPSAS [X] (ED 79).	
	…	
	Information to be Presented on the Face of the Statement of Financial Position	
	…	
ED 78	92. The use of different measurement bases for different classes of assets suggests that their nature or function differs and, therefore, that they should be presented as separate line items. For example, different classes of property, plant, and equipment can be carried at cost or revalued amounts in accordance with ~~IPSAS 17~~ [draft] IPSAS [X] (ED 78).	
	…	
	Information to be Presented either on the Face of the Statement of Financial Position or in the Notes	
	…	
ED 78	94. The detail provided in subclassifications depends on the requirements of IPSAS and on the size, nature and function of the amounts involved. The factors set out in paragraph 91 also are used to decide the basis of subclassification. The disclosures vary for each item, for example: (a) Items of property, plant, and equipment are disaggregated into classes in accordance with ~~IPSAS 17~~[draft] IPSAS [X] (ED 78); (b) Receivables are disaggregated into amounts receivable from user charges, taxes and other non-exchange revenues, receivables from related parties, prepayments, and other amounts; (c) Inventories are subclassified in accordance with IPSAS 12, *Inventories*, into classifications such as merchandise, production supplies, materials, work in progress, and finished goods;	

	(d) Taxes and transfers payable are disaggregated into tax refunds payable, transfers payable, and amounts payable to other members of the economic entity; (da) Social benefits liabilities are disaggregated into separate social benefit schemes where these are material; (e) Provisions are disaggregated into provisions for employee benefits and other items; and (f) Components of net assets/equity are disaggregated into contributed capital, accumulated surpluses and deficits, and any reserves.	
	…	
	Surplus or Deficit for the Period	
	…	
ED 78	101. Other IPSASs deal with items that may meet definitions of revenue or expense set out in this Standard but are usually excluded from surplus or deficit. Examples include revaluation surpluses (see ~~IPSAS 17~~[draft] IPSAS [X] (ED 78)), particular (a) gains and losses arising on translating the financial statements of a foreign operation (see IPSAS 4), and (b) gains or losses on remeasuring financial assets measured at fair value through net assets/equity (guidance on measurement of financial assets can be found in IPSAS 41).	
	…	
	Information to be Presented either on the Face of the Statement of Financial Performance or in the Notes	
	…	
ED79	107. Circumstances that would give rise to the separate disclosure of items of revenue and expense include: (a) Write-downs of inventories to net realizable value or of property, plant, and equipment to recoverable amount or recoverable service amount as appropriate, as well as reversals of such write-downs; (b) … (c) … (d) … (e) ~~Discontinuing~~ Discontinued operations; (f) …	
	…	
	Statement of Changes in Net Assets/Equity	

	…	
ED 78	125C. Reclassification adjustments do not arise on changes in revaluation surplus recognized in accordance with ~~IPSAS 17~~ [draft] IPSAS [X] (ED 78) or IPSAS 31 or on remeasurements of defined benefit plans recognized in accordance with IPSAS 39. These components are recognized in net assets/equity and are not reclassified to surplus or deficit in subsequent periods. Changes in revaluation surplus may be transferred to accumulated surpluses or deficits in subsequent periods as the asset is used or when it is derecognized (see ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) or IPSAS 31). In accordance with IPSAS 41, reclassification adjustments do not arise if a cash flow hedge or the accounting for the time value of an option (or the forward element of a forward contract or the foreign currency basis spread of a financial instrument) result in amounts that are removed from the cash flow hedge reserve or a separate component of net assets/equity, respectively, and included directly in the initial cost or other carrying amount of an asset or a liability. These amounts are directly transferred to assets or liabilities.	
	…	
	Structure and Content	
	Notes	
	…	
	Disclosure of Accounting Policies	
ED 77	133. It is important for users to be informed of the measurement basis or bases used in the financial statements (for example, historical cost, ~~current cost, net realizable value,~~ fair value, cost of fulfillment, or current operational value ~~recoverable amount, or recoverable service amount~~), because the basis on which the financial statements are prepared significantly affects their analysis. When more than one measurement basis is used in the financial statements, for example when particular classes of assets are revalued, it is sufficient to provide an indication of the categories of assets and liabilities to which each measurement basis is applied.	
ED 77 / ED 78	134. In deciding whether a particular accounting policy should be disclosed, management considers whether disclosure would assist users in understanding how transactions, other events, and conditions are reflected in the reported financial performance and financial position. Disclosure of particular accounting policies is especially useful to users when those policies are selected from alternatives allowed	

	in IPSASs. An example is disclosure of whether an entity applies the current value model ~~fair value~~ or historical cost model to its investment property (see IPSAS 16, *Investment Property*.) Some IPSASs specifically require disclosure of particular accounting policies, including choices made by management between different policies allowed in those Standards. For example, ~~IPSAS 17~~ [draft] IPSAS [X] (ED 78) requires disclosure of the measurement bases used for classes of property, plant, and equipment. IPSAS 5, *Borrowing Costs*, requires disclosure of whether borrowing costs are recognized immediately as an expense, or capitalized as part of the cost of qualifying assets.	
	Key Sources of Estimation Uncertainty	
	…	
ED77	143. The disclosures in paragraph 140 are not required for assets and liabilities with a significant risk that their carrying amounts might change materially within the next financial year if, at the reporting date, they are measured at fair value based on active market for an identical asset or liability. Such fair values might change materially within the next financial year, but these change assumptions or other sources of estimation uncertainty at the reporting date).	*IFRS 13*
	…	
ED 78	148. The disclosure of some of the key assumptions that would otherwise be required in accordance with paragraph 140 is required by other IPSASs. For example, IPSAS 19 requires disclosure, in specified circumstances, of major assumptions concerning future events affecting classes of provisions. IPSAS 30 requires disclosure of significant assumptions applied in estimating fair values of financial assets and financial liabilities that are carried at fair value. ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) requires disclosure of ~~significant assumptions~~ measurement techniques and inputs applied in ~~estimating~~ measuring fair values and current operational values of revalued items of property, plant, and equipment.	
	…	
	Effective Date	
	…	
ED79	153Q. **Paragraphs 88, 102 and 107 were amended by [draft] IPSAS [X] (ED 79) issued in [Month] [Year]. An entity shall apply these amendments for annual financial statements covering periods beginning on or after [Month] [Day]**	

	[Year]. Earlier application is encouraged. If an entity applies the amendments for a period beginning before [Month] [Day] [Year] it shall disclose that fact and apply [draft] IPSAS [X] (ED 79) at the same time.		
ED78	**153R. Paragraphs 7, 92, 94, 101, 125C, 134, and 148 were amended by [draft] IPSAS [X] (ED 78) issued in Month YYYY. An entity shall apply these amendments for annual financial statements covering periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies these amendments for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X] (ED 78) at the same time.**		
ED77	153S. **Paragraphs 133, 134, and 143 were amended by [draft] IPSAS [X] (ED 77), *Measurement* issued in [Month] [Year] An entity shall apply these amendments for annual financial statements covering periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies the amendment for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X] (ED 77) at the same time.**		
	…		
	Implementation Guidance		
	This guidance accompanies, but is not part of, IPSAS 1.		
	…		
	Public Sector Entity—Statement of Accounting Policies (Extract)		
	…		
	Public Sector Entity—Statement of Financial Performance for the Year Ended December 31, 20X2		
	(Illustrating the Classification of Expenses by Function)		

ED79	(in thousands of currency units)		
		20X2	**20X1**
	Revenue		
	Taxes	X	X
	…		
	Total revenue	X	X
	Expenses		
	General public services	(X)	(X)
	…		
	Total expenses	(X)	(X)
	Share of surplus of associates*	X	X
	Surplus/(deficit) for the period from continuing operations	X	X
	Loss for the period from discontinued operations	(X)	(X)
	Surplus/(deficit) for the period	X	X
	Attributable to:		
	Owners of the controlling entity	X	X
	Non-controlling interests	X	X
		X	X
	* This means the share of associates' surplus attributable to owners of the associates, i.e., it is after tax and non-controlling interests in the associates.		
	…		

ED79	**Public Sector Entity—Statement of Financial Performance for the Year Ended December 31, 20X2** **(Illustrating the Classification of Expenses by Nature)** **(in thousands of currency units)**	

	20X2	**20X1**
Revenue		
Taxes	X	X
…		
Total Revenue	X	X
Expenses		
Wages, salaries, and employee benefits	(X)	(X)
…		
Total Expenses	(X)	(X)
Share of surplus of associates	X	X
Surplus/(deficit) for the period from continuing operations	(X)	X
Loss for the period from discontinued operations	(X)	(X)
Surplus/(deficit) for the period	(X)	X
Attributable to:	(X)	X
Owners of the controlling entity	(X)	X
Non-controlling interest	(X)	X

…

ED79

Comparison with IAS 1

IPSAS 1 is drawn primarily from IAS 1 (2003) and includes amendments made to IAS 1 as part of the Improvements to IFRSs issued in May 2008 and April 2009 respectively. At the time of initially issuing this Standard, the IPSASB has had not considered the applicability of IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, to public sector entities; therefore IPSAS 1 does did not reflect amendments made to IAS 1 consequent upon the issuing of IFRS 5. The IPSASB has subsequently issued [draft] IPSAS [X] (ED 79), Non-current Assets Held for Sale and Discontinued Operations in [MTH], [YEAR]. Therefore, all amendments made to IAS 1 from the issuance of IFRS 5 are now reflected in IPSAS 1. The main differences between IPSAS 1 and IAS 1 are as follows:

Discussion on the application of the going concern concept to public sector entities has been included in IPSAS 1 compared

	to that in IAS 1	
ED78	**Amendments to IPSAS 2, *Cash Flow Statements***	
ED78/ED79	Paragraph 22 is amended. Paragraphs 63I and 63K are added. New text is underlined, and deleted text is struck through.	
	Operating Activities	
	…	
ED78/ED79	22. Cash flows from operating activities are primarily derived from the principal cash-generating activities of the entity. Examples of cash flows from operating activities are: (a) Cash receipts from taxes, levies, and fines; (b) Cash receipts from charges for goods and services provided by the entity; (c) Cash receipts from grants or transfers and other appropriations or other budget authority made by central government or other public sector entities; (d) Cash receipts from royalties, fees, commissions, and other revenue; (da) Cash payments to beneficiaries of social benefit schemes; (e) Cash payments to other public sector entities to finance their operations (not including loans); (f) Cash payments to suppliers for goods and services; (g) Cash payments to and on behalf of employees; (h) Cash receipts and cash payments of an insurance entity for premiums and claims, annuities, and other policy benefits; (i) Cash payments of local property taxes or income taxes (where appropriate) in relation to operating activities; (j) Cash receipts and payments from contracts held for dealing or trading purposes; (k) Cash receipts or payments from ~~discontinuing~~ discontinued operations; and (l) Cash receipts or payments in relation to litigation settlements. Some transactions, such as the sale of an item of plant, may give rise to a gain or loss that is included in surplus or deficit. The cash flows relating to such transactions are cash flows from investing activities. However, cash payments to construct or acquire assets held for rental to others and subsequently	

	held for sale as described in ~~paragraph 62 of~~ ~~IPSAS 17~~[draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment* are cash flows from operating activities. The cash receipts from rents and subsequent sales of such assets are also cash flows from operating activities.	
	…	
	Effective Date	
	…	
ED79	63I. **Paragraph 22 was amended by [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations* issued in [Month] [Year]. An entity shall apply this amendment for annual financial statements covering periods beginning on or after [Month] [Day] [Year]. Earlier application is encouraged. If an entity applies the amendments for a period beginning before [Month] [Day] [Year] it shall disclose that fact and apply [draft] IPSAS [X] (ED 79) at the same time.**	
ED78	**63K. Paragraph 22 was amended by [draft] IPSAS [X] (ED 78) issued in Month YYYY. An entity shall apply this amendment for annual financial statements covering periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies this amendment for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X] (ED 78) at the same time.**	
	…	
	Amendments to IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors*	
ED77/ED78	Paragraphs 22 and 57 are amended. Paragraphs 59E and 59F are added. New text is underlined, and deleted text is struck through.	
	…	
	Changes in Accounting Policies	
	…	
ED78	**22. The initial application of a policy to revalue assets in accordance with ~~IPSAS 17~~[draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment*, or IPSAS 31, *Intangible Assets*, is a change in accounting policy to be dealt with as a revaluation in accordance with ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) or IPSAS 31, rather than in accordance with this Standard.**	
	Impracticability in Respect of Retrospective Application and Retrospective Restatement	

ED77	57. Therefore, retrospectively applying a new accounting policy or correcting a prior period error requires distinguishing information that: (a) Provides evidence of circumstances that existed on the date(s) as at which the transaction, other event, or condition occurred; and (b) Would have been available when the financial statements for that prior period were authorized for issue; from other information. For some types of estimates (e.g., ~~an estimate of~~ a fair value measurement that uses significant unobservable ~~not based on an observable price or observable~~ inputs), it is impracticable to distinguish these types of information. When retrospective application or retrospective restatement would require making a significant estimate for which it is impossible to distinguish these two types of information, it is impracticable to apply the new accounting policy or correct the prior period error retrospectively.	*IFRS 13*
	…	
	Effective Date	
ED78	**59E. Paragraph 22 was amended by [draft] IPSAS [X] (ED 78) issued in Month YYYY. An entity shall apply this amendment for annual financial statements covering periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies this amendment for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X] (ED 78) at the same time.**	
ED77	59F. **Paragraph 57 was amended by [draft] IPSAS [X] (ED 77), *Measurement* issued in [Month] [Year] An entity shall apply these amendments for annual financial statements covering periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies the amendment for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X] (ED 77) at the same time.**	
	Implementation Guidance	
	…	
	Prospective Application of a Change in Accounting Policy When Retrospective Application is not Practicable	
	…	
ED78	IG14. During 20X2, the entity changed its accounting policy for depreciating property, plant, and equipment, so as to apply much more fully a components approach, while at the same time adopting the ~~revaluation~~ current value model.	

ED78	IG15. In years before 20X2, the entity's asset records were not sufficiently detailed to apply a components approach fully. At the end of year 20X1, management commissioned an engineering survey, which provided information on the components held and their ~~fair~~ current operational values, useful lives, estimated residual values, and depreciable amounts at the beginning of 20X2. However, the survey did not provide a sufficient basis for reliably estimating the cost of those components that had not previously been accounted for separately, and the existing records before the survey did not permit this information to be reconstructed.	
ED78	IG16. Management considered how to account for each of the two aspects of the accounting change. They determined that it was not practicable to account for the change to a fuller components approach retrospectively, or to account for that change prospectively from any earlier date than the start of 20X2. Also, the change from a historical cost model to a ~~revaluation~~ current value model is required to be accounted for prospectively. Therefore, management concluded that it should apply the entity's new policy prospectively from the start of 20X2.	
	…	
	Extracts from Notes to the Financial Statements	
ED78	1. From the start of 20X2, the entity changed its accounting policy for depreciating property, plant, and equipment, so as to apply much more fully a components approach, while at the same time adopting the ~~revaluation~~current value model. Management takes the view that this policy provides faithfully representative and more relevant information, because it deals more accurately with the components of property, plant, and equipment and is based on up-to-date values. The policy has been applied prospectively from the start of 20X2, because it was not practicable to estimate the effects of applying the policy either retrospectively or prospectively from any earlier date. Accordingly, the adopting of the new policy has no effect on prior periods. The effect on the current year is to (a) increase the carrying amount of property, plant, and equipment at the start of the year by CU6,000, (b) create a revaluation reserve at the start of the year of CU6,000, and (c) increase depreciation expense by CU500.	
	…	
	Amendments to IPSAS 4, *The Effects of Changes in Foreign Exchange Rates*	
ED77/ED78	Paragraphs 27, 28, 36 and A5 are amended. Paragraphs 71G	

	and 71H are added. New text is underlined, and deleted text is struck through.	
	…	
	Reporting Foreign Currency Transactions in the Functional Currency	
	Reporting at Subsequent Reporting Dates	
ED 77	27. **At each reporting date:** **(a) Foreign currency monetary items shall be translated using the closing rate;** **(b) Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction; and** **(c) Non-monetary items that are measured at fair value <u>or current operational value</u> in a foreign currency shall be translated using the exchange rates at the date when the ~~fair~~ value or current operational value was <u>measured</u> ~~determined~~.**	*Push ED 77 Principles* *IFRS 13*
	Reporting at Subsequent Reporting Dates	
	…	
ED78	28. The carrying amount of an item is determined in conjunction with other relevant IPSASs. For example, property, plant, and equipment may be measured in terms of fair value <u>or current operational value</u> or historical cost in accordance with ~~IPSAS 17~~<u>[draft] IPSAS [X] (ED 78)</u>, *Property, Plant, and Equipment*. Whether the carrying amount is determined on the basis of historical cost or on the basis of fair value <u>or current operational value</u>, if the amount is determined in a foreign currency, it is then translated into the functional currency in accordance with this Standard.	
	…	
	Recognition of Exchange Differences	
	…	
ED78	36. Other IPSASs require some gains and losses to be recognized directly in net assets/equity. For example, ~~IPSAS 17~~<u>[draft] IPSAS [X] (ED 78)</u> requires some gains and losses arising on a revaluation of property, plant, and equipment to be recognized directly in net assets/equity. When such an asset is measured in a foreign currency, paragraph 27(c) of this Standard requires the revalued amount to be translated using the rate at the date the value is determined, resulting in an exchange difference that is also recognized in net assets/equity.	

	…	
	Effective Date	
	…	
ED78	**71G. Paragraphs 28 and 36 were amended by [draft] IPSAS [X] (ED 78) issued in Month YYYY. An entity shall apply these amendments for annual financial statements covering periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies these amendments for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X] (ED 78) at the same time.**	
ED77	71H. **Paragraphs 27 and A5 were amended, by [draft] IPSAS [X] (ED 77), *Measurement* issued in [Month] [Year] An entity shall apply these amendments for annual financial statements covering periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies the amendment for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X] (ED 77) at the same time.**	
	Illustrative Examples	
	…	
	Foreign Currency Transactions and Advance Consideration	
	…	
ED 78	IE4. On April 15, 20X1, Entity A takes delivery of the machine. Entity A derecognizes the non-monetary asset and recognizes the machine as property, plant, and equipment applying ~~IPSAS 17~~ [draft] IPSAS [X] (ED 78). On initial recognition of the machine, Entity A recognizes the cost of the machine using the exchange rate at the date of the transaction, which is April 1 20X1 (the date of initial recognition of the non-monetary asset).	
	…	
	Appendix A	
	Foreign Currency Transactions and Advance Consideration	
	This Appendix is an integral part of IPSAS 4.	
	…	
	Scope	
ED 77	A5. This Appendix does not apply when an entity measures the related asset, expense or revenue on initial recognition: (a) At fair value or current operational value; or	
	…	

	Amendments to IPSAS 9, *Revenue from Exchange Transactions*	
ED77	Paragraph 11 is amended. Paragraph 41E is added. New text is underlined, and deleted text is struck through.	
	…	
	Definitions	
ED 77	11. **The following terms are used in this Standard with the meanings specified:** **<u>Exchange transactions</u> are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.** ~~**Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.**~~ **<u>Non-exchange transactions</u> are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.** **Terms defined in other IPSASs are used in this Standard with the same meaning as in those Standards, and are reproduced in the *Glossary of Defined Terms* published separately.<u> Fair value is defined in [draft] IPSAS [X] (ED 77), *Measurement*.</u>**	
	…	
	Effective date	
ED 77	41E. **<u>[Draft] IPSAS [X] (ED 77), *Measurement*, issued in Month YYYY , includes a new definition of fair value that replaces the definition previously found in paragraph 11. An entity shall apply these amendments for annual financial statements covering periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies the amendment for a period beginning before MM DD, YYYY it apply [draft] IPSAS [X] (ED 77) at the same time.</u>**	
	…	
	Amendments to IPSAS 10, *Financial Reporting in a Hyperinflationary Economy*	
ED77	Paragraph 31 is amended. Paragraph 38G is added. New text is underlined, and deleted text is struck through.	
	…	
	The Restatement of Financial Statements	
	Corresponding Figures	

ED77	31. Corresponding figures for the previous reporting period, whether they were based on a historical cost ~~approach~~ model or a current ~~cost approach~~ value model are restated by applying a general price index, so that the comparative financial statements are presented in terms of the measuring unit current at the end of the reporting period. Information that is disclosed in respect of earlier periods is also expressed in terms of the measuring unit current at the end of the reporting period. For the purpose of presenting comparative amounts in a different presentation currency, paragraphs 47(b) and 48 of IPSAS 4 apply.	*Push ED 77 Principles*
	…	
	Effective Date	
ED77	38G. **Paragraph 31 was amended by [draft] IPSAS [X] (ED 77), *Measurement* issued in Month YYYY. An entity shall apply these amendments for annual financial statements covering periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies the amendment for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X] (ED 77) at the same time.**	
	…	
	Amendments to IPSAS 12, *Inventories*	
ED77/ED78	Paragraphs 10 and 14A are amended. Paragraphs 50A–50F, 51J and 51K are added. New text is underlined, and deleted text is struck through.	
	…	
	Definitions	
	…	
	Net Realizable Value	
ED 77	10. Net realizable value refers to the net amount that an entity expects to realize from the sale of inventory in the ordinary course of operations. Fair value reflects the price at which an orderly transaction to sell the same inventory in the principal (or most advantageous) market for that inventory would take place between market participants at the measurement date. The former is an entity-specific value; the latter is not. Net realizable value for inventories may not equal fair value less costs to of disposal	*Push ED 77 Principles*
	…	
	Inventories	
	…	

ED 78	14A. Military inventories consist of single-use items, such as ammunition, missiles, rockets and bombs delivered by weapons or weapons systems. However, some types of missiles may be accounted for in accordance with ~~IPSAS 17~~ [draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment*, if they satisfy the criteria to be classified in that standard.	
	…	
	Disclosure	
	…	
	Current Value Measurement	
ED77	50A. An entity shall disclose information that helps users of its financial statements assess both of the following: (a) For inventories that are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition, the measurement techniques and inputs used to develop those measurements. (b) For recurring fair value measurements using significant unobservable inputs (Level 3), the effect of the measurements on surplus or deficit or net assets/equity for the period.	
ED77	50B. To meet the objectives in paragraph 50A, an entity shall consider all the following: (a) The level of detail necessary to satisfy the disclosure requirements; (b) How much emphasis to place on each of the various requirements; (c) How much aggregation or disaggregation to undertake; and (d) Whether users of financial statements need additional information to evaluate the quantitative information disclosed. If the disclosures provided in accordance with this IPSAS and other IPSAS are insufficient to meet the objectives in paragraph 50A, an entity shall disclose additional information necessary to meet those objectives.	
ED77	50C. To meet the objectives in paragraph 50A, an entity shall disclose, at a minimum, the following information for each class of inventories (see paragraph 50D for information on determining appropriate classes of inventories) measured at fair value (including measurements based on fair value within the scope of [draft] IPSAS [X] (ED 77), Measurement) in the statement of financial position after initial recognition: (a) For recurring and non-recurring fair value measurements, the fair value measurement at the end of the reporting	

period, and for non-recurring fair value measurements, the reasons for the measurement. Recurring fair value measurements of inventories are those that this Standard requires or permits in the statement of financial position at the end of each reporting period. Non-recurring fair value measurements of inventories are those that this Standard requires or permits in the statement of financial position in particular circumstances.

(b) For recurring and non-recurring fair value measurements, the level of the fair value hierarchy within which the fair value measurements are categorized in their entirety (Level 1, 2 or 3).

(c) For recurring and non-recurring fair value measurements estimated using unobservable inputs, a description of the measurement technique(s) and the inputs used in the fair value measurement. If there has been a change in measurement technique (e.g. changing from a market approach to an income approach or the use of an additional measurement technique), the entity shall disclose that change and the reason(s) for making it. For fair value measurements categorized within Level 3 of the fair value hierarchy, an entity shall provide quantitative information about the significant unobservable inputs used in the fair value measurement. An entity is not required to create quantitative information to comply with this disclosure requirement if quantitative unobservable inputs are not developed by the entity when measuring fair value (e.g. when an entity uses prices from prior transactions or third-party pricing information without adjustment). However, when providing this disclosure an entity cannot ignore quantitative unobservable inputs that are significant to the fair value measurement and are reasonably available to the entity.

(d) For recurring fair value measurements categorized within Level 3 of the fair value hierarchy, or for recurring fair value measurements estimated using unobservable inputs, a reconciliation from the opening balances to the closing balances, disclosing separately changes during the period attributable to the following:

(i) Total gains or losses for the period recognized in surplus or deficit, and the line item(s) in surplus or deficit in which those gains or losses are recognized.

(ii) Total gains or losses for the period recognized in net assets/equity, and the line item(s) in net assets/equity in which those gains or losses are recognized.

(iii) Purchases, sales, issues and settlements (each of those types of changes disclosed separately).

(e) For recurring fair value measurements categorized within Level 3 of the fair value hierarchy, or for recurring fair value measurements estimated using unobservable inputs, the amount of the total gains or losses for the period in (e)(i) included in surplus or deficit that is

	attributable to the change in unrealized gains or losses relating to those inventories held at the end of the reporting period, and the line item(s) in surplus or deficit in which those unrealized gains or losses are recognized. (f) For recurring and non-recurring fair value measurements categorized within Level 3 of the fair value hierarchy, or for recurring and non-recurring fair value measurements estimated using unobservable inputs, a description of the valuation processes used by the entity (including, for example, how an entity decides its valuation policies and procedures and analyses changes in fair value measurements from period to period). (g) For recurring fair value measurements categorized within Level 3 of the fair value hierarchy: (i) For all such measurements, a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower fair value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the fair value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the fair value measurement. To comply with that disclosure requirement, the narrative description of the sensitivity to changes in unobservable inputs shall include, at a minimum, the unobservable inputs disclosed when complying with (c).	
ED77	50D. An entity shall determine appropriate classes of fair value on the basis of the following: (a) The nature, characteristics and risks of the inventories; and (b) The level of the fair value hierarchy within which the fair value measurement is categorized. The number of classes may need to be greater for fair value measurements categorized within Level 3 of the fair value hierarchy, because those measurements have a greater degree of uncertainty and subjectivity. Determining appropriate classes of inventories for which disclosures about fair value measurements should be provided requires judgement. A class of inventories will often require greater disaggregation than the line items presented in the statement of financial position. However, an entity shall provide information sufficient to permit reconciliation to the line items presented in the statement of financial position. If another IPSAS specifies the class for an inventory, an entity may use that class in providing the disclosures required in this Standard if that class meets the requirements in this paragraph.	
ED77	50E For each class of inventories not measured at fair value in the	

	statement of financial position but for which the fair value is disclosed, an entity shall disclose the information required by paragraph 50C(b), (c) and (g). However, an entity is not required to provide the quantitative disclosures about significant unobservable inputs used in fair value measurements categorized within Level 3 of the fair value hierarchy, required by paragraph 50C(c). For such inventories, an entity does not need to provide the other disclosures required by this Standard.		
ED77	50F An entity shall present the quantitative disclosures required by this Standard in a tabular format unless another format is more appropriate.		
	…		
	Effective Date		
	…		
ED78	**51J. Paragraph 14A was amended by [draft] IPSAS [X] (ED 78) issued in Month YYYY. An entity shall apply this amendment for annual financial statements covering periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies this amendment for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X] (ED 78) at the same time.**		
ED77	51K. Paragraph 10 was amended, and paragraphs 50A–50F were added by [draft] IPSAS [X] (ED 77), Measurement, issued in Month YYYY**. An entity shall apply these amendments for annual financial statements covering periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies the amendment for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X] (ED 77) at the same time.**		
	…		
	Basis for Conclusions		
	This Basis for Conclusions accompanies, but is not part of, IPSAS 12.		
	Revision of IPSAS 12 as a result of [draft] IPSAS [X] (ED 77), *Measurement*		
ED77	BC9. The IPSASB developed [draft] IPSAS [X] (ED 77), to ensure that measurement bases were applied consistently to all transactions. This pronouncement amends IPSAS 12 by (a) Updating the definition of fair value to clarify its application across IPSAS and align with IFRS; and (b) Adding fair value disclosure requirements to help users assess the measurement techniques and inputs used to measure inventory at fair value and the effect on surplus or deficit or net assets/equity for the period.		

	<u>The reasons for these</u> changes are set out in the Basis for Conclusions to [draft] IPSAS [X] (ED 77).	
ED77	BC10. <u>[Draft] IPSAS [X], ED 77 also introduced a public sector specific measurement basis applicable to assets held for their operational capacity. As part of its review of all measurement bases in its literature, the IPSASB considered whether current operational value should be added to, or replace, an existing measurement basis in this Standard.</u>	
ED77	BC11. <u>The IPSASB agreed to retain the current measurement bases in this Standard. The IPSASB specifically noted current replacement cost, which shares some characteristics with current operational value, should be retained, and not replaced in this Standard because when [Draft] IPSAS [X], ED 77 was issued, the IPSASB was not aware of any issues in practice when applying current replacement cost to inventory. The IPSASB agreed any changes to a specific measurement basis in this Standard should be considered as part of a standalone project related to this IPSAS. This allows stakeholders to clearly consider the implications of the proposal.</u>	
	Amendments to IPSAS 14, *Events after the Reporting Date*	
ED79	Paragraph 31 is amended and paragraph 32G is added. New text is underlined, and deleted text is struck through.	
	…	
	Disclosure	
	…	
	Disclosure of Non-adjusting Events after the Reporting Date	
	…	
ED79	31. The following are examples of non-adjusting events after the reporting date that would generally result in disclosure: (a) An unusually large decline in the value of property carried at fair value, where that decline is unrelated to the condition of the property at reporting date, but is due to circumstances that have arisen since the reporting date; … (d) Announcing a plan to discontinue an operation or major program, disposing of assets, or settling liabilities attributable to a discontinued operation or major program, or entering into binding agreements to sell such assets or settle such liabilities; (e) Major purchases ~~and disposals~~ of assets~~;~~<u>, classification of assets as held for sale in accordance with [draft] IPSAS</u>	

	[X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations*, other disposals of assets, or expropriation of major assets by other public sector entities; (f) …	
	…	
	Effective Date	
	…	
ED79	32G. **Paragraph 31 was amended by [draft] IPSAS [X] (ED 79) issued in [Month] [Year]. An entity shall apply this amendment for annual financial statements covering periods beginning on or after [Month] [Day] [Year]. Earlier application is encouraged. If an entity applies the amendments for a period beginning before [Month] [Day] [Year] it shall disclose that fact and apply [draft] IPSAS [X] (ED 79) at the same time.**	
	…	
	Basis for Conclusions	
	This Basis for Conclusions accompanies, but is not part of, IPSAS 14.	
	…	
	Revision of IPSAS 14 as a result of Part II of *Improvements to IPSASs 2015*: issues raised by stakeholders	
ED79	BC8. When IPSAS 14 was revised as a result of Part II of *Improvements to IPSASs* 2015 ~~Stakeholders~~ stakeholders had indicated that IPSASs referred to non-current assets held for sale and disposal groups inconsistently. The IPSASB had concluded that IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, ~~may~~ might only be appropriate for the public sector in certain circumstances, for the following reasons: (a) Sales of assets in the public sector ~~may~~ might not be completed within one year because of the levels of approval required. This ~~raises~~ had raised questions about the relevance and consistency of information provided in accordance with IFRS 5. In particular, the IPSASB ~~notes~~ had noted that, under IFRS 5, non-current assets held for sale are not depreciated. The IPSASB had~~s~~ concerns that not depreciating assets for an extended period of time ~~may~~ might be inappropriate. (b) Many assets in the public sector are disposed of through a transfer or distribution for no or nominal consideration. As IFRS 5 deals with sales at fair value, the measurement and disclosure requirements ~~may~~ might not provide relevant information for these transfers. However, the	

	IPSASB ~~recognizes~~ had recognized that the measurement and disclosure requirements in IFRS 5 ~~may~~ might be appropriate where sales are intended to take place at fair value. (c) Many discontinued operations in the public sector are operations that previously provided services at no or nominal cost. As IFRS 5 deals with discontinued operations that were either cash-generating units or a group of cash-generating units prior to disposal or being classified as held for sale, the disclosure requirements ~~may~~ might not provide relevant information for public sector discontinued operations. However, the IPSASB ~~recognizes~~ had recognized that the disclosure requirements in IFRS 5 ~~may~~ might be appropriate where discontinued operations were previously either cash-generating units or one or more groups of cash generating units. Because the IPSASB had concluded that IFRS 5 would only be appropriate in the public sector in limited circumstances, the IPSASB agreed to remove references in IPSAS to international or national accounting standards dealing with non-current assets held for sale and discontinued operations. The IPSASB had concerns that retaining this reference ~~may~~ might result in entities following the requirements of IFRS 5 in circumstances where this ~~may~~ might not be appropriate. The IPSASB had noted that IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors*, provides guidance on selecting accounting policies for transactions that are not specifically addressed in IPSASs. This guidance would permit entities to adopt an accounting policy that is consistent with IFRS 5 where the entity considers this is appropriate.	
ED79	BC8A. In developing [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations* the IPSASB concluded that in certain circumstances it would be appropriate for public sector entities to apply the requirements of IFRS 5. As a result, all the relevant references have been added.	
	…	
	Amendments to IPSAS 16, *Investment Property*	
ED77/ED78/ED79	Paragraphs 6, 8, 10, 13, 19, 33, 35, 38, 39, 40, 41, 49, 50, 57,59, 62, 62A, 62B, 63, 65, 70-73, 79, 85, 86, 87, 89, 90, and 97 are amended. Paragraphs 89A–89F, 101J, 101L, and 101M are added. Paragraphs 45, 48, 51, 56, 58, and 60 are deleted. New text is underlined, and deleted text is struck through.	
	…	
	Scope	

ED78	6. This Standard does not apply to: (a) Biological assets related to agricultural activity (see IPSAS 27, *Agriculture* and ~~IPSAS 17~~[draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment*); and (b) Mineral rights and mineral reserves such as oil, natural gas, and similar non-regenerative resources.	
	…	
	Classification of Property as Investment Property or Owner-Occupied Property	
ED78	8. A property interest that is held by a lessee under an operating lease may be classified and accounted for as investment property if, and only if, (a) the property would otherwise meet the definition of an investment property, and (b) the lessee uses the ~~fair~~ current value model set out in paragraphs 42–64 for the asset recognized. This classification alternative is available on a property-by-property basis. However, once this classification alternative is selected for one such property interest held under an operating lease, all property classified as investment property shall be accounted for using the ~~fair~~ current value model. When this classification alternative is selected, any interest so classified is included in the disclosures required by paragraphs 85–89.	
	Classification of Property as Investment Property or Owner-Occupied Property	
	…	
ED78	10. Investment property is held to earn rentals or for capital appreciation, or both. Therefore, investment property generates cash flows largely independently of the other assets held by an entity. This distinguishes investment property from other land or buildings controlled by public sector entities, including owner-occupied property. The production or supply of goods or services (or the use of property for administrative purposes) can also generate cash flows. For example, public sector entities may use a building to provide goods and services to recipients in return for full or partial cost recovery. However, the building is held to facilitate the production of goods and services, and the cash flows are attributable not only to the building, but also to other assets used in the production or supply process. ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) applies to owner-occupied property.	
	…	
ED78	13. The following are examples of items that are not investment property and are therefore outside the scope of this Standard: (a) Property held for sale in the ordinary course of operations or in the process of construction or development for such	

	sale (see IPSAS 12, *Inventories*). For example, a municipal government may routinely supplement rate income by buying and selling property, in which case property held exclusively with a view to subsequent disposal in the near future or for development for resale is classified as inventory. A housing department may routinely sell part of its housing stock in the ordinary course of its operations as a result of changing demographics, in which case any housing stock held for sale is classified as inventory. (b) Property being constructed or developed on behalf of third parties. For example, a property and service department may enter into construction contracts with entities external to its government (see IPSAS 11, *Construction Contracts*). (c) Owner-occupied property (see ~~IPSAS 17~~[draft] IPSAS [X] (ED 78), including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for military personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal. (d) [Deleted] (e) Property that is leased to another entity under a finance lease. (f) Property held to provide a social service and which also generates cash inflows. For example, a housing department may hold a large housing stock used to provide housing to low income families at below market rental. In this situation, the property is held to provide housing services rather than for rentals or capital appreciation and rental revenue generated is incidental to the purposes for which the property is held. Such property is not considered an "investment property" and would be accounted for in accordance with ~~IPSAS 17~~[draft] IPSAS [X] (ED 78). (g) Property held for strategic purposes which would be accounted for in accordance with ~~IPSAS 17~~[draft] IPSAS [X] (ED 78).	
	…	
ED78	19. In some cases, an entity owns property that is leased to, and occupied by, its controlling entity or another controlled entity. The property does not qualify as investment property in consolidated financial statements, because the property is owner-occupied from the perspective of the economic entity. However, from the perspective of the entity that owns it, the	

	property is investment property if it meets the definition in paragraph 7. Therefore, the lessor treats the property as investment property in its individual financial statements. This situation may arise where a government establishes a property management entity to manage government office buildings. The buildings are then leased out to other government entities on a commercial basis. In the financial statements of the property management entity, the property would be accounted for as investment property. However, in the consolidated financial statements of the government, the property would be accounted for as property, plant, and equipment in accordance with ~~IPSAS 17~~<u>[draft] IPSAS [X] (ED 78)</u>.	
	…	
	Measurement at Recognition	
	…	
ED77/ED78	33. Where an entity initially recognizes its investment property at fair value in accordance with paragraph 27, the fair value is the cost of the property. The entity shall decide, subsequent to initial recognition, to adopt either the ~~fair~~ <u>current</u> value model (paragraphs 42–64) or the <u>historical</u> cost model (paragraph 65).	
	…	
ED77	35. Any premium paid for a lease is treated as part of the minimum lease payments for this purpose, and is therefore included in the cost of the asset, but is excluded from the liability. If a property interest held under a lease is classified as investment property, the item accounted for at fair value is that interest and not the underlying property. Guidance on <u>measuring</u> ~~determining~~ the fair value of a property interest is set out for the fair value model in paragraphs 42–61. That guidance is also relevant to the determination of fair value when that value is used as cost for initial recognition purposes.	*IFRS 13*
	…	
ED77	38. The fair value of an asset ~~for which comparable market transactions do not exist~~ is reliably measurable if (a) the variability in the range of reasonable fair value <u>measurements</u> ~~estimates~~ is not significant for that asset or (b) the probabilities of the various estimates within the range can be reasonably assessed and used <u>when measuring</u> ~~in estimating~~ fair value. If the entity is able to <u>measure</u> ~~determine~~ reliably the fair value of either the asset received or the asset given up, then the fair value of the asset given up is used to measure cost unless the fair value of the asset received is more clearly evident.	*IFRS 13*
	Measurement after Recognition	

	Accounting Policy	
ED78	**39. With the exception noted in paragraph 43, an entity shall choose as its accounting policy either the fair value model in paragraphs 42-64 or the <u>historical</u> cost model in paragraph 65,and shall apply that policy to all of its investment property.**	
	Measurement after Recognition	
	Accounting Policy	
ED77/ED78	40. IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors* states that a voluntary change in accounting policy shall be made only if the change results in the financial statements providing faithfully representative and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows. It is highly unlikely that a change from the ~~fair~~ <u>current</u> value model to the<u> historical</u> cost model will result in a more relevant presentation.	
ED77/ED78	41. This Standard requires all entities to <u>measure</u> the fair value of investment property, for the purpose of either measurement (if the entity uses the current value model) or disclosure (if it uses the <u>historical</u> cost model). An entity is encouraged, but not required, to <u>measure</u> ~~determine~~ the fair value of investment property on the basis of a valuation by an independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued.	*IFRS 13*
	Current Value Model	
	…	
ED77	45. ~~The fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction (see paragraph 7). Fair value specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale.~~ <u>[Deleted]</u>	*IFRS 13*
ED77	46. ~~An entity determines fair value without any deduction for transaction costs it may incur on sale or other disposal.~~ <u>[Deleted]</u>	*IFRS 13*
ED77	47. ~~**The fair value of investment property shall reflect market conditions at the reporting date.**~~ <u>[Deleted]</u>	*IFRS 13*
ED77	48. ~~Fair value is time-specific as of a given date. Because market conditions may change, the amount reported as fair value may~~	*IFRS 13*

		~~be incorrect or inappropriate if estimated as of another time. The definition of fair value also assumes simultaneous exchange and completion of the contract for sale without any variation in price that might be made in an arm's length transaction between knowledgeable, willing parties if exchange and completion are not simultaneous.~~ [Deleted]	
ED77	49.	When measuring the ~~The~~ fair value of investment property in accordance with Appendix A of [draft] IPSAS [X] (ED 77), an entity shall ensure that the fair value reflects, among other things, rental revenue from current leases and other ~~reasonable and supportable~~ assumptions that ~~represent what knowledgeable, willing parties~~ market participants would use when pricing the investment property ~~assume about rental revenue from future leases in the light of~~ under current market conditions. ~~It also reflects, on a similar basis, any cash outflows (including rental payments and other outflows) that could be expected in respect of the property. Some of those outflows are reflected in the liability whereas others relate to outflows that are not recognized in the financial statements until a later date (e.g. periodic payments such as contingent rents).~~	*IFRS 13*
ED77	50.	Paragraph 34 specifies the basis for initial recognition of the cost of an interest in a leased property. Paragraph 42 requires the interest in the leased property to be remeasured, if necessary, to fair value. In a lease negotiated at market rates, the fair value of an interest in a leased property at acquisition, net of all expected lease payments (including those relating to recognized liabilities), should be zero. This fair value does not change regardless of whether, for accounting purposes, a leased asset and liability are recognized at fair value or at the present value of minimum lease payments, in accordance with paragraph 28 of IPSAS 13. Thus, remeasuring a leased asset from cost in accordance with paragraph 34 to fair value in accordance with paragraph 42 should not give rise to any initial gain or loss, unless fair value is measured at different times. This could occur when an election to apply the fair current value model is made after initial recognition.	
ED77	51.	~~The definition of fair value refers to "knowledgeable, willing parties". In this context, "knowledgeable" means that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the investment property, its actual and potential uses, and market conditions at the reporting date. A willing buyer is motivated, but not compelled, to buy. This buyer is neither over-eager nor determined to buy at any price. The assumed buyer would not pay a higher price than a market comprising knowledgeable, willing buyers and sellers would require.~~ [Deleted]	*IFRS 13*
ED77	52.	~~A willing seller is neither an over-eager nor a forced seller,~~	*IFRS 13*

		~~prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in current market conditions. The willing seller is motivated to sell the investment property at market terms for the best price obtainable. The factual circumstances of the actual investment property owner are not a part of this consideration because the willing seller is a hypothetical owner (e.g., a willing seller would not take into account the particular tax circumstances of the actual investment property owner).~~ [Deleted]	
ED77	53.	~~The definition of fair value refers to an arm's length transaction. An arm's length transaction is one between parties that do not have a particular or special relationship that makes prices of transactions uncharacteristic of market conditions. The transaction is presumed to be between unrelated parties, each acting independently.~~ [Deleted]	*IFRS 13*
ED77	54.	~~The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition and subject to similar lease and other contracts. An entity takes care to identify any differences in the nature, location, or condition of the property, or in the contractual terms of the leases and other contracts relating to the property.~~ [Deleted]	*IFRS 13*
ED77	55.	~~In the absence of current prices in an active market of the kind described in paragraph 54, an entity considers information from a variety of sources, including:~~ ~~(a) Current prices in an active market for properties of different nature, condition, or location (or subject to different lease or other contracts), adjusted to reflect those differences;~~ ~~(b) Recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and~~ ~~(c) Discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence, such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.~~ [Deleted]	*IFRS 13*
ED77	56.	~~In some cases, the various sources listed in the previous paragraph may suggest different conclusions about the fair value of an investment property. An entity considers the reasons for those differences, in order to arrive at the most reliable estimate of fair value within a range of reasonable fair value estimates.~~ [Deleted]	*IFRS 13*
ED77	57.	In exceptional cases, there is clear evidence when an entity first	*IFRS 13*

	acquires an investment property (or when an existing property first becomes an investment property after a change in use) that the variability in the range of reasonable fair value measurements ~~estimates~~ will be so great, and the probabilities of the various outcomes so difficult to assess, that the usefulness of a single measure ~~estimate~~ of fair value is negated. This may indicate that the fair value of the property will not be reliably measurable ~~determinable~~ on a continuing basis (see paragraph 62).	
ED77	58. ~~Fair value differs from value in use, as defined in IPSAS 21, *Impairment of Non-Cash-Generating Assets* and IPSAS 26, *Impairment of Cash-Generating Assets*. Fair value reflects the knowledge and estimates of knowledgeable, willing buyers and sellers. In contrast, value in use reflects the entity's estimates, including the effects of factors that may be specific to the entity and not applicable to entities in general. For example, fair value does not reflect any of the following factors, to the extent that they would not be generally available to knowledgeable, willing buyers and sellers:~~ ~~(a) Additional value derived from the creation of a portfolio of properties in different locations;~~ ~~(b) Synergies between investment property and other assets;~~ ~~(c) Legal rights or legal restrictions that are specific only to the current owner; and~~ ~~(d) Tax benefits or tax burdens that are specific to the current owner.~~ [Deleted]	*IFRS 13*
ED77	59. In determining the carrying amount of investment property under the fair current value model, an entity does not double-count assets or liabilities that are recognized as separate assets or liabilities. For example: (a) Equipment such as elevators or air-conditioning is often an integral part of a building and is generally included in the fair value of the investment property, rather than recognized separately as property, plant, and equipment. (b) If an office is leased on a furnished basis, the fair value of the office generally includes the fair value of the furniture, because the rental revenue relates to the furnished office. When furniture is included in the fair value of investment property, an entity does not recognize that furniture as a separate asset. (c) The fair value of investment property excludes prepaid or accrued operating lease revenue, because the entity recognizes it as a separate liability or asset. (d) The fair value of investment property held under a lease reflects expected cash flows (including contingent rent that is expected to become payable). Accordingly, if a valuation obtained for a	

	property is net of all payments expected to be made, it will be necessary to add back any recognized lease liability, to arrive at the carrying amount of the investment property using the fair current value model.	
ED77	60. ~~The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure.~~ [Deleted]	*IFRS 13*
	…	
	Inability to ~~Determine~~ Measure Fair Value Reliably	
ED77/ED78	62. **There is a rebuttable presumption that an entity can reliably measure ~~determine~~ the fair value of an investment property on a continuing basis. However, in exceptional cases, there is clear evidence when an entity first acquires an investment property (or when an existing property first becomes investment property after a change in use) that the fair value of the investment property is not reliably measurable ~~determinable~~ on a continuing basis. This arises when, and only when, the market for comparable properties is inactive (e.g., there are few recent ~~market~~ transactions, price quotations are not current or observed transaction prices indicate that the seller was forced to sell) ~~are infrequent~~ and alternative reliable measurements ~~estimates~~ of fair value (for example, based on discounted cash flow projections) are not available. If an entity determines that the fair value of an investment property under construction is not reliably measurable ~~determinable~~ but expects the fair value of the property to be reliably measurable ~~determinable~~ when construction is complete, it shall measure that investment property under construction at cost until either its fair value becomes reliably measurable ~~determinable~~ or construction is completed (whichever is earlier). If an entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably measurable ~~determinable~~ on a continuing basis, the entity shall measure that investment property using the historical cost model in ~~IPSAS 17~~ [draft] IPSAS [X] (ED 78). The residual value of the investment property shall be assumed to be zero. The entity shall apply ~~IPSAS 17~~ [draft] IPSAS [X] (ED 78) until disposal of the investment property.**	
ED78	62A. Once an entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it shall measure that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, in accordance with paragraph 62, the property shall be	

	accounted for using the historical cost model in accordance with ~~IPSAS 17~~ [draft] IPSAS [X] (ED 78).	
ED77	62B. The presumption that the fair value of investment property under construction can be measured reliably can be rebutted only on initial recognition. An entity that has measured an item of investment property under construction at fair value may not conclude that the fair value of the completed investment property cannot be measured ~~determined~~ reliably.	*IFRS 13*
ED78	63. In the exceptional cases when an entity is compelled, for the reason given in paragraph 62, to measure an investment property using the historical cost model in accordance with IPSAS 17[draft] IPSAS [X] (ED 78), it measures at fair value all its other investment property, including investment property under construction. In these cases, although an entity may use the historical cost model for one investment property, the entity shall continue to account for each of the remaining properties using the fair value model.	
	…	
	Historical Cost Model	
ED78/ED79	65. **After initial recognition, an entity that chooses the historical cost model shall measure all of its investment property:** (a) **In accordance with [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and* Discontinued *Operations* if it meets the criteria to be classified as held for sale (or is included in a disposal group that is classified as held for sale);** ~~(a)~~(b) **In accordance with [draft] IPSAS [X] (ED 75) *Leases*, if it is held by a lessee as a right-of-use asset and is not held for sale in accordance with [draft] IPSAS [X] (ED 79); and** ~~(b)~~(c) **In accordance with ~~IPSAS 17~~[draft] IPSAS [X] (ED 78)'s requirements for that model, i.e., at cost less any accumulated depreciation and any accumulated impairment losses.**	
	…	
	Transfers	
	…	
ED78	70. Paragraphs 71–76 apply to recognition and measurement issues that arise when an entity uses the fair value model for investment property. When an entity uses the historical cost model, transfers between investment property, owner-occupied property, and inventories do not change the carrying amount of the property transferred, and they do not change the cost of that property for measurement or disclosure purposes.	

ED78	**71. For a transfer from investment property carried at fair value to owner-occupied property or inventories, the property's cost for subsequent accounting in accordance with ~~IPSAS 17~~ <u>[draft] IPSAS [X] (ED 78)</u> or IPSAS 12, shall be its fair value at the date of change in use.**	
ED78	**72. If an owner-occupied property becomes an investment property that will be carried at fair value, an entity shall apply ~~IPSAS 17~~ <u>[draft] IPSAS [X] (ED 78)</u> up to the date of change in use. The entity shall treat any difference at that date between the carrying amount of the property in accordance with ~~IPSAS 17~~ <u>[draft] IPSAS [X] (ED 78)</u>, and its fair value in the same way as a revaluation in accordance with IPSAS 17 <u>[draft] IPSAS [X] (ED 78)</u>.**	
ED78	**73. Up to the date when an owner-occupied property becomes an investment property carried at fair value, an entity depreciates the property and recognizes any impairment losses that have occurred. The entity treats any difference at that date between the carrying amount of the property in accordance with ~~IPSAS 17~~ <u>[draft] IPSAS [X] (ED 78)</u>, and its fair value in the same way as a revaluation in accordance with ~~IPSAS 17~~ <u>[draft] IPSAS [X] (ED 78)</u>. In other words:**	
	…	
	Disposals	
	…	
ED78	**79. If, in accordance with the recognition principle in paragraph 20, an entity recognizes in the carrying amount of an asset the cost of a replacement for part of an investment property, it derecognizes the carrying amount of the replaced part. For investment property accounted for using the <u>historical</u> cost model, a replaced part may not be a part that was depreciated separately. If it is not practicable for an entity to determine the carrying amount of the replaced part, it may use the cost of the replacement as an indication of what the cost of the replaced part was at the time it was acquired or constructed. Under the fair value model, the fair value of the investment property may already reflect that the part to be replaced has lost its value. In other cases, it may be difficult to discern how much fair value should be reduced for the part being replaced. An alternative to reducing fair value for the replaced part, when it is not practical to do so, is to include the cost of the replacement in the carrying amount of the asset and then to reassess the fair value, as would be required for additions not involving replacement.**	
	…	

	Disclosure	
	Fair Value Model and <u>Historical</u> Cost Model	
	…	
ED77/ED78	86. **An entity shall disclose:** **(a) Whether it applies the current value or the <u>historical</u> cost model;** **(b) If it applies the current value model, whether, and in what circumstances, property interests held under operating leases are classified and accounted for as investment property;** **(c) When classification is difficult (see paragraph 18), the criteria it uses to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations;** **(d) ~~The methods and significant assumptions applied in determining the fair value of investment property, including a statement whether the determination of fair value was supported by market evidence, or was more heavily based on other factors (which the entity shall disclose) because of the nature of the property and lack of comparable market data;~~** **(e) …**	
ED79	87. **In addition to the disclosures required by paragraph 86, an entity that applies the fair value model in paragraphs 42–64 shall disclose a reconciliation between the carrying amounts of investment property at the beginning and end of the period, showing the following:** (a) **Additions, disclosing separately those additions resulting from acquisitions and those resulting from subsequent expenditure recognized in the carrying amount of an asset;** … (c) **~~Disposals~~<u>Assets classified as held for sale or included in a disposal group classified as held for sale in accordance with [draft] IPSAS [X] (ED 79) and other disposals</u>;** (d) …	
	…	
	Current Value Model	
	…	

ED77/ED78	89. **In the exceptional cases referred to in paragraph 62, when an entity measures investment property using the historical cost model in ~~IPSAS 17~~ [draft] IPSAS [X] (ED 78), the reconciliation required by paragraph 87 shall disclose amounts relating to that investment property separately from amounts relating to other investment property. In addition, an entity shall disclose:** **(b) An explanation of why fair value cannot be measured ~~determined~~ reliably;**	*IFRS 13*
	Current Value Measurement	
ED77	**89A. An entity shall disclose information that helps users of its financial statements assess both of the following:** **(a) For investment properties that are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition, the measurement techniques and inputs used to develop those measurements.** **(b) For recurring fair value measurements using significant unobservable inputs (Level 3), the effect of the measurements on surplus or deficit or net assets/equity for the period.**	
ED77	**89B. To meet the objectives in paragraph 89A, an entity shall consider all the following:** **(a) The level of detail necessary to satisfy the disclosure requirements;** **(b) How much emphasis to place on each of the various requirements;** **(c) How much aggregation or disaggregation to undertake; and** **(d) Whether users of financial statements need additional information to evaluate the quantitative information disclosed.** **If the disclosures provided in accordance with this IPSAS and other IPSAS are insufficient to meet the objectives in paragraph 89A, an entity shall disclose additional information necessary to meet those objectives.**	
ED77	**89C. To meet the objectives in paragraph 89A, an entity shall disclose, at a minimum, the following information for each class of investment properties (see paragraph 89D for information on determining appropriate classes of investment properties) measured at fair value (including measurements based on fair value within the scope of [draft] IPSAS [X] (ED 77), Measurement) in the statement of financial position after initial recognition:** **(a) For recurring and non-recurring fair value**	

measurements, the fair value measurement at the end of the reporting period, and for non-recurring fair value measurements, the reasons for the measurement. Recurring fair value measurements of investment properties are those that this Standard requires or permits in the statement of financial position at the end of each reporting period. Non-recurring fair value measurements of investment properties are those that this Standard requires or permits in the statement of financial position in particular circumstances.

(b) For recurring and non-recurring fair value measurements, whether the fair value measurements are estimated using observable or unobservable inputs. For recurring and non-recurring fair value measurements, the level of the fair value hierarchy within which the fair value measurements are categorized in their entirety (Level 1, 2 or 3).

(c) For recurring and non-recurring fair value measurements estimated using unobservable inputs, a description of the measurement technique(s) and the inputs used in the fair value measurement. If there has been a change in measurement technique (e.g. changing from a market approach to an income approach or the use of an additional measurement technique), the entity shall disclose that change and the reason(s) for making it. For fair value measurements categorized within Level 3 of the fair value hierarchy, or for fair value measurements estimated using unobservable inputs, an entity shall provide quantitative information about the significant unobservable inputs used in the fair value measurement. An entity is not required to create quantitative information to comply with this disclosure requirement if quantitative unobservable inputs are not developed by the entity when measuring fair value (e.g. when an entity uses prices from prior transactions or third-party pricing information without adjustment). However, when providing this disclosure an entity cannot ignore quantitative unobservable inputs that are significant to the fair value measurement and are reasonably available to the entity.

(d) For recurring fair value measurements categorized within Level 3 of the fair value hierarchy, a reconciliation from the opening balances to the closing balances, disclosing separately changes during the period attributable to the following:

(i) Total gains or losses for the period recognized in surplus or deficit, and the line item(s) in surplus or

	deficit in which those gains or losses are recognized. (ii) Total gains or losses for the period recognized in net assets/equity, and the line item(s) in net assets/equity in which those gains or losses are recognized. (iii) Purchases, sales, issues and settlements (each of those types of changes disclosed separately). (e) For recurring fair value measurements categorized within Level 3 of the fair value hierarchy, the amount of the total gains or losses for the period in (d)(i) included in surplus or deficit that is attributable to the change in unrealized gains or losses relating to those investment properties held at the end of the reporting period, and the line item(s) in surplus or deficit in which those unrealized gains or losses are recognized. (f) For recurring and non-recurring fair value measurements categorized within Level 3 of the fair value hierarchy, a description of the valuation processes used by the entity (including, for example, how an entity decides its valuation policies and procedures and analyses changes in fair value measurements from period to period). (g) For recurring fair value measurements categorized within Level 3 of the fair value hierarchy: (i) For all such measurements, a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower fair value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the fair value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the fair value measurement. To comply with that disclosure requirement, the narrative description of the sensitivity to changes in unobservable inputs shall include, at a minimum, the unobservable inputs disclosed when complying with (c).	
ED77	89D. An entity shall determine appropriate classes of investment properties on the basis of the following: (a) The nature, characteristics and risks of the investment properties]; and (b) The level of the fair value hierarchy within which the fair value measurement is categorized, or whether the fair value is observable or unobservable.	

	<u>**The number of classes may need to be greater for fair value measurements categorized within Level 3 of the fair value hierarchy, because those measurements have a greater degree of uncertainty and subjectivity. Determining appropriate classes of investment properties for which disclosures about fair value measurements should be provided requires judgement. A class of investment properties will often require greater disaggregation than the line items presented in the statement of financial position. However, an entity shall provide information sufficient to permit reconciliation to the line items presented in the statement of financial position. If another IPSAS specifies the class for an investment property, an entity may use that class in providing the disclosures required in this Standard if that class meets the requirements in this paragraph.**</u>	
ED77	<u>**89E For each class of investment properties not measured at fair value in the statement of financial position but for which the fair value is disclosed, an entity shall disclose the information required by paragraph 89C(b), (c) and (i). However, an entity is not required to provide the quantitative disclosures about significant unobservable inputs used in fair value measurements categorized within Level 3 of the fair value hierarchy, or for fair value measurements estimated using unobservable inputs, required by paragraph 89C(c). For such investment properties, an entity does not need to provide the other disclosures required by this Standard.**</u>	
ED77	<u>**89F An entity shall present the quantitative disclosures required by this Standard in a tabular format unless another format is more appropriate.**</u>	
	<u>Historical</u> Cost Model	
ED77/ED78/ED79	90. **In addition to the disclosures required by paragraph 86, an entity that applies the <u>historical</u> cost model in paragraph 65 shall disclose:** … (d) **The reconciliation of the carrying amount of investment property at the beginning and end of the period, showing the following:** (i) **Additions, disclosing separately those additions resulting from acquisitions and those resulting from subsequent expenditure recognized as an asset;** (ii) **Additions resulting from acquisitions through public sector combinations;**	*IFRS 13*

	(iii) ~~Disposals~~**<u>Assets classified as held for sale or included in a disposal group classified as held for sale in accordance with [draft] IPSAS [X] (ED 79) and other disposals</u>;** (iv) … **(e) The fair value of investment property. In the exceptional cases described in paragraph 62, when an entity cannot measure the fair value of the investment property reliably, the entity shall disclose:** **(ii) An explanation of why fair value cannot be <u>measured</u> ~~determined~~ reliably; and** …	
	…	
	Transitional Provisions	
	Current Value Model	
	…	
ED77	97. An entity that (a) has previously applied IPSAS 16 (2001), and (b) elects for the first time to classify and account for some or all eligible property interests held under operating leases as investment property, shall recognize the effect of that election as an adjustment to the opening balance of accumulated surpluses or deficits for the period in which the election is first made. In addition: (a) If the entity has previously disclosed publicly (in financial statements or otherwise) the fair value of its investment property in earlier periods (measured on a basis that satisfies the definition of fair value <u>[draft] IPSAS [X] (ED 77)</u> ~~and the guidance in paragraphs 45–61~~),),Appendix A of [draft] IPSAS [X] (ED 77)), the entity is encouraged, but not required: (i) To adjust the opening balance of accumulated surpluses or deficits for the earliest period presented for which such fair value was disclosed publicly; and (ii) To restate comparative information for those periods; and (b) If the entity has not previously disclosed publicly the information described in (a), it shall not restate comparative information and shall disclose that fact.	
	…	
	Effective Date	
	…	
ED79	<u>101J.</u> **<u>Paragraphs 65, 87 and 90 were amended by [draft] IPSAS</u>**	

	[X] (ED 79) issued in [Month] [Year]. An entity shall apply these amendments for annual financial statements covering periods beginning on or after [Month] [Day] [Year]. Earlier application is encouraged. If an entity applies the amendments for a period beginning before [Month] [Day] [Year] it shall disclose that fact and apply [draft] IPSAS [X] (ED 79) at the same time.	
ED78	**101L. Paragraphs 6, 10, 13, 19, 33, 39-41, 62, 62A, 63, 65, 70-73, 79, 85, 86, 89, and 90 were amended by [draft] IPSAS [X] (ED 78) issued in Month YYYY. An entity shall apply these amendments for annual financial statements covering periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies these amendments for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X] (ED 78) at the same time.**	
ED77	101M.**Paragraphs 8, 33, 35, 38, 40, 41 49,50, 57,59, 62, 62B, 70, 86, 89A-89F, were added, and paragraphs 45, , 48, 51, 56, 58, and 60 were deleted by [draft] IPSAS [X] (ED 77), issued in Month YYYY. An entity shall apply these amendments for annual financial statements covering periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies the amendment for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X] (ED 77) at the same time.**	
	…	
ED78/ED79	**Comparison with IAS 40** IPSAS 16 is drawn primarily from IAS 40 (2003), *Investment Property* and includes amendments made to IAS 40 as part of the *Improvements to IFRSs* issued in May 2008. At the time of initially issuing this Standard, the IPSASB ~~has~~ had not considered the applicability of IFRS 4, *Insurance Contracts*, and IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, to public sector entities; therefore IPSAS 16 ~~does~~ did not reflect amendments made to IAS 40 consequent upon the issue of those IFRSs. The IPSASB has subsequently issued [draft] IPSAS [X] (ED 79), *Non-current Assets Held for sale and Discontinued Operations* in [MTH], [YEAR]. Therefore, all amendments made to IAS 40 from the issuance of IFRS 5 are now reflected in IPSAS 16.The main differences between IPSAS 16 and IAS 40 are as follows: ● IPSAS 16 requires that investment property initially be measured at cost and specifies that where an asset is acquired for no cost or for a nominal cost, its cost is its fair value as at the date of acquisition. IAS 40 requires investment property to be initially measured at cost. ● There is additional commentary to make clear that IPSAS 16 does not apply to property held to deliver a social service that also generates cash inflows. Such property is accounted for in	

accordance with ~~IPSAS 17~~[draft] IPSAS [X] (ED 78).

- IPSAS 16 contains transitional provisions for both the first time adoption and changeover from the previous version of IPSAS 16. IAS 40 only contains transitional provisions for entities that have already used IFRSs. IFRS 1 deals with first time adoption of IFRSs. IPSAS 16 includes additional transitional provisions that specify that when an entity adopts the accrual basis of accounting for the first time and recognizes investment property that was previously unrecognized, the adjustment should be reported in the opening balance of accumulated surpluses or deficits.
- IPSAS 16 uses different terminology, in certain instances, from IAS 40. The most significant example is the use of the term “statement of financial performance” in IPSAS 16. The equivalent term in IAS 40 is “income statement.”
- IPSAS 16 does not use the term “income” which in IAS 40 has a broader meaning than the term “revenue.”

…

Basis for Conclusions

…

Revision of IPSAS 16 as a result of [draft] IPSAS [X] (ED 77), *Measurement*

ED77

BC12. [Draft] IPSAS [X] (ED 77), *Measurement*, issued in [Month] [Year], provides generic guidance on the initial and subsequent measurement of assets, to ensure a consistent approach across all IPSAS. The IPSASB agreed to to updated measurement terminology and disclosure requirements for consistency with [draft] IPSAS [X] (ED 77), remove guidance on measurement in IPSAS 16 where such guidance was now provided in [draft] IPSAS [X] (ED 77), and to refer preparers to the guidance in that Standard.

…

Amendments to IPSAS 17, *Property, Plant, and Equipment*

Paragraphs 6, 71, 83A, 88, and 94 are amended and paragraph 107S is added. New text is underlined, and deleted text is struck through.

…

Scope

…

ED79

6. This Standard does not apply to:

   (a) Biological assets related to agricultural activity other than bearer plants (see IPSAS 27, *Agriculture*). This Standard applies to bearer plants but does not apply to the produce on bearer plants;

	(b) Mineral rights and mineral reserves such as oil, natural gas, and similar non-regenerative resources (see the relevant international or national accounting standard dealing with mineral rights, mineral reserves, and similar non-regenerative resources)~~.~~; and (c) Property, plant, and equipment classified as held for sale in accordance with [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations*. However, this Standard applies to property, plant, and equipment used to develop or maintain the assets described in 6(a) or 6(b).	
	…	
	Depreciation	
	…	
	Depreciable amount and depreciation period	
	…	
ED79	71. Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with [draft] IPSAS [X] (ED 79) and the date that ~~when~~ the asset is derecognized. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use and held for disposal unless the asset is fully depreciated. However, under usage methods of depreciation, the depreciation charge can be zero while there is no production.	
	…	
	Derecognition	
	…	
ED79	83A. However, an entity that, in the course of its ordinary activities, routinely sells items of property, plant and equipment that it has held for rental to others shall transfer such assets to inventories at their carrying amount when they cease to be rented and become held for sale. The proceeds from the sale of such assets shall be recognized as revenue in accordance with IPSAS 9, *Revenue from Exchange Transactions*. [draft] IPSAS [X] (ED 79) does not apply when assets that are held for sale in the ordinary course of operations are transferred to inventories.	

…

Disclosure

…

ED79

88. **The financial statements shall disclose, for each class of property, plant, and equipment recognized in the financial statements:**

(a) **The measurement bases used for determining the gross carrying amount;**

…

(e) **A reconciliation of the carrying amount at the beginning and end of the period showing:**

(i) **Additions;**

(ii) **~~Disposals~~Assets classified as held for sale or included in a disposal group classified as held for sale in accordance with [draft] IPSAS [X] (ED 79) and other disposals;**

(iii) …

…

ED79

94. Users of financial statements may also find the following information relevant to their needs:

(a) The carrying amount of temporarily idle property, plant, and equipment;

…

(c) The carrying amount of property, plant, and equipment retired from active use and ~~held for disposal~~not classified as held for sale in accordance with [draft] IPSAS [X] (ED 79); and

(d) …

…

Effective Date

…

ED79

107S. **Paragraphs 6, 71, 83A, 88 and 94 were amended by [draft] IPSAS [X] (ED 79) issued in [Month] [Year]. An entity shall apply these amendments for annual financial statements covering periods beginning on or after [Month] [Day] [Year]. Earlier application is encouraged. If an entity applies the amendments for a period beginning before [Month] [Day] [Year] it shall disclose that fact and apply [draft] IPSAS [X] (ED 79) at the same time.**

	…	
ED79	**Comparison with IAS 16** IPSAS 17 is drawn primarily from IAS 16 (2003), *Property, Plant and Equipment* and includes amendments made to IAS 16 as part of the *Improvements to IFRSs* issued in May 2008. At the time of initially issuing this Standard, the IPSASB ~~has~~ had not considered the applicability of IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* to public sector entities; therefore, IPSAS 17 ~~does~~ did not reflect amendments made to IAS 16 consequent upon the issue of IFRS 5. The IPSASB has subsequently issued [draft] IPSAS [X] (ED 70, *Non-current Assets Held for Sale and Discontinued Operations*. Therefore, all amendments made to IAS 16 from the issuance of IFRS 5 are now reflected in IPSAS 17. The main differences between IPSAS 17 and IAS 16 (2003) are as follows: ● IPSAS 17 does not require or prohibit the recognition of heritage assets. An entity that recognizes heritage assets is required to comply with the disclosure requirements of this Standard with respect to those heritage assets that have been recognized and may, but is not required to, comply with other requirements of this Standard in respect of those heritage assets. IAS 16 does not have a similar exclusion.	
	Amendments to IPSAS 18, *Segment Reporting*	
ED78	Paragraph 37 is amended. Paragraph 76H is added. New text is underlined, and deleted text is struck through.	
	…	
	Segment Assets, Liabilities, Revenue, and Expense	
	…	
ED78	37. IPSAS 40 may require adjustments to be made to the carrying amounts of the identifiable assets and liabilities of an operation acquired in an acquisition. Measurements of segment assets and liabilities include any adjustments to the prior carrying amounts of the identifiable segment assets and segment liabilities of an operation acquired in an acquisition, even if those adjustments are made only for the purpose of preparing consolidated financial statements and are not recorded in either the controlling entity's separate or the controlled entity's individual financial statements. Similarly, if property, plant, and equipment has been revalued subsequent to acquisition in accordance with the ~~revaluation~~ current value model in ~~IPSAS 17~~ [draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment*, measurements of segment assets reflect those revaluations.	
	…	
	Effective Date	
ED78	**76H. Paragraph 37 was amended by [draft] IPSAS [X] (ED 78) issued in Month YYYY. An entity shall apply this amendment for annual financial statements covering**	

	periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies this amendment for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X] (ED 78) at the same time.	
	…	
	Amendments to IPSAS 19 *Provisions, Contingent Liabilities and Contingent Assets*	
	Paragraphs 6 and 27 are amended. Paragraphs 111M and111O are added. New text is underlined, and deleted text is struck through.	
	…	
	Scope	
	…	
ED79	6. This Standard applies to provisions for restructuring (including discontinued operations ~~being discontinued~~). When a restructuring meets the definition of a discontinued operation, additional disclosures may be required by [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations*. ~~An entity shall disclose information that enables users of its financial statements to evaluate the financial effects of a restructuring.~~	
	…	
	Past Event	
	…	
ED78	27. It is only those obligations arising from past events existing independently of an entity's future actions (that is, the future conduct of its activities) that are recognized as provisions. Examples of such obligations are penalties or clean-up costs for unlawful environmental damage imposed by legislation on a public sector entity. Both of these obligations would lead to an outflow of resources embodying economic benefits or service potential in settlement regardless of the future actions of that public sector entity. Similarly, a public sector entity would recognize a provision for the decommissioning costs of a defense installation or a government-owned nuclear power station, to the extent that the public sector entity is obliged to rectify damage already caused. ~~IPSAS 17~~[draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment*, deals with items, including dismantling and site restoring costs, that are included in the cost of an asset. In contrast, because of legal requirements, pressure from constituents, or a desire to demonstrate community leadership, an entity may intend or need to carry out expenditure to operate in a particular way in the future. An example would be where a public sector entity decides to fit emission controls on	

	certain of its vehicles, or a government laboratory decides to install extraction units to protect employees from the fumes of certain chemicals. Because the entities can avoid the future expenditure by their future actions – for example, by changing their method of operation – they have no present obligation for that future expenditure, and no provision is recognized.	
	…	
	Effective Date	
	…	
ED79	<u>111M.</u> <u>**Paragraph 6 was amended by [draft] IPSAS [X] (ED 79) issued in [Month] [Year]. An entity shall apply this amendment for annual financial statements covering periods beginning on or after [Month] [Day] [Year]. Earlier application is encouraged. If an entity applies the amendments for a period beginning before [Month] [Day] [Year] it shall disclose that fact and apply [draft] IPSAS [X] (ED 79) at the same time.**</u>	
ED78	**111O.**<u>**Paragraph 27 was amended by IPSAS 17[draft] IPSAS [X] (ED 78)**</u> <u>**issued in Month YYYY. An entity shall apply this amendment for annual financial statements covering periods beginning on or at after MM DD, YYYY. Earlier application is encouraged. If an entity applies this amendment for a period beginning before MM DD, YYYY it shall disclose that fact and apply IPSAS 17[draft] IPSAS [X] (ED 78) at the same time.**</u>	
	Implementation Guidance *This guidance accompanies, but is not part of, IPSAS 19.*	
	…	
	Repairs and Maintenance	
ED78	IG16. Some assets require, in addition to routine maintenance, substantial expenditure every few years for major refits or refurbishment and the replacement of major components. ~~IPSAS 17~~<u>[draft] IPSAS [X] (ED 78)</u> gives guidance on allocating expenditure on an asset to its component parts where these components have different useful lives or provide benefits in a different pattern.	
	…	
	Basis for Conclusions	
	This Basis for Conclusions accompanies, but is not part of, IPSAS 19.	
	Revision of IPSAS 19 as a result of Part II of *Improvements to IPSASs 2015*: issues raised by stakeholders	

ED79

BC1. When IPSAS 19 was revised as a result of Part II of *Improvements to IPSASs 2015* ~~Stakeholders~~ stakeholders had indicated that IPSASs referred to non-current assets held for sale and disposal groups inconsistently. The IPSASB had concluded that IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, ~~may~~ might only be appropriate for the public sector in certain circumstances, for the following reasons:

(a) Sales of assets in the public sector ~~may~~ might not be completed within one year because of the levels of approval required. This ~~raises~~ had raised questions about the relevance and consistency of information provided in accordance with IFRS 5. In particular, the IPSASB ~~notes~~ had noted that, under IFRS 5, non-current assets held for sale are not depreciated. The IPSASB ~~has~~ had concerns that not depreciating assets for an extended period of time ~~may~~ might be inappropriate.

(b) Many assets in the public sector are disposed of through a transfer or distribution for no or nominal consideration. As IFRS 5 deals with sales at fair value, the measurement and disclosure requirements ~~may~~ might not provide relevant information for these transfers. However, the IPSASB ~~recognizes~~ had recognized that the measurement and disclosure requirements in IFRS 5 ~~may~~ might be appropriate where sales are intended to take place at fair value.

(c) Many discontinued operations in the public sector are operations that previously provided services at no or nominal cost. As IFRS 5 deals with discontinued operations that were either cash-generating units or a group of cash-generating units prior to disposal or being classified as held for sale, the disclosure requirements ~~may~~ might not provide relevant information for public sector discontinued operations. However, the IPSASB ~~recognizes~~ had recognized that the disclosure requirements in IFRS 5 ~~may~~ might be appropriate where discontinued operations were previously either cash-generating units or one or more groups of cash generating units.

Because the IPSASB had concluded that IFRS 5 would only be appropriate in the public sector in limited circumstances, the IPSASB agreed to remove references in IPSAS to international or national accounting standards dealing with non-current assets held for sale and discontinued operations. The IPSASB had concerns that retaining this reference ~~may~~

	might result in entities following the requirements of IFRS 5 in circumstances where this may not be appropriate. The IPSASB had noted that IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors*, provides guidance on selecting accounting policies for transactions that are not specifically addressed in IPSASs. This guidance would permit entities to adopt an accounting policy that is consistent with IFRS 5 where the entity considers this is appropriate.	
ED79	BC1A. In developing [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations* the IPSASB concluded that in certain circumstances it would be appropriate for public sector entities to apply the requirements of IFRS 5. As a result, all the relevant references have been added.	
	…	
	Amendments to IPSAS 21, *Impairment of Non-Cash Generating Assets*	
ED77/ED78/ED79	Paragraphs 2, 8, 10, 12, 27, 29, 54, 54A, 69, 69A and 75 are amended. Paragraphs 10A, 82L, 82M and 82N are added. New text is underlined, and deleted text is struck through.	
	…	
	Scope	
	…	
ED79	2. **An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard in accounting for impairment of non-cash-generating assets, except:** (a) **Inventories (see IPSAS 12, *Inventories*);** … (d) **Investment property that is measured using the fair value model (see IPSAS 16, *Investment Property*); ~~and~~** (e) [Deleted] (f) [Deleted] (fa) **Non-current assets (or disposal groups) classified as held for sale in accordance with [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations*; and** (g) **Other assets in respect of which accounting requirements for impairment are included in another IPSAS.**	
	…	
ED79	8. This Standard does not apply to inventories, ~~and~~ assets arising	

	from construction contracts, <u>or assets classified as held for sale (or included in a disposal group that is classified as held for sale)</u> because existing IPSASs applicable to these assets contain requirements for recognizing and measuring these assets.	
	…	
ED77	10. This Standard does not require the application of an impairment test to investment property ~~that is carried~~ <u>measured</u> at fair value <u>within the scope of</u> IPSAS 16. This is because, under the current value model in IPSAS 16, an investment property is carried at fair value at the reporting date and any impairment will be taken into account in the valuation.	
ED77	10A. <u>However, this Standard applies to non-cash-generating assets that are carried at revalued amounts (i.e., fair value, or current operational value, at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses) in accordance with other IPSAS, such as the current value model in [draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment* and the revaluation model in IPSAS 31, *Intangible Assets*. The only difference between a non-cash-generating asset's fair value and its fair value less costs to sell is the direct incremental costs attributable to the disposal of the non-cash-generating asset.</u> <u>(a) If the disposal costs are negligible, the recoverable service amount of the revalued non-cash-generating asset is necessarily close to, or greater than, its revalued amount. In this case, after the revaluation requirements have been applied, it is unlikely that the revalued non-cash-generating asset is impaired and recoverable service amount need not be estimated.</u> <u>(b) If the disposal costs are not negligible, the fair value less costs to sell of the revalued non-cash-generating asset is necessarily less than its fair value. Therefore, the revalued non-cash-generating asset will be impaired if its value in use is less than its revalued amount. In this case, after the revaluation requirements have been applied, an entity applies this Standard to determine whether the non-cash-generating asset may be impaired.</u>	
	…	
ED 78	**12. Consistent with the requirements of paragraph 5 above, items of property, plant, and equipment that are classified as cash-generating assets, including those that are carried at revalued amounts under the allowed alternative treatment in ~~IPSAS 17~~<u>[draft] IPSAS [X] (ED 78)</u>, are dealt with under IPSAS 26**	
	…	
	Identifying an Asset that may be Impaired	
	…	
ED79	**27. In assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:** **External sources of information**	

	(a) **Cessation, or near cessation, of the demand or need for services provided by the asset;** (b) **Significant long-term changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, legal, or government policy environment in which the entity operates;** **Internal sources of information** (c) **Evidence is available of physical damage of an asset;** (d) **Significant long-term changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date and reassessing the useful life of an asset as finite rather than indefinite;**~~[1]~~ (e) …	
	…	
ED77	29. The list in paragraph 27 is not exhaustive. There may be other indications that an asset may be impaired. The existence of other indications may result in the entity estimating the asset's recoverable service amount. For example, any of the following may be an indication of impairment: (a) ~~During the period,~~ There are observable indications that the ~~an~~ asset's ~~market~~ value has declined during the period significantly more than would be expected as a result of the passage of time or normal use; or (b) A significant long-term decline (but not necessarily cessation or near cessation) in the demand for or need for services provided by the asset.	*IFRS 13*
	…	
	Recognizing and Measuring an Impairment Loss	
	…	
ED78	54. **An impairment loss shall be recognized immediately in surplus or deficit, unless the asset is carried at revalued amount in accordance with another Standard (for example, in accordance with the ~~revaluation~~current value model in ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) and IPSAS 31). Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that other Standard.**	

ED78	54A. An impairment loss on a non-revalued asset is recognized in surplus or deficit. However, an impairment loss on a revalued asset is recognized in revaluation surplus to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that individual asset in accordance with IPSAS 31 or class of assets in accordance with ~~IPSAS 17~~[draft] IPSAS [X] (ED 78). Such an impairment loss on a revalued asset reduces the revaluation surplus for that individual asset in accordance with IPSAS 31 or class of assets in accordance with ~~IPSAS 17~~[draft] IPSAS [X] (ED 78).	
	…	
	Reversing an Impairment Loss	
	…	
ED78	69. **A reversal of an impairment loss for an asset shall be recognized immediately in surplus or deficit, unless the asset is carried at revalued amount in accordance with another Standard (for example, the ~~revaluation~~ current value model in IPSAS 17[draft] IPSAS [X] (ED 78) and IPSAS 31). Any reversal of an impairment loss of a revalued asset shall be treated as a revaluation increase in accordance with that other Standard.**	
ED78	69A. A reversal of an impairment loss on a revalued asset is recognized directly in the revaluation reserve and increases the revaluation surplus for that individual asset in accordance with IPSAS 31 or class of assets in accordance with IPSAS 17[draft] IPSAS [X] (ED 78). However, to the extent that an impairment loss on the same individual revalued asset or class of revalued assets was previously recognized in surplus or deficit, a reversal of that impairment loss is also recognized in surplus or deficit in accordance with IPSAS 31 or IPSAS 17[draft] IPSAS [X] (ED 78).	
	Disclosure	
	…	
ED78	75. The information required in paragraph 73 may be presented with other information disclosed for the class of assets. For example, this information may be included in a reconciliation of the carrying amount of property, plant, and equipment, at the beginning and end of the period, as required by ~~IPSAS 17~~[draft] IPSAS [X] (ED 78).	
	…	
	Effective Date	
	…	
ED79	82L. **Paragraphs 2, 8 and 27 were amended by [draft] IPSAS [X] (ED 79) issued in [Month] [Year]. An entity shall apply these amendments for annual financial statements covering**	

	periods beginning on or after [Month] [Day] [Year]. Earlier application is encouraged. If an entity applies the amendments for a period beginning before [Month] [Day] [Year] it shall disclose that fact and apply [draft] IPSAS [X] (ED 79) at the same time.	
ED 78	**82M. Paragraphs 12, 54, 54A, 69, 69A, and 75 were amended by [draft] IPSAS [X] (ED 78) *Property, Plant, and Equipment,* issued in Month YYYY. An entity shall apply these amendments for annual financial statements covering periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies these amendments for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X] (ED 78) at the same time.**	
ED77	**82N. Paragraphs 10 and 29, were amended and paragraph 10A was added by [draft] IPSAS [X] (ED 77), issued in Month YYYY. An entity shall apply these amendments for annual financial statements covering periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies the amendment for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X] (ED 77) at the same time.**	
	…	
	Basis for Conclusions	
	This Basis for Conclusions accompanies, but is not part of, IPSAS 21.	
	Property, Plant, and Equipment and Intangible Assets	
ED 78	**BC17. When this Standard was issued At the time this Standard was approved in December 2004, it did not require the application of an impairment test to non-cash-generating assets that are carried at revalued amounts under the revaluation model in IPSAS 17 and IPSAS 31. The IPSASB was then of the view that under the revaluation model in IPSAS 17 and IPSAS 31, assets would be revalued with sufficient regularity to ensure that they are carried at an amount that is not materially different from their fair value as at the reporting date, and any impairment would be taken into account in the valuation. Therefore, any difference between the asset's carrying amount and its fair value less costs to sell would be the disposal costs. The IPSASB was then of the view that, in most cases, these would not be material and, from a practical viewpoint, it was not necessary to measure an asset's recoverable service amount and to recognize an impairment loss for the disposal costs of a non-cash-generating asset. In developing [draft] IPSAS [X] (ED 78), *Property, Plant, and***	

	***Equipment*, the IPSASB noted that these principles are still applicable. In reaching this conclusion, the IPSASB noted that the revaluation model in IPSAS 17 is labeled the current value model in [draft] IPSAS [X] (ED 78).**	
ED77/ED78	BC19. Firstly, there are different methods of determining recoverable service amount under this Standard, and of determining recoverable amount under IAS 36. Recoverable service amount is defined in this Standard as the higher of a non-cash-generating asset's fair value less costs of disposal and its value in use. Under this Standard, an entity determines an asset's value in use by determining the current cost to replace the asset's remaining service potential. The current cost to replace the asset's remaining service potential is determined using the depreciated replacement cost approach, and approaches described as the restoration cost approach and the service units approach. These approaches ~~may also be~~ were also adopted to measure fair value under IPSAS 17 and IPSAS 31 and therefore the value in use ~~is~~ was a measure of fair value. Recoverable amount is defined in IAS 36 as the higher of an asset's fair value less costs of disposal and its value in use. Value in use under IAS 36 is determined using the present value of the cash flows expected to be derived from continued use of the asset and its eventual disposal. IAS 36 states that the value in use may be different from the fair value of the asset	
ED77	BC19A. The IPSASB has since issued [draft] IPSAS [X], (ED 77) which provides a consistent approach to measuring fair value in all IPSAS. The IPSASB noted that the guidance in that Standard includes a fair value hierarchy, which guidance on measurement techniques that may be used where there is no observable market data. The IPSASB considered whether the restoration cost approach and the service units approach were appropriate to estimate fair value. The IPSASB noted that the alternatives included in IPSAS 17 and IPSAS 31 are inconsistent with measurement techniques available in [draft] IPSAS [X], (ED 77) to estimate fair value. The IPSASB agreed to update the definition of fair value in IPSAS 31 to align with [draft] IPSAS [X], (ED 77) and replaced IPSAS 17 with [draft] IPSAS [X], (ED 78), Property, Plant and Equipment	
	***Impairment of Revalued Assets* (Amendments to IPSAS 21 and IPSAS 26)**	
	…	
ED78	BC20B. When this Standard was issued, ~~The~~ the IPSASB had considered that the rationale in paragraphs BC19 and BC20 for the different requirements in IPSAS 21 and IAS 36 remained sound. The IPSASB had acknowledged the view that impairments would be taken into account when carrying out revaluations of assets to ensure that their carrying amounts do	

	not differ materially from fair value, as required by paragraph 44 of IPSAS 17 and fair value as required by paragraph 74 of IPSAS 31. In developing [draft] IPSAS [X] (ED 78), the IPSASB concluded that the same impairment principles should apply when revaluing assets to current operational value, as required by paragraph 27 of [draft] IPSAS [X] (ED 78).	
ED78	BC20C. The IPSASB had also acknowledged that it was ambiguous whether impairment losses and reversals of impairment losses are revaluations, given that they are accounted for in a similar manner. Paragraph 51 of IPSAS 17 had requireds an entire class of assets to be revalued if an item of property, plant, and equipment belonging to that class is revalued. Therefore, if impairment losses and reversals of impairment losses are interpreted as revaluations the consequences are onerous. The IPSASB had considered that it should resolve this ambiguity. In developing [draft] IPSAS [X] (ED 78), the IPSASB concluded that the same guidance should be retained.	
	…	
	Responses to ED 57	
	…	
ED78	BC20H. The majority of the respondents to ED 57 had supported the proposals and the IPSASB's rationale. When this Standard was issued, the The IPSASB had considered a proposal that a clarification that impairment losses and reversals of impairment losses of a revalued asset do not require an entity to revalue the entire class of assets to which that item belongs could be achieved more economically through a simple statement in IPSAS 17. In developing [draft] IPSAS [X] (ED 78), the IPSASB concluded that the same statement should be retained.	
ED78	BC20J. Following comments by respondents to the ED the IPSASB had reassessed the assertion in the Basis for Conclusions of ED 57 that impairments are conceptually different from revaluation decreases. Because both impairments and revaluation decreases involve a diminution of service potential or the ability to generate economic benefits, the IPSASB had concluded that they are were conceptually the same. However, there is was a practical difference. Impairments were are events that affect individual assets, or groups of assets, rather than the result of periodic revaluations. This practical difference is was reflected in the statement in paragraph 51A of IPSAS 17 that "impairment losses and reversals of impairment losses of an asset under IPSAS 21 and IPSAS 26, *Impairment of Cash-Generating Assets*, do not necessarily give rise to the need to revalue the class of assets to which that asset, or group of assets, belongs." In developing [draft] IPSAS [X] (ED 78), the IPSASB concluded that the same guidance should be retained.	
	…	
	Reversal of Impairment	

	…	
ED78	BC25. Paragraph 27(c) includes "Evidence is available of physical damage of an asset" as a minimum indication of impairment. Paragraph 60 does not include an indication of reversal of impairment that mirrors this indication of impairment. <u>When this Standard was issued,</u> ~~T~~the IPSASB ha<u>d</u>~~s~~ not included repair of an asset as an indication of reversal, because IPSAS 17 require<u>d</u>~~s~~ entities to add subsequent expenditure to the carrying amount of an item of property, plant, and equipment when it is probable that future economic benefits or service potential over the total life of the asset, in excess of the most recently assessed standard of performance of the existing asset, will flow to the entity. <u>In developing [draft] IPSAS [X] (ED 78), the IPSASB concluded that the same guidance should be retained.</u> This requirement also applie<u>d</u>~~s~~ to investment property that <u>was</u>~~is~~ measured using the cost model under IPSAS 16. The IPSASB is of the view that these requirements negate the need for an indication of reversal of impairment that mirrors the physical damage indication of impairment. The IPSASB also noted that restoration or repair of damage does not constitute a change in the estimate of the asset's recoverable service amount after impairment as specified by paragraph 65 of this IPSAS. <u>In developing [draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment,* the IPSASB noted that these principles are still applicable. In reaching this conclusion, the IPSASB noted that the cost model in IPSAS 17 is labeled the historical cost model in [draft] IPSAS [X] (ED 78) and that label consequentially applies in IPSAS 16.</u>	
	…	
	Revision of IPSAS 21 as a result of [draft] IPSAS [X] (ED 77), Measurement	
ED77	BC28. <u>[Draft] IPSAS [X] (ED 77), Measurement, issued in [Month] [Year], provides generic guidance on the initial and subsequent measurement of assets, to ensure a consistent approach across all IPSAS. The IPSASB agreed the concept of fair value should be retained in IPSAS 21, independent of the revised definition of fair value proposed in [draft] IPSAS [X] (ED 77). The IPSASB agreed any changes to the concept of fair value in IPSAS 21 should be considered as part of an IPSAS 21 specific project and in the context of estimating impairment more broadly.</u>	
	<u>**Revision of IPSAS 21 as a result of [draft] IPSAS [X] (ED 77), *Measurement***</u>	
ED78/ED79	**Comparison with IAS 36 (2004)** IPSAS 21 is drawn primarily from IAS 36 (2004). The main differences between IPSAS 21 and IAS 36 (2004) are as follows:	

	● IPSAS 21 deals with the impairment of non-cash-generating assets of public sector entities, while IAS 36 deals with the impairment of cash-generating assets of profit-oriented entities. IPSAS 26 deals with the impairment of cash-generating assets of public sector entities. ● IPSAS 21 does not apply to non-cash-generating assets carried at revalued amounts at the reporting date under the current value model in ~~IPSAS 17~~[draft] IPSAS [X] (ED 78). IAS 36 does not exclude from its scope cash-generating property, plant, and equipment carried at revalued amounts at the reporting date. ● The method of measurement of value in use of a non-cash-generating asset under IPSAS 21 is different from that applied to a cash-generating asset under IAS 36. IPSAS 21 measures the value in use of a non-cash-generating asset as the present value of the asset's remaining service potential using a number of approaches. IAS 36 measures the value in use of a cash-generating asset as the present value of future cash flows from the asset. ● IPSAS 21 does not include a change in the market value of the asset as a black letter indication of impairment. A significant, unexpected decline in market value appears in black letter in IAS 36 as part of the minimum set of indications of impairment while IPSAS 21 refers to it in commentary. ● IPSAS 21 includes a decision to halt the construction of an asset before completion as a black letter indication of impairment and the resumption of the construction of the asset as an indication of reversal of the impairment loss. There are no equivalents in IAS 36. ● The scope of IAS 36 excludes certain classes of assets that are not excluded from the scope of IPSAS 21. These exclusions relate to classes of assets that are the subject of specific impairment requirements under other IFRSs. These have not been excluded from IPSAS 21 because there are not equivalent IPSASs. These exclusions include (a) biological assets related to agricultural activity, (b) deferred tax assets, (c) deferred acquisition costs, (d) intangible assets arising from an insurer's contractual rights under insurance contracts within the scope of IFRS 4, *Insurance Contracts*.~~, and (e) non-current assets (or disposal groups) classified as held for sale in accordance with IFRS 5,~~ ~~*Non-current Assets Held for Sale and Discontinued Operations.*~~ ● IPSAS 21 deals with the impairment of individual assets. There is no equivalent in IPSAS 21 for a cash-generating unit as defined in IAS 36. ● IPSAS 21 deals with corporate assets in the same manner as other non-cash-generating assets, while IAS 36 deals with them as part of related cash-generating units. IPSAS 21 uses different terminology, in certain instances, from IAS 36. The most significant examples are the use of the terms "revenue," "recoverable service amount", and "statement of financial performance," in IPSAS 21. The equivalent terms in IAS 36 are "income," "recoverable amount," and "income statement."	

Amendments to IPSAS 22, *Disclosure of Financial Information about the General Government Sector*

ED77

Paragraph 32 is amended. Paragraph 47F is added. New text is underlined, and deleted text is struck through.

…

Accounting Policies

ED77

32. Statistical bases of reporting require all assets and liabilities (except loans) to be revalued to market value at each reporting date. IPSASs include different measurement requirements, and require or permit <u>a historical</u> cost <u>model</u> and current value~~s~~ <u>model</u> for certain classes of assets and liabilities. They do not require all assets and liabilities to be revalued to market value. Therefore, the measurement of assets and liabilities in the GGS disclosures in the financial statements, including the investment in the PFC and PNFC sectors, may differ from the measurement basis adopted in statistical bases of reporting.

…

Effective Date

ED77

47F. <u>**Paragraph 32 was amended by [draft] IPSAS [X] (ED 77), issued in Month YYYY. An entity shall apply these amendments for annual financial statements covering periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies the amendment for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X] (ED 77) at the same time.**</u>

…

Basis for Conclusions

…

Consolidation and Disaggregation

ED77

BC7. Statistical bases of financial reporting and IPSASs have many similarities in their treatment of particular transactions and events. However, there are also differences. For example, statistical bases of financial reporting:

(a) Require all assets and liabilities (except loans) to be revalued to market value at each reporting date. IPSASs include different measurement requirements, and require or permit <u>a historical</u> cost <u>model</u> and current value~~s~~ <u>model</u> for certain classes of assets and liabilities;

(b) …

…

	Amendments to IPSAS 23, *Revenue from Non-Exchange Transactions (Taxes and Transfers)*	
ED77	Paragraphs 42 and 97 are amended and paragraph. 124H is added. New text is underlined, and deleted text is struck through.	
	…	
	Recognition of Assets	
	… **Measurement of Assets on Initial Recognition**	
ED77	42. **An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition. <u>Appendix A of [draft] IPSAS [X] (ED 77), *Measurement*, provides guidance on measuring assets at fair value.</u>**	
	…	
	Transfers	
	…	
	Gifts and Donations, including Goods In-kind	
	…	
ED77	97. On initial recognition, gifts and donations including goods in-kind are measured at their fair value as at the date of acquisition, ~~which may be ascertained by reference to an active market, or by appraisal. An appraisal of the value of an asset is normally undertaken by a member of the valuation profession who holds a recognized and relevant professional qualification. For many assets, the fair value will be readily ascertainable by reference to quoted prices in an active and liquid market. For example, current market prices can usually be obtained for land, non-specialized buildings, motor vehicles and many types of plant and equipment~~. in accordance with [draft] IPSAS [X] (ED 77).	
	…	
	Effective Date	
ED77	124H. **<u>Paragraphs 42, and 97 were amended by [draft] IPSAS [X] (ED 77), issued in Month YYYY. An entity shall apply these amendments for annual financial statements covering periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies the amendment for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X] (ED 77) at the same time.</u>**	

	…	
	Amendments to IPSAS *26, Impairment of Cash-Generating Assets*	
ED77/ED78/ED79	Paragraphs 2, 8, 10, 13, 25, 31, 36, 41, 42, 66, 73, 73A, 78, 85, 87, 89, 92, 94, 100, 108, 108A, 118, 104, 120, and 123 are amended. Paragraphs 10A, 66A, and 126M, 126N and 126O are added. Paragraphs 38, 40 are deleted. New text is underlined, and deleted text is struck through.	
	Scope	
ED79	2. **An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard in accounting for the impairment of cash-generating assets, except for:** (a) **Inventories (see IPSAS 12*, Inventories*);** … (k) **Deferred acquisition costs, and intangible assets, arising from an insurer's contractual rights under insurance contracts within the scope of the relevant international or national accounting standard dealing with insurance contracts; ~~and~~** (l) [Deleted] (la) **Non-current assets (or disposal groups) classified as held for sale in accordance with [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations*; and** (m) **Other cash-generating assets in respect of which accounting requirements for impairment are included in another Standard.**	
	…	
ED77/ED79	8. This Standard does not apply to inventories, ~~and~~ cash-generating assets arising from construction contracts, or assets classified as held for sale (or included in a disposal group that is classified as held for sale) because existing standards applicable to these assets contain requirements for recognizing and measuring such assets. This Standard does not apply to deferred tax assets, assets related to employee benefits, or deferred acquisition costs and intangible assets arising from an insurer's contractual rights under insurance contracts. The impairment of such assets is addressed in the relevant international or national accounting standards. In addition, this Standard does not apply to biological assets related to agricultural activity that are measured at fair value less costs of	*IFRS 13*

	disposal ~~to sell~~. IPSAS 27 dealing with biological assets related to agricultural activity contains measurement requirements.	
	…	
ED77	10. This Standard does not require the application of an impairment test to ~~an~~ investment property measured ~~that is carried~~ at fair value within the scope of ~~in accordance with~~ IPSAS 16. Under the fair value model in IPSAS 16, an investment property is carried at fair value at the reporting date, and any impairment will be taken into account in the valuation.	*IFRS 13*
ED77	10A. However, this Standard applies to cash-generating assets that are carried at revalued amounts (i.e., fair value or current operational value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses) in accordance with other IPSAS, such as the current value model in IPSAS 17, *Property, Plant, and Equipment* and the revaluation model in IPSAS 31, *Intangible Assets*. The only difference between a cash-generating asset's fair value and its fair value less costs of disposal is the direct incremental costs attributable to the disposal of the cash-generating asset. (a) If the disposal costs are negligible, the recoverable amount of the revalued cash-generating asset is necessarily close to, or greater than, its revalued amount. In this case, after the revaluation requirements have been applied, it is unlikely that the revalued cash-generating asset is impaired and recoverable amount need not be estimated. (b) If the disposal costs are not negligible, the fair value less costs of disposal of the revalued cash-generating asset is necessarily less than its fair value. Therefore, the revalued cash-generating asset will be impaired if its value in use is less than its revalued amount. In this case, after the revaluation requirements have been applied, an entity applies this Standard to determine whether the cash-generating asset may be impaired.	*IFRS 13*
	…	
	Definitions	
ED77	13. **The following terms are used in this Standard with the meanings specified:** **Recoverable amount is the higher of an asset's or a cash-generating unit's fair value less costs of disposal ~~to sell~~ and its value in use.** **…**	*IFRS 13*
	…	
	Identifying an Asset that may be Impaired	
	…	
ED77/ED79	25. **In assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications*:*** **External sources of information**	*IFRS 13*

	(a) ~~During the period,~~ There are observable indicators that an asset's ~~market~~ value has declined during the period significantly more than would be expected as a result of the passage of time or normal use; **(b) …** **…** (c) **Significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or the manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;**[1] (d) **…** 1 Once an asset meets the criteria to be classified as held for sale (or is included in a disposal group that is classified as held for sale), it is excluded from the scope of this Standard and is accounted for in accordance with [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations*.	
	…	
	Measuring Recoverable Amount	
ED77	31. This Standard defines "recoverable amount" as the higher of an asset's fair value less costs of disposal ~~to sell~~ and its value in use. Paragraphs 32–70 set out the requirements for measuring recoverable amount. These requirements use the term "an asset" but apply equally to an individual asset or a cash-generating unit.	*IFRS 13*
ED77	32. It is not always necessary to determine both an asset's fair value less costs of disposal ~~to sell~~ and its value in use. If either of these amounts exceeds the asset's carrying amount, the asset is not impaired and it is not necessary to estimate the other amount.	*IFRS 13*
ED77	33. It may be possible to measure ~~determine~~ fair value less costs of disposal ~~to sell~~, even if there is not a quoted price in an active market for an asset ~~is not traded in an active market~~. However, sometimes it will not be possible to measure ~~determine~~ fair value less costs of disposal ~~to sell~~ because there is no basis for making a reliable[1] estimate of the price at which an orderly transaction to sell the asset would take place between market participants at the measurement date under current market conditions ~~amount obtainable from the sale of the asset in an arm's length transaction between knowledgeable and willing~~	*IFRS 13*

[1] Information that is reliable is free from material error and bias, and can be depended on by users to faithfully represent that which it purports to represent or could reasonably be expected to represent. Paragraph BC16 of IPSAS 1 discusses the transitional approach to the explanation of reliability.

		~~parties~~. In this case, the entity may use the asset's value in use as its recoverable amount.	
ED77	34.	If there is no reason to believe that an asset's value in use materially exceeds its fair value less costs <u>of disposal</u> ~~to sell~~, the asset's fair value less costs <u>of disposal</u> ~~to sell~~ may be used as its recoverable amount. This will often be the case for an asset that is held for disposal. This is because the value in use of an asset held for disposal will consist mainly of the net disposal proceeds, as the future cash flows from continuing use of the asset until its disposal are likely to be negligible.	*IFRS 13*
ED77	35.	Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs (see paragraphs 85–90), unless either: (a) The asset's fair value less costs <u>of disposal</u> ~~to sell~~ is higher than its carrying amount; or (b) The asset is a part of a cash-generating unit but is capable of generating cash flows individually, in which case the asset's value in use can be estimated to be close to its fair value less costs <u>of disposal</u> ~~to sell~~ and the asset's fair value less costs <u>of disposal</u> ~~to sell~~ can be <u>measured</u> ~~determined~~.	*IFRS 13*
ED77	36.	In some cases, estimates, averages and computational shortcuts may provide reasonable approximations of the detailed computations for determining fair value less costs <u>of disposal</u> ~~to sell~~ or value in use.	*IFRS 13*
	Fair Value less Costs <u>of Disposal</u> ~~to Sell~~		
	…		
ED77	38.	~~The best evidence of an asset's fair value less costs to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for incremental costs that would be directly attributable to the disposal of the asset.~~ <u>[Deleted]</u>	
ED77	39.	~~If there is no binding sale agreement but an asset is traded in an active market, fair value less costs to sell is the asset's market price less the costs of disposal. The appropriate market price is usually the current bid price. When current bid prices are unavailable, the price of the most recent transaction may provide a basis from which to estimate fair value less costs to sell, provided that there has not been a significant change in economic circumstances between the transaction date and the date as at which the estimate is made.~~ <u>[Deleted]</u>	
ED77	40.	~~If there is no binding sale agreement or active market for an asset, fair value less costs to sell is based on the best information available that reflects the amount that an entity could obtain, at the reporting date, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. In determining this amount, an entity considers the outcome of recent transactions for similar assets within the same industry. Fair value less costs to sell does not reflect a forced sale.~~ <u>[Deleted]</u>	
ED77	41.	Costs of disposal, other than those that have been recognized as liabilities, are deducted in <u>measuring</u> ~~determining~~ fair value less costs <u>of disposal</u> ~~to sell~~. Examples of such costs are legal	*IFRS 13*

	costs, stamp duty and similar transaction taxes, costs of removing the asset, and direct incremental costs to bring an asset into condition for its sale. However, termination benefits and costs associated with reducing or reorganizing a business following the disposal of an asset are not direct incremental costs to dispose of the asset.	
ED77	42. Sometimes, the disposal of an asset would require the buyer to assume a liability, and only a single fair value less costs <u>of disposal</u> ~~to sell~~ is available for both the asset and the liability. Paragraph 89 explains how to deal with such cases.	*IFRS 13*
	…	
	Value in Use	
	…	
	Composition of Estimates of Future Cash Flows	
	…	
ED77	66. The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is determined in a similar way to an asset's fair value less costs <u>of disposal</u> ~~to sell~~, except that, in estimating those net cash flows: (a) …	*IFRS 13*
ED77	66A. <u>Fair value differs from value in use. Fair value reflects the assumptions market participants would use when pricing the asset. In contrast, value in use reflects the effects of factors that may be specific to the entity and not applicable to entities in general. For example, fair value does not reflect any of the following factors to the extent that they would not be generally available to market participants:</u> <u>(a) Additional value derived from the grouping of assets (such as the creation of a portfolio of investment properties in different locations);</u> <u>(b) Synergies between the asset being measured and other assets;</u> <u>(c) Legal rights or legal restrictions that are specific only to the current owner of the asset; and</u> <u>(d) Tax benefits or tax burdens that are specific to the current owner of the asset.</u>	*IFRS 13*
	…	
	Recognizing and Measuring an Impairment Loss	
	…	
ED78	**73. An impairment loss shall be recognized immediately in surplus or deficit, unless the asset is carried at revalued amount in accordance with another Standard (for example, in accordance with the ~~revaluation~~ <u>current value</u> model in IPSAS 17<u>[draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment*</u> and IPSAS 31). Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that other Standard.**	
ED78	73A. An impairment loss on a non-revalued asset is recognized in surplus or deficit. However, an impairment loss on a revalued asset is recognized in revaluation surplus to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that individual asset in accordance with IPSAS 31 or class of assets in accordance with ~~IPSAS 17~~<u>[draft] IPSAS [X] (ED 78)</u>. Such an impairment loss on a revalued asset reduces	

	the revaluation surplus for that individual asset in accordance with IPSAS 31 or class of assets in accordance with ~~IPSAS 17~~[draft] IPSAS [X] (ED 78).	
	Cash-Generating Units	
	…	
	Identifying the Cash-Generating Unit to which an Asset Belongs	
	…	
ED79	78. The recoverable amount of an individual asset cannot be determined if: (a) The asset's value in use cannot be estimated to be close to its fair value less costs of disposal ~~to sell~~ (for example, when the future cash flows from continuing use of the asset cannot be estimated to be negligible); and (b) The asset does not generate cash inflows that are largely independent of those from other assets and is not capable of generating cash flows individually. In such cases, value in use and, therefore, recoverable amount, can be determined only for the asset's cash-generating unit.	
	…	
	Recoverable Amount and Carrying Amount of a Cash-Generating Unit	
ED77	85. The recoverable amount of a cash-generating unit is the higher of the cash-generating unit's fair value less costs of disposal ~~to sell~~ and its value in use. For the purpose of determining the recoverable amount of a cash-generating unit, any reference in paragraphs 31–70 to an asset is read as a reference to a cash-generating unit.	*IFRS 13*
	…	
ED77	87. The carrying amount of a cash-generating unit: (a) Includes the carrying amount of only those assets that can be attributed directly, or allocated on a reasonable and consistent basis, to the cash-generating unit and will generate the future cash inflows used in determining the cash-generating unit's value in use; and (b) Does not include the carrying amount of any recognized liability, unless the recoverable amount of the cash-generating unit cannot be determined without consideration of this liability. This is because fair value less costs of disposal ~~to sell~~ and value in use of a cash-generating unit are determined excluding cash flows that relate to assets that are not part of the cash-generating unit and liabilities that have been recognized (see paragraphs 41 and 56).	*IFRS 13*
	…	
ED77	89. It may be necessary to consider some recognized liabilities to determine the recoverable amount of a cash-generating unit.	*IFRS 13*

	This may occur if the disposal of a cash-generating unit would require the buyer to assume the liability. In this case, the fair value less costs of disposal ~~to sell~~ (or the estimated cash flow from ultimate disposal) of the cash-generating unit is the ~~estimated selling~~ price to sell ~~for~~ the assets of the cash-generating unit and the liability together, less the costs of disposal. To perform a meaningful comparison between the carrying amount of the cash-generating unit and its recoverable amount, the carrying amount of the liability is deducted in determining both the cash-generating unit's value in use and its carrying amount.	
	…	
	Impairment Loss for a Cash-Generating Unit	
ED77	92. **In allocating an impairment loss in accordance with paragraph 91, an entity shall not reduce the carrying amount of an asset below the highest of:** **(a) Its fair value less costs of disposal ~~to sell~~ (if measurable ~~determinable~~);** **(b) …**	*IFRS 13*
	…	
ED77	94. If the recoverable amount of an individual asset cannot be determined (see paragraph 78): (a) An impairment loss is recognized for the asset if its carrying amount is greater than the higher of its fair value less costs of disposal ~~to sell~~ and the results of the allocation procedures described in paragraphs 91–93; and (b) No impairment loss is recognized for the asset if the related cash-generating unit is not impaired. This applies even if the asset's fair value less costs of disposal ~~to sell~~ is less than its carrying amount.	*IFRS 13*
	…	
	Reversing an Impairment Loss	
	…	
ED77	100. **In assessing whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased, an entity shall consider, as a minimum, the following indications:** **External sources of information** **(v) There are observable indications that the ~~The~~ asset's ~~market~~ value has increased significantly during the period;**	*IFRS 13*
	…	

ED77	104. A reversal of an impairment loss reflects an increase in the estimated service potential of an asset, either from use or from sale, since the date when an entity last recognized an impairment loss for that asset. An entity is required to identify the change in estimates that causes the increase in estimated service potential. Examples of changes in estimates include: (a) A change in the basis for recoverable amount (i.e., whether recoverable amount is based on fair value less costs of disposal ~~to sell~~ or value in use); (b) If recoverable amount was based on value in use, a change in the amount or timing of estimated future cash flows, or in the discount rate; or (c) If recoverable amount was based on fair value less costs of disposal ~~to sell~~, a change in estimate of the components of fair value less costs of disposal ~~to sell~~.	*IFRS 13*
	…	
	Reversing an Impairment Loss for an Individual Asset or Class of Asset	
	…	
ED78	108. **A reversal of an impairment loss for an asset other than goodwill shall be recognized immediately in surplus or deficit, unless the asset is carried at revalued amount in accordance with another Standard (for example, the ~~revaluation~~current value model in [draft] IPSAS [X] (ED 78) and IPSAS 31). Any reversal of an impairment loss of a revalued asset shall be treated as a revaluation increase in accordance with that other Standard.**	
ED78	108A. A reversal of an impairment loss on a revalued asset is recognized directly in the revaluation reserve and increases the revaluation surplus for that individual asset in accordance with IPSAS 31 or class of assets in accordance with ~~IPSAS 17~~[draft] IPSAS [X] (ED 78). However, to the extent that an impairment loss on the same individual revalued asset or class of revalued assets was previously recognized in surplus or deficit, a reversal of that impairment loss is also recognized in surplus or deficit in accordance with IPSAS 31 or ~~IPSAS 17~~[draft] IPSAS [X] (ED 78).	
	…	
	Disclosure	
	…	
ED78	118. The information required in paragraph 115 may be presented with other information disclosed for the class of assets. For example, this information may be included in a reconciliation of the carrying amount of property, plant, and equipment at the beginning and end of the period, as required by IPSAS 17[draft] IPSAS [X] (ED 78).	
	…	

ED77	120. **An entity shall disclose the following for each material impairment loss recognized or reversed during the period for a cash-generating asset (including goodwill) or a cash-generating unit:** … **(e) Whether the recoverable amount of the asset (cash-generating unit) is its fair value less costs <u>of disposal</u> ~~to sell~~ or its value in use;** **(f) If the recoverable amount is fair value less costs <u>of disposal</u> ~~to sell~~, the basis used to <u>measure</u> ~~determine~~ fair value less costs <u>of disposal</u> ~~to sell~~ (such as whether fair value was <u>measured</u> ~~determined~~ by reference to <u>a quoted price in</u> an active market <u>for an identical asset</u>); and** **(i) The level of the fair value hierarchy (see [draft] IPSAS [X] (ED 77)) within which the fair value measurement of the for an identical asset (cash generating unit) is categorized in its entirety (without taking into account whether the 'costs of disposal' are observable); and** **(ii) For fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy, a description of the measurement technique(s) used to measure fair value less costs of disposal. If there has been a change in measurement technique, the entity shall disclose that change and the reason(s) for making it; and** **(iii) For fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy, each key assumption on which management has based its determination of fair value less costs of disposal. Key assumptions are those to which the asset's (cash generating unit's) recoverable amount is most sensitive. The entity shall also disclose the discount rate(s) used in the current measurement and previous measurement if fair value less costs of disposal is measured using a present value technique.** **(g) ...**	*IFRS 13*
	…	
	Disclosure of Estimates used to Measure Recoverable Amounts of Cash-Generating Units Containing Intangible Assets with Indefinite Useful Lives	
ED77	123. **An entity shall disclose the information required by (a)–(f) for each cash-generating unit (group of units) for which the carrying amount of goodwill or intangible assets with**	*IFRS 13*

indefinite useful lives allocated to that unit (group of units) is significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives:

…

(c) basis on which the unit's (group of units') recoverable amount has been determined (i.e., value in use or fair value less costs of disposal ~~to sell~~);

(d) If the unit's (group of units') recoverable amount is based on value in use:

   (i) ~~A description of each~~ Each key assumption on which management has based its cash flow projections for the period covered by the most recent budgets/forecasts. Key assumptions are those to which the unit's (group of units') recoverable amount is most sensitive;

(e) If the unit's (group of units') recoverable amount is based on fair value less costs of disposal ~~to sell~~, the measurement technique(s) ~~methodology~~ used to measure ~~determine~~ fair value less costs of disposal ~~to sell~~. If fair value less costs of disposal ~~to sell~~ is not measured ~~determined~~ using a quoted ~~an observable market~~ price for ~~the~~ an identical unit, an entity shall disclose the following information ~~shall also be disclosed~~:

   (i) ~~A description of each~~ Each key assumption on which management has based its determination of fair value less costs of disposal ~~to sell~~. Key assumptions are those to which the unit's (group of units') recoverable amount is most sensitive; and

   (ii) A description of management's approach to determining the value (or values) assigned to each key assumption, whether those values reflect past experience or, if appropriate, are consistent with external sources of information, and, if not, how and why they differ from past experience or external sources of information.

   (iiA) The level of the fair value hierarchy (see [draft] IPSAS [X] (ED 77)) within which the fair value measurement is categorized in its entirety (without giving regard to the observability of 'costs of disposal').

   (iiB) If there has been a change in valuation technique, the change and the reason(s) for making it.

   If fair value less costs of disposal ~~to sell~~ is measured ~~determined~~ using discounted cash flow projections, an

	entity shall disclose the following information ~~shall also be disclosed~~: **(iii) The period over which management has projected cash flows;** **(iv) The growth rate used to extrapolate cash flow projections; and** **(v) The discount rate(s) applied to the cash flow projections.**	
	…	
	Effective Date	
ED77	126M. **Paragraphs 8, 10, 13, 25, 31, 36, 41, 42, 66, 78, 85, 87, 89, 92, 94, 100, 104, 120, and 123 were amended, paragraphs 10A and 66A were added, and paragraphs 38, 40 were deleted by [draft] IPSAS [X] (ED 77), issued in Month YYYY. An entity shall apply these amendments for annual financial statements covering periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies the amendment for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X] (ED 77) at the same time.**	
ED79	126N. **Paragraphs 2, 8 and 25 were amended by [draft] IPSAS [X] (ED 79) issued in [Month] [Year]. An entity shall apply these amendments for annual financial statements covering periods beginning on or after [Month] [Day] [Year]. Earlier application is encouraged. If an entity applies the amendments for a period beginning before [Month] [Day] [Year] it shall disclose that fact and apply [draft] IPSAS [X] (ED 79) at the same time.**	
ED78	**126O. Paragraphs 73, 73A, 108, 108A, and 118 were amended by [draft] IPSAS [X] (ED 78) issued in Month YYYY. An entity shall apply these amendments for annual financial statements covering periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies these amendments for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X] (ED 78) at the same time.**	
	…	
	Basis for Conclusions	
	This Basis for Conclusions accompanies, but is not part of, IPSAS 26.	
	…	

	Development of IPSAS 26 Based on the IASB's Revised Version of IAS 36 Issued in 2004	
	…	
	Need for this Standard	
ED78	BC3. When this Standard was issued, IPSAS 21 had referred readers to IAS 36 (a) in order to establish whether cash- generating assets have been impaired, and (b) for accounting for the recognition and measurement of any impairment. There are were benefits in incorporating requirements and guidance on the impairment of cash-generating assets in an IPSAS, so that public sector entities do not have to refer to IAS 36 when an entity has cash-generating assets. In addition, there are were a number of public sector issues related to impairment. These included: (a) Whether cash-generating property, plant, and equipment carried in accordance with the revaluation model in IPSAS 17, *Property, Plant, and Equipment* should be within the scope; (b) Distinguishing cash-generating and non-cash-generating assets; (c) The redesignation of cash-generating assets to non-cash-generating assets and vice-versa; and (d) The treatment for impairment purposes of non-cash-generating assets in cash-generating units. In developing [draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment,* the IPSASB noted that the identified relationship still applies for issue (a) above.	
	Exclusion of Property, Plant, and Equipment Carried at Revalued Amounts and Intangible Assets that are Regularly Revalued to Fair Value from Scope	
ED78	BC4. When this Standard was issued, At the time this Standard was approved in February 2008, the scope of IPSAS 21 had excluded non cash-generating property, plant, and equipment carried at revalued amounts in accordance with the revaluation model in IPSAS 17. The Basis for Conclusions in IPSAS 21 had stated that the IPSASB was of the view that assets carried at revalued amounts in accordance with the revaluation model in IPSAS 17 would be revalued with sufficient regularity to ensure (a) that they are carried at an amount that is not materially different from their fair value at the reporting date, and (b) that any impairment will be taken into account in that valuation. The IPSASB therefore had considered whether a similar scope exclusion should be included in this Standard.	
ED78	BC5. The IPSASB had acknowledged that property, plant, and	

	equipment held on the revaluation model are were within the scope of IAS 36, and had considered the view that guidance on determining impairment losses for such assets would be appropriate for public sector entities with assets on the revaluation model. The IPSASB had noted that in IAS 36, in cases where the fair value of an item of property, plant, and equipment is its market value, the maximum amount of an impairment loss is was the disposal costs. In the Basis for Conclusions for IPSAS 21, it is was stated that "the IPSASB is of the view that, in most cases, these will not be material and, from a practical viewpoint, it is not necessary to measure an asset's recoverable service amount and to recognize an impairment loss for the disposal costs of a non-cash-generating asset." The IPSASB had considered that disposal costs are also unlikely to be material for cash-generating assets. In developing [draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment,* the IPSASB noted that these principles are still applicable.	
	…	
ED78	BC7. When this Standard was issued, ~~T~~the IPSASB had been ~~was~~ of the view that it would be onerous to impose a requirement to test for impairment in addition to the then existing requirement in IPSAS 17, i.e., that assets ~~will~~ would be revalued with sufficient regularity to ensure that they are were carried at an amount that is would not be materially different from their fair value at the reporting date. Therefore, on balance, the IPSASB had concluded that consistency with IPSAS 21 should take precedence over convergence with IAS 36, and that property, plant, and equipment carried on the revaluation model in IPSAS 17 should be excluded from the scope of this Standard. Consistent with the approach to property, plant, and equipment, intangible assets that ~~are~~ were regularly revalued to fair value ~~were~~ would also be excluded from the scope. In developing [draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment,* the IPSASB noted that current operational value can be applied instead of fair value and the revaluation model in IPSAS 17 is labeled the current value model in [draft] IPSAS [X] (ED 78).	
	…	
	Impairment of Revalued Assets (Amendments to IPSAS 21 and IPSAS 26)	
	…	
ED78	BC7B. When this Standard was issued ~~T~~the IPSASB had considered that the rationale in paragraphs BC5 and BC6 for the different requirements in IPSAS 26 and IAS 36 ~~is~~ was sound. The IPSASB had acknowledged the view that impairments would be taken into account when carrying out revaluations of assets to ensure that their carrying amounts do not differ materially from	

	fair value, as was required by paragraph 44 of IPSAS 17 and paragraph 74 of IPSAS 31.	
ED78	BC7C. The IPSASB had also acknowledged that it was ambiguous whether impairment losses and reversals of impairment losses are revaluations, given that they ~~are~~ were accounted for in a similar manner. Paragraph 51 of IPSAS 17 required~~s~~ the entire class of assets to be revalued if an item of property, plant, and equipment belonging to that class is was revalued. Therefore, if impairment losses and reversals of impairment losses are were interpreted as revaluations the consequences are onerous. The IPSASB had considered that it should resolve this ambiguity. In developing [draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment,* the IPSASB noted that this reasoning and consideration are still applicable.	
	…	
	Responses to ED 57	
ED78	BC7H. The majority of respondents to ED 57 supported the proposals and the IPSASB's rationale. The IPSASB had considered a proposal that a clarification that impairment losses and reversals of impairment losses of a revalued asset do not require an entity to revalue the entire class of assets to which that item belongs could be achieved more economically through a simple statement in IPSAS 17.	
	…	
ED78	BC7J. Following comments by respondents to the ED the IPSASB had reassessed the assertion in the Basis for Conclusions of ED 57 that impairments are conceptually different from revaluation decreases. Because both impairments and revaluation decreases involve a diminution of service potential or the ability to generate economic benefits, the IPSASB had concluded that they are conceptually the same. However, there ~~is~~ was a practical difference. Impairments are events that affect individual assets, or groups of assets, rather than the result of periodic revaluations. This practical difference ~~is~~ was reflected in paragraph 51A of IPSAS 17 that "impairment losses and reversals of impairment losses of an asset under IPSAS 21 and IPSAS 26, *Impairment of Cash-Generating Assets*, do not necessarily give rise to the need to revalue the class of assets to which that asset, or group of assets, belongs." In developing [draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment,* the IPSASB noted that this guidance is still applicable.	
	…	
	Revision of IPSAS 26 as a result of Part II of *Improvements to IPSASs 2015*: issues raised by stakeholders	
ED79	BC19. When IPSAS 26 was revised as a result of Part II of	

	Improvements to IPSASs 2015 ~~Stakeholders~~ stakeholders had indicated that IPSASs referred to non-current assets held for sale and disposal groups inconsistently. The IPSASB had concluded that IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, ~~may~~ might only be appropriate for the public sector in certain circumstances, for the following reasons: (a) Sales of assets in the public sector ~~may~~ might not be completed within one year because of the levels of approval required. This ~~raises~~ had raised questions about the relevance and consistency of information provided in accordance with IFRS 5. In particular, the IPSASB ~~notes~~ had noted that, under IFRS 5, non-current assets held for sale are not depreciated. The IPSASB ~~has~~ had concerns that not depreciating assets for an extended period of time ~~may~~ might be inappropriate. (b) Many assets in the public sector are disposed of through a transfer or distribution for no or nominal consideration. As IFRS 5 deals with sales at fair value, the measurement and disclosure requirements ~~may~~ might not provide relevant information for these transfers. However, the IPSASB ~~recognizes~~ had recognized that the measurement and disclosure requirements in IFRS 5 ~~may~~ might be appropriate where sales are intended to take place at fair value. (c) Many discontinued operations in the public sector are operations that previously provided services at no or nominal cost. As IFRS 5 deals with discontinued operations that were either cash-generating units or a group of cash-generating units prior to disposal or being classified as held for sale, the disclosure requirements ~~may~~ might not provide relevant information for public sector discontinued operations. However, the IPSASB ~~recognizes~~ had recognized that the disclosure requirements in IFRS 5 ~~may~~ might be appropriate where discontinued operations were previously either cash-generating units or one or more groups of cash generating units. Because the IPSASB had concluded that IFRS 5 would only be appropriate in the public sector in limited circumstances, the IPSASB agreed to remove references in IPSAS to international or national accounting standards dealing with non-current assets held for sale and discontinued operations. The IPSASB had concerns that retaining this reference ~~may~~ might result in entities following the requirements of IFRS 5 in circumstances where this ~~may~~ might not be appropriate. The IPSASB had noted that IPSAS 3, *Accounting Policies,*	

	Changes in Accounting Estimates and Errors, provides guidance on selecting accounting policies for transactions that are not specifically addressed in IPSASs. This guidance would permit entities to adopt an accounting policy that is consistent with IFRS 5 where the entity considers this is appropriate.	
ED79	BC19A. In developing [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations* the IPSASB concluded that in certain circumstances it would be appropriate for public sector entities to apply the requirements of IFRS 5. As a result, all the relevant references have been added.	
	…	
	Revision of IPSAS 26 as a result of *Improvements to IPSAS, 2019*	
ED78	BC21. When this Standard was issued the IPSASB had noted that ~~T~~the reference to "class of assets" in paragraphs 73A and 108A created the impression that the guidance only applied to revalued assets in the scope of IPSAS 17. Stakeholders raised concerns that revalued intangible assets were excluded from its application. Consequently, the IPSASB had agreed to clarify that the paragraphs apply to individual assets in the scope of IPSAS 31, *Intangible Assets* and class of assets in the scope of IPSAS 17. In developing [draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment,* the IPSASB noted that this guidance is still applicable.	
	Revision of IPSAS 26 as a result of [draft] IPSAS [X] (ED 77), Measurement	
ED77	BC22. [Draft] IPSAS [X] (ED 77), *Measurement*, issued in [Month] [Year], provides generic guidance on the measurement of fair value, to ensure a consistent approach across all IPSAS. The IPSASB agreed to remove guidance on measurement in IPSAS 26 where such guidance was now provided in [draft] IPSAS [X] (ED 77), and to refer preparers to the guidance in that Standard.	
	…	
	Comparison with IAS 36	
ED78	IPSAS 26, *Impairment of Cash-Generating Assets* deals with the impairment of cash-generating assets in the public sector, and includes an amendment made to IAS 36 (2004), *Impairment of Assets* as part of the *Improvements to IFRSs* issued in May 2008. The main differences between IPSAS 26 and IAS 36 are as follows: ● IPSAS 26 does not apply to cash-generating assets carried at revalued amounts at the reporting date under the ~~revaluation~~ current value model in ~~IPSAS 17~~[draft] IPSAS [X] (ED 78, *Property, Plant, and Equipment*. IAS 36 does not exclude from	

	its scope cash-generating property, plant, and equipment carried at revalued amounts at the reporting date. ● IPSAS 26 does not apply to intangible assets that are regularly revalued to fair value. IAS 36 does not exclude from its scope intangible assets that are regularly revalued to fair value. ● IPSAS 26 defines cash-generating assets and includes additional commentary to distinguish cash-generating assets and non-cash-generating assets. ● The definition of a cash-generating unit in IPSAS 26 is modified from that in IAS 36. ● IPSAS 26 does not include a definition of corporate assets or requirements relating to such assets. IAS 36 includes a definition of corporate assets and requirements and guidance on their treatment. ● IPSAS 26 does not treat the fact that the carrying amount of the net assets of an entity is more than the entity's market capitalization as indicating impairment. The fact that the carrying amount of the net assets is more than the entity's market capitalization is treated by IAS 36 as part of the minimum set of indications of impairment. ● In IPSAS 26, a forced sale is not a reflection of fair value less costs to sell. In IAS 36, a forced sale is a reflection of fair value less costs to sell, if management is compelled to sell immediately. ● IPSAS 26 includes requirements and guidance on the treatment of non-cash-generating assets that contribute to cash-generating units as well as to non-cash-generating activities. IAS 36 does not deal with non-cash-generating assets that contribute to cash-generating units as well as to non-cash-generating activities. ● IPSAS 26 includes requirements and guidance dealing with the re designation of assets from cash-generating to non-cash-generating and non-cash-generating to cash-generating. IPSAS 26 also requires entities to disclose the criteria developed to distinguish cash-generating assets from non-cash-generating assets. There are no equivalent requirements in IAS 36. ● IPSAS 26 uses different terminology, in certain instances, from IAS 36. The most significant examples are the use of the terms "revenue" and "statement of financial performance." The equivalent terms in IAS 36 are "income" and "income statement."	
	Implementation Guidance	
	This guidance accompanies, but is not part of, IPSAS 26.	
	…	
	Calculation of Value in Use and Recognition of an Impairment Loss	
	Background and Calculation of Value in Use	
	…	
ED77	IG13. It is not possible to determine the fair value less costs <u>of</u>	*IFRS 13*

	disposal ~~to sell~~ of the power plant. Therefore, recoverability can only be determined through the calculation of value in use. To determine the value in use for the power plant (see Schedule 1), Government R: (a) Prepares cash flow forecasts derived from the most recent financial budgets/forecasts for the next five years (years 20X5-20X9) approved by management; (b) Estimates subsequent cash flows (years 20Y0–20Y9) based on declining growth rates ranging from -6 percent per annum to -3 percent per annum; and (c) Selects a 6 percent discount rate, which represents a rate that reflects current market assessments of the time value of money and the risks specific to Government R's power plant.	
	…	
	Inclusion of Recognized Liabilities in Calculation of Recoverable Amount of a Cash-Generating Unit	
	…	
	Impairment Testing	
	…	
ED77	IG24. The cash-generating unit's fair value less costs of disposal ~~to sell~~ is CU800. This amount includes restoration costs that have already been provided for. As a consequence, the value in use for the cash-generating unit is determined after consideration of the restoration costs, and is estimated to be CU700 (CU1,200 minus CU500). The carrying amount of the cash-generating unit is CU500, which is the carrying amount of the site (CU1,000) minus the carrying amount of the provision for restoration costs (CU500). Therefore, the recoverable amount of the cash-generating unit exceeds its carrying amount.	*IFRS 13*
	…	
	Accounting Treatment of an Individual Asset in a Cash-Generating Unit dependent on whether Recoverable Amount can be Determined	
	Background	
ED77	IG25. A holding tank at a water purification plant has suffered physical damage but is still working, although not as well as before it was damaged. The holding tank's fair value less costs of disposal ~~to sell~~ is less than its carrying amount. The holding tank does not generate independent cash inflows. The smallest identifiable group of assets that includes the holding tank and generates cash inflows that are largely independent of the cash inflows from other assets is the plant to which the holding tank belongs. The recoverable amount of the plant shows that the plant taken	*IFRS 13*

	as a whole is not impaired.	
	Recoverable Amount of Holding Tank Cannot be Determined	
	…	
ED77	IG27. The recoverable amount of the holding tank alone cannot be estimated because the holding tank's value in use: (a) May differ from its fair value less costs <u>of disposal</u> ~~to sell~~; and (b) Can be determined only for the cash-generating unit to which the holding tank belongs (the water purification plant). The plant is not impaired. Therefore, no impairment loss is recognized for the holding tank. Nevertheless, the entity may need to reassess the depreciation period or the depreciation method for the holding tank. Perhaps a shorter depreciation period or a faster depreciation method is required to reflect the expected remaining useful life of the holding tank or the pattern in which economic benefits are expected to be consumed by the entity.	*IFRS 13*
	…	
	Recoverable Amount of Holding Tank Can be Determined	
	…	
ED77	IG29. The holding tank's value in use can be estimated to be close to its fair value less costs <u>of disposal</u> ~~to sell~~. Therefore, the recoverable amount of the holding tank can be determined, and no consideration is given to the cash-generating unit to which the holding tank belongs (i.e., the production line). Because the holding tank's fair value less costs <u>of disposal</u> ~~to sell~~ is below its carrying amount, an impairment loss is recognized for the holding tank.	*IFRS 13*
	Amendments to IPSAS 27, *Agriculture*	
ED77/ED78/ED79	Paragraphs 3, 4, 6, 19, 20, 26, 29, 34, 37, and 48 are amended. Paragraphs 46A–46F, 56H, 56J and 56K are added. Paragraphs 14, 21, 25, 27, 45 and 46 are deleted. New text is underlined, and deleted text is struck through.	
	…	
	Scope	
	…	
ED78	3. This Standard does not apply to: (a) Land related to agricultural activity (see IPSAS 16, *Investment Property* and ~~IPSAS 17~~<u>[draft] IPSAS [X] (ED 78)</u>, *Property, Plant, and Equipment*); (b) Bearer plants related to agricultural activity (see	

	~~IPSAS 17~~[draft] IPSAS [X] (ED 78)). However, this Standard applies to the produce on those bearer plants. (c) Intangible assets related to agricultural activity (see IPSAS 31, *Intangible Assets*); and Biological assets held for the provision or supply of services.	
ED78	4. Biological assets are used in many activities undertaken by public sector entities. When biological assets are used for research, education, transportation, entertainment, recreation, customs control or in any other activities that are not agricultural activities as defined in paragraph 9 of this Standard, those biological assets are not accounted for in accordance with this Standard. Where those biological assets meet the definition of an asset, other IPSASs should be considered in determining the appropriate accounting (e.g., IPSAS 12, *Inventories* and ~~IPSAS 17~~[draft] IPSAS [X] (ED 78)).	
	…	
ED78	6. The table below provides examples of biological assets, agricultural produce, and products that are the result of processing after harvest:	

Biological assets	Agricultural produce	Products that are the result of processing after harvest
Sheep	Wool	Yarn, carpet
Trees in a timber plantation forest	Felled trees	Logs, lumber
Dairy cattle	Milk	Cheese
Pigs	Carcass	Sausages, cured hams
Cotton plants	Harvested cotton	Thread, clothing
Sugarcane	Harvested cane	Sugar
Tobacco plants	Picked leaves	Cured tobacco
Tea bushes	Picked leaves	Tea
Grape vines	Picked grapes	Wine
Fruit trees	Picked fruit	Processed fruit
Oil Palms	Picked fruit	Palm Oil
Rubber trees	Harvested latex	Rubber products

	Some plants, for example, tea bushes, grape vines, oil palms and rubber trees, usually meet the definition of a bearer plant and are within the scope of ~~IPSAS 17~~[draft] IPSAS [X] (ED 78). However, the produce growing on bearer plants, for example, tea leaves, grapes, oil palm fruit and latex, is within the scope of IPSAS 27.	
	…	
	Recognition and Measurement	
	…	
ED77	14. ~~The fair value of an asset is based on its present location and condition. As a result, for example, the fair value of cattle at a farm is the price for the cattle in the relevant market less the transport and other costs of getting the cattle either to that market or to the location where it will be distributed at no charge or for a nominal charge.~~ [Deleted]	*IFRS 13*
	…	
ED77	19. The ~~determination of~~ fair value measurement of ~~for~~ a biological asset or agricultural produce may be facilitated by grouping biological assets or agricultural produce according to significant attributes; for example, by age or quality. An entity selects the attributes corresponding to the attributes used in the market as a basis for pricing.	*IFRS 13*
ED77	20. Entities often enter into contracts to sell their biological assets or agricultural produce at a future date. Contract prices are not necessarily relevant in measuring ~~determining~~ fair value, because fair value reflects the current market conditions in which a market participant buyers and sellers ~~willing buyer and seller~~ would enter into a transaction. As a result, the fair value of a biological asset or agricultural produce is not adjusted because of the existence of a contract. In some cases, a contract for the sale of a biological asset or agricultural produce in an exchange transaction may be an onerous contract, as defined in IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets*. IPSAS 19 applies to onerous contracts.	*IFRS 13*
ED77	21. ~~If an active market exists for a biological asset or agricultural produce in its present location and condition, the quoted price in that market is the appropriate basis for determining the fair value of that asset. If an entity has access to different active markets, the entity uses the most relevant one. For example, if an entity has access to two active markets, it would use the price existing in the market expected to be used.~~ [Deleted]	*IFRS 13*
ED77	22. ~~If an active market does not exist, an entity uses one or more of the following, when available, in determining fair value:~~ ~~(a) The most recent market transaction price, provided that there has not been a significant change in economic circumstances between the date of that transaction and the~~	*IFRS 13*

	~~reporting date;~~ ~~(b) Market prices for similar assets with adjustment to reflect differences; and~~ ~~(c) Sector benchmarks such as the value of an orchard expressed per export tray, bushel, or hectare, and the value of cattle expressed per kilogram of meat.~~ [Deleted]	
ED77	23. ~~In some cases, the information sources listed in paragraph 22 may suggest different conclusions as to the fair value of a biological asset or agricultural produce. An entity considers the reasons for those differences, in order to arrive at the most reliable estimate of fair value within a relatively narrow range of reasonable estimates.~~ [Deleted]	*IFRS 13*
ED77	24. ~~In some circumstances, market-determined prices or values may not be available for a biological asset in its present condition. In these circumstances, an entity uses the present value of expected net cash flows from the asset discounted at a current market-determined rate in determining fair value.~~ [Deleted]	*IFRS 13*
ED77	25. ~~The objective of a calculation of the present value of expected net cash flows is to determine the fair value of a biological asset in its present location and condition. An entity considers this in determining an appropriate discount rate to be used and in estimating expected net cash flows. In determining the present value of expected net cash flows, an entity includes the net cash flows that market participants would expect the asset to generate in its most relevant market.~~ [Deleted]	*IFRS 13*
ED77	26. An entity does not include any cash flows for financing the assets, ~~taxation,~~ or re-establishing biological assets after harvest (for example, the cost of replanting trees in a plantation forest after harvest).	*Annual Improvements*
ED77	27. ~~In agreeing an arm's length transaction price, knowledgeable, willing buyers and sellers consider the possibility of variations in cash flows. It follows that fair value reflects the possibility of such variations. Accordingly, an entity incorporates expectations about possible variations in cash flows into either the expected cash flows, or the discount rate, or some combination of the two. In determining a discount rate, an entity uses assumptions consistent with those used in estimating the expected cash flows, to avoid the effect of some assumptions being double-counted or ignored.~~ [Deleted]	*IFRS 13*
	…	
ED77	29. Biological assets are often physically attached to land (for example, trees in a plantation forest). There may be no separate market for biological assets that are attached to the land but an	*IFRS 13*

	active market may exist for the combined assets, that is, for the biological assets, raw land, and land improvements, as a package. An entity may use information regarding the combined assets to measure the ~~determine~~ fair value of ~~for~~ the biological assets. For example, the fair value of raw land and land improvements may be deducted from the fair value of the combined assets to arrive at the fair value of biological assets.	
	…	
	Inability to Measure Fair Value Reliably	
ED77/ED79	34. **There is a presumption that fair value can be measured reliably for a biological asset. However, that presumption can be rebutted only on initial recognition for a biological asset for which quoted market~~-determined~~ prices ~~or values~~ are not available, and for which alternative ~~estimates of~~ fair value measurements are determined to be clearly unreliable. In such a case, that biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses. Once the fair value of such a biological asset becomes reliably measurable, an entity shall measure it at its fair value less costs of disposal. Once a non-current biological asset meets the criteria to be classified as held for sale (or is included in a disposal group that is classified as held for sale) in accordance with [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations*, it is presumed that fair value can be measured reliably.**	*IFRS 13*
	…	
ED78	37. In determining cost, accumulated depreciation and accumulated impairment losses, an entity considers IPSAS 12, ~~IPSAS 17~~[draft] IPSAS [X] (ED 78), IPSAS 21, *Impairment of Non-Cash-Generating Assets*, and IPSAS 26, *Impairment of Cash-Generating Assets*	
	Disclosure	
	General	
	…	
ED77	45. ~~An entity shall disclose the methods and significant assumptions applied in determining the fair value of each group of agricultural produce at the point of harvest and each group of biological assets.~~	
ED77	46. ~~An entity shall disclose the fair value less costs to sell of agricultural produce harvested during the period, determined at the point of harvest.~~	
ED77	46A. An entity shall disclose information that helps users of its financial statements assess both of the following:	

	(a) For agricultural assets that are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition, the measurement techniques and inputs used to develop those measurements. (b) For recurring fair value measurements using significant unobservable inputs (Level 3), the effect of the measurements on surplus or deficit or net assets/equity for the period		
ED77	46B. To meet the objectives in paragraph 46A, an entity shall consider all the following: (a) The level of detail necessary to satisfy the disclosure requirements; (b) How much emphasis to place on each of the various requirements; (c) How much aggregation or disaggregation to undertake; and (d) Whether users of financial statements need additional information to evaluate the quantitative information disclosed. If the disclosures provided in accordance with this IPSAS and other IPSAS are insufficient to meet the objectives in paragraph 46A, an entity shall disclose additional information necessary to meet those objectives.		
ED77	46C. To meet the objectives in paragraph 46A, an entity shall disclose, at a minimum, the following information for each class of agricultural assets (see paragraph 46D for information on determining appropriate classes of agricultural assets) measured at fair value (including measurements based on fair value within the scope of [draft] IPSAS [X] (ED 77), Measurement) in the statement of financial position after initial recognition: (a) For recurring and non-recurring fair value measurements, the fair value measurement at the end of the reporting period, and for non-recurring fair value measurements, the reasons for the measurement. Recurring fair value measurements of agricultural assets are those that this Standard requires or permits in the statement of financial position at the end of each reporting period. Non-recurring fair value measurements of agricultural assets are those that this Standard requires or permits in the statement of financial position in particular circumstances. (b) For recurring and non-recurring fair value measurements, the level of the fair value hierarchy within which the fair value measurements are categorized in their entirety		

(Level 1, 2 or 3).

(c) For recurring and non-recurring fair value measurements estimated using unobservable inputs, a description of the measurement technique(s) and the inputs used in the fair value measurement. If there has been a change in measurement technique (e.g. changing from a market approach to an income approach or the use of an additional measurement technique), the entity shall disclose that change and the reason(s) for making it. For fair value measurements categorized within Level 3 of the fair value hierarchy, or for fair value measurements estimated using unobservable inputs, an entity shall provide quantitative information about the significant unobservable inputs used in the fair value measurement. An entity is not required to create quantitative information to comply with this disclosure requirement if quantitative unobservable inputs are not developed by the entity when measuring fair value (e.g. when an entity uses prices from prior transactions or third-party pricing information without adjustment). However, when providing this disclosure an entity cannot ignore quantitative unobservable inputs that are significant to the fair value measurement and are reasonably available to the entity.

(d) For recurring fair value measurements categorized within Level 3 of the fair value hierarchy, a reconciliation from the opening balances to the closing balances, disclosing separately changes during the period attributable to the following:

(i) Total gains or losses for the period recognized in surplus or deficit, and the line item(s) in surplus or deficit in which those gains or losses are recognized.

(ii) Total gains or losses for the period recognized in net assets/equity, and the line item(s) in net assets/equity in which those gains or losses are recognized.

(iii) Purchases, sales, issues and settlements (each of those types of changes disclosed separately).

(e) For recurring fair value measurements categorized within Level 3 of the fair value hierarchy, the amount of the total gains or losses for the period in (d)(i) included in surplus or deficit that is attributable to the change in unrealized gains or losses relating to those agricultural assets held at the end of the reporting period, and the line item(s) in surplus or deficit in which those unrealized gains or losses are recognized.

	(f) For recurring and non-recurring fair value measurements categorized within Level 3 of the fair value hierarchy, a description of the valuation processes used by the entity (including, for example, how an entity decides its valuation policies and procedures and analyses changes in fair value measurements from period to period). (g) For recurring fair value measurements categorized within Level 3 of the fair value hierarchy: (i) For all such measurements, a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower fair value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the fair value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the fair value measurement. To comply with that disclosure requirement, the narrative description of the sensitivity to changes in unobservable inputs shall include, at a minimum, the unobservable inputs disclosed when complying with (c).	
ED77	46D. An entity shall determine appropriate classes of agricultural assets on the basis of the following: (a) The nature, characteristics and risks of the agricultural assets; and (b) The level of the fair value hierarchy within which the fair value measurement is categorized. The number of classes may need to be greater for fair value measurements categorized within Level 3 of the fair value hierarchy, because those measurements have a greater degree of uncertainty and subjectivity. Determining appropriate classes of agricultural assets for which disclosures about fair value measurements should be provided requires judgement. A class of agricultural assets will often require greater disaggregation than the line items presented in the statement of financial position. However, an entity shall provide information sufficient to permit reconciliation to the line items presented in the statement of financial position. If another IPSAS specifies the class for an agricultural assets, an entity may use that class in providing the disclosures required in this Standard if that class meets the requirements in this paragraph.	
ED77	46E. For each class of agricultural assets not measured at fair value in the statement of financial position but for which the fair value is disclosed, an entity shall disclose the information required by	

	paragraph 46C(b), (c) and (g). However, an entity is not required to provide the quantitative disclosures about significant unobservable inputs used in fair value measurements categorized within Level 3 of the fair value hierarchy, or for fair value measurements estimated using unobservable inputs, required by paragraph 46C(c). For such agricultural assets, an entity does not need to provide the other disclosures required by this Standard	
ED77	46F. An entity shall present the quantitative disclosures required by this Standard in a tabular format unless another format is more appropriate.	
	…	
ED79	48. **An entity shall present a reconciliation of changes in the carrying amount of biological assets between the beginning and the end of the current period. The reconciliation shall include:** (a) **The gain or loss arising from changes in fair value less costs to sell, disclosed separately for bearer biological assets and consumable biological assets;** … (d) **Decreases attributable to sales and biological assets classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with [draft] IPSAS [X] (ED 79);** (e) …	
	…	
	Effective Date	
ED79	56H. **Paragraphs 34 and 48 were amended by [draft] IPSAS [X] (ED 79) issued in [Month] [Year]. An entity shall apply these amendments for annual financial statements covering periods beginning on or after [Month] [Day] [Year]. Earlier application is encouraged. If an entity applies the amendments for a period beginning before [Month] [Day] [Year] it shall disclose that fact and apply [draft] IPSAS [X] (ED 79) at the same time.**	
ED78	**56J. Paragraphs 3, 4, 6, and 37 were amended by [draft] IPSAS [X] (ED 78) issued in Month YYYY. An entity shall apply these amendments for annual financial statements covering periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies these amendments for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X] (ED 78) at the same time**	
ED77	56K. **Paragraphs 19, 20, 26, 29, and 34 were amended,**	

	paragraphs 46A–46E were added, and paragraphs 14, 21, 25, 27 45 and 46 were deleted by [draft] IPSAS [X] (ED 77), issued in Month YYYY. An entity shall apply these amendments for annual financial statements covering periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies the amendment for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X] (ED 77) at the same time.	
	…	
	Basis for Conclusions	
	This Basis for Conclusions accompanies, but is not part of, IPSAS 27.	
	…	
	Biological Assets and Agricultural Assets Acquired through a Non-Exchange Transaction	
	…	
ED78	**BC9. When this Standard was issued, I~~i~~n analyzing approach 3, the IPSASB had considered the requirements of IPSAS 23 in relation to the measurement of other types of assets. IPSAS 23.13 states that: "...If a reporting entity is required to pay delivery and installation costs in relation to the transfer of an item of plant to it from another entity, those costs are recognized separately from revenue arising from the transfer of the item of plant. Delivery and installation costs were ~~are~~ included in the amount recognized as an asset, in accordance with IPSAS 17." In developing [draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment,* the IPSASB noted that this guidance is still applicable. This implies that for other assets, an entity considers the measurement requirements of other IPSASs as well as IPSAS 23 in initially measuring assets acquired through a non-exchange transaction.**	
	…	
	Revision of IPSAS 27 as a result of Part II of *Improvements to IPSASs 2015*: issues raised by stakeholders	
ED79	BC15. When IPSAS 27 was revised as a result of Part II of *Improvements to IPSASs 2015* ~~Stakeholders~~ stakeholders had indicated that IPSASs referred to non-current assets held for sale and disposal groups inconsistently. The IPSASB had concluded that IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, ~~may~~ might only be appropriate for the public sector in certain circumstances, for the following reasons: (a) Sales of assets in the public sector ~~may~~ might not be completed within one year because of the levels of	

approval required. This ~~raises~~ had raised questions about the relevance and consistency of information provided in accordance with IFRS 5. In particular, the IPSASB ~~notes~~ had noted that, under IFRS 5, non-current assets held for sale are not depreciated. The IPSASB ~~has~~ had concerns that not depreciating assets for an extended period of time ~~may~~ might be inappropriate.

(b) Many assets in the public sector are disposed of through a transfer or distribution for no or nominal consideration. As IFRS 5 deals with sales at fair value, the measurement and disclosure requirements ~~may~~ might not provide relevant information for these transfers. However, the IPSASB ~~recognizes~~ had recognized that the measurement and disclosure requirements in IFRS 5 ~~may~~ might be appropriate where sales are intended to take place at fair value.

(c) Many discontinued operations in the public sector are operations that previously provided services at no or nominal cost. As IFRS 5 deals with discontinued operations that were either cash-generating units or a group of cash-generating units prior to disposal or being classified as held for sale, the disclosure requirements ~~may~~ might not provide relevant information for public sector discontinued operations. However, the IPSASB ~~recognizes~~ had recognized that the disclosure requirements in IFRS 5 ~~may~~ might be appropriate where discontinued operations were previously either cash-generating units or one or more groups of cash generating units.

Because the IPSASB had concluded that IFRS 5 would only be appropriate in the public sector in limited circumstances, the IPSASB agreed to remove references in IPSAS to international or national accounting standards dealing with non-current assets held for sale and discontinued operations. The IPSASB had concerns that retaining this reference ~~may~~ might result in entities following the requirements of IFRS 5 in circumstances where this ~~may~~ might not be appropriate. The IPSASB had noted that IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors*, provides guidance on selecting accounting policies for transactions that are not specifically addressed in IPSASs. This guidance would permit entities to adopt an accounting policy that is consistent with IFRS 5 where the entity considers this is appropriate.

ED79

BC15A. In developing [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations* the IPSASB concluded that in certain circumstances it would be appropriate for public sector entities to apply the requirements of IFRS 5. As a result, all the relevant references have been

	added.	
	…	
	Revision of IPSAS 27 as a result of [draft] IPSAS [X] (ED 77), *Measurement*	
ED77	BC18. [Draft] IPSAS [X] (ED 77), issued in [Month] [Year], provides generic guidance on the measurement of fair value, to ensure a consistent approach across all IPSAS. The IPSASB agreed to remove guidance on measurement in IPSAS 27 where such guidance was now provided in [draft] IPSAS [X] (ED 77), and to refer preparers to the guidance in that Standard.	
	…	
	Amendments to IPSAS 28, *Financial Instruments: Presentation*	
	Paragraph AG56 is amended. Paragraph 60K is added. New text is underlined, and deleted text is struck through.	
	…	
	Effective Date	
ED77	60K. **Paragraph AG56 was amended by [draft] IPSAS [X] (ED 77), issued in Month YYYY. An entity shall apply these amendments for annual financial statements covering periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies the amendment for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X] (ED 77) at the same time.**	
	…	
	Application Guidance	
	This Appendix is an integral part of IPSAS 28.	
	…	
	Presentation	
	Treatment in Consolidated Financial Statements	
	…	
	Compound Financial Instruments (paragraphs 33–37)	
	…	
ED 77	AG56. Compound financial instruments are not common in the public sector because of the capital structure of public sector entities. The following discussion does, however, illustrate how a compound financial instrument would be analyzed into its component parts. A common form of compound financial	*IFRS 13*

instrument is a debt instrument with an embedded conversion option, such as a bond convertible into ordinary shares of the issuer, and without any other embedded derivative features. Paragraph 33 requires the issuer of such a financial instrument to present the liability component and net assets/equity component separately in the statement of financial position, as follows:

(b) The equity instrument is an embedded option to convert the liability into net assets/equity of the issuer. ~~The fair value of the option comprises its time value and its intrinsic value, if any.~~ This option has value on initial recognition even when it is out of the money.

…

Amendments to IPSAS *30, Financial Instruments: Disclosures*

Paragraphs 8, 15 and 34 are amended. Paragraphs 30A–30I and 52J are added. Paragraphs 31–33 are deleted. New text is underlined, and deleted text is struck through.

…

Definitions

ED77 | *IFRS 13*

8. **The following terms are used in this Standard with the meanings specified:**

...

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market.

…

Intangible Heritage Assets

ED 78

15. The disclosure requirements in paragraphs 117–124 require entities to make disclosures about recognized intangible assets. Therefore, entities are required to disclose in respect of those recognized intangible heritage assets such matters as, for example:

(a) The measurement basis used;

(b) The amortization method used, if any;

(c) The gross carrying amount;

(d) The accumulated amortization at the end of the period, if any; and

(e) A reconciliation of the carrying amount at the beginning

	and end of the period showing certain components thereof.	
	…	
	Significance of Financial Instruments for Financial Position and Financial Performance	
	Other Disclosures	
	…	
	Fair Value	
	…	
ED77	30A. **An entity shall disclose information that helps users of its financial statements assess both of the following:** (a) **For financial instruments that are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition, the measurement techniques and inputs used to develop those measurements.** (b) **For recurring fair value measurements using significant unobservable inputs (Level 3), the effect of the measurements on surplus or deficit or net assets/equity for the period.**	
ED77	30B. To meet the objectives in paragraph 30A, an entity shall consider all the following: (a) The level of detail necessary to satisfy the disclosure requirements; (b) How much emphasis to place on each of the various requirements; (c) How much aggregation or disaggregation to undertake; and (d) Whether users of financial statements need additional information to evaluate the quantitative information disclosed. If the disclosures provided in accordance with this IPSAS and other IPSAS are insufficient to meet the objectives in paragraph 30A, an entity shall disclose additional information necessary to meet those objectives.	
ED77	30C. To meet the objectives in paragraph 30A, an entity shall disclose, at a minimum, the following information for each class of financial instruments (see paragraph 30D for information on determining appropriate classes of financial instruments) measured at fair value (including measurements based on fair value within the scope of [draft] IPSAS [X] (ED 77),	

Measurement) in the statement of financial position after initial recognition:

(a) For recurring and non-recurring fair value measurements, the fair value measurement at the end of the reporting period, and for non-recurring fair value measurements, the reasons for the measurement. Recurring fair value measurements of financial instruments are those that this Standard requires or permits in the statement of financial position at the end of each reporting period. Non-recurring fair value measurements of financial instruments are those that this Standard requires or permits in the statement of financial position in particular circumstances.

(b) For recurring and non-recurring fair value measurements, the level of the fair value hierarchy within which the fair value measurements are categorized in their entirety (Level 1, 2 or 3).

(c) For financial instruments held at the end of the reporting period that are measured at fair value on a recurring basis, the amounts of any transfers between Level 1 and Level 2 of the fair value hierarchy, the reasons for those transfers and the entity's policy for determining when transfers between levels are deemed to have occurred (see paragraph 30E). Transfers into each level shall be disclosed and discussed separately from transfers out of each level.

(d) For recurring and non-recurring fair value measurements estimated using unobservable inputs, a description of the measurement technique(s) and the inputs used in the fair value measurement. If there has been a change in measurement technique (e.g. changing from a market approach to an income approach or the use of an additional measurement technique), the entity shall disclose that change and the reason(s) for making it. For fair value measurements categorized within Level 3 of the fair value hierarchy, or for fair value measurements estimated using unobservable inputs, an entity shall provide quantitative information about the significant unobservable inputs used in the fair value measurement. An entity is not required to create quantitative information to comply with this disclosure requirement if quantitative unobservable inputs are not developed by the entity when measuring fair value (e.g. when an entity uses prices from prior transactions or third-party pricing information without adjustment). However, when providing this disclosure an entity cannot ignore quantitative unobservable inputs that are significant to the fair value measurement and are reasonably available to the entity.

(e) For recurring fair value measurements categorized within Level 3 of the fair value hierarchy, a reconciliation from the opening balances to the closing balances, disclosing separately changes during the period attributable to the following:

(i) Total gains or losses for the period recognized in surplus or deficit, and the line item(s) in surplus or deficit in which those gains or losses are recognized.

(ii) Total gains or losses for the period recognized in net assets/equity, and the line item(s) in net assets/equity in which those gains or losses are recognized.

(iii) Purchases, sales, issues and settlements (each of those types of changes disclosed separately).

(iv) For recurring fair value measurements categorized within Level 3 of the fair value hierarchy, the amounts of any transfers into or out of Level 3 of the fair value hierarchy, the reasons for those transfers and the entity's policy for determining when transfers between levels are deemed to have occurred (see paragraph 30E). Transfers into Level 3 shall be disclosed and discussed separately from transfers out of Level 3.

(f) For recurring fair value measurements categorized within Level 3 of the fair value hierarchy, the amount of the total gains or losses for the period in (e)(i) included in surplus or deficit that is attributable to the change in unrealized gains or losses relating to those financial instruments held at the end of the reporting period, and the line item(s) in surplus or deficit in which those unrealized gains or losses are recognized.

(g) For recurring and non-recurring fair value measurements categorized within Level 3 of the fair value hierarchy, a description of the valuation processes used by the entity (including, for example, how an entity decides its valuation policies and procedures and analyses changes in fair value measurements from period to period).

(h) For recurring fair value measurements categorized within Level 3 of the fair value hierarchy:

(i) For all such measurements, a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower fair value measurement.

If there are interrelationships between those inputs and other unobservable inputs used in the fair value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the fair value measurement. To comply with that disclosure requirement, the narrative description of the sensitivity to changes in unobservable inputs shall include, at a minimum, the unobservable inputs disclosed when complying with (d).

(ii) For financial assets and financial liabilities, if changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would change fair value significantly, an entity shall state that fact and disclose the effect of those changes. The entity shall disclose how the effect of a change to reflect a reasonably possible alternative assumption was calculated. For that purpose, significance shall be judged with respect to surplus or deficit, and total assets or total liabilities, or, when changes in fair value are recognized in net assets/equity, total equity.

ED77

30D. An entity shall determine appropriate classes of financial instruments on the basis of the following:

(a) The nature, characteristics and risks of the financial instruments; and

(b) The level of the fair value hierarchy within which the fair value measurement is categorized, or whether the fair value is observable or unobservable.

The number of classes may need to be greater for fair value measurements categorized within Level 3 of the fair value hierarchy, because those measurements have a greater degree of uncertainty and subjectivity. Determining appropriate classes of financial instruments for which disclosures about fair value measurements should be provided requires judgement. A class of financial instruments will often require greater disaggregation than the line items presented in the statement of financial position. However, an entity shall provide information sufficient to permit reconciliation to the line items presented in the statement of financial position. If another IPSAS specifies the class for an financial instruments, an entity may use that class in providing the disclosures required in this Standard if that class meets the requirements in this paragraph.

ED77

30E. An entity shall disclose and consistently follow its policy for determining when transfers between levels of the fair value hierarchy are deemed to have occurred in accordance with

		paragraph 30C(c) and (e)(iv). The policy about the timing of recognizing transfers shall be the same for transfers into the levels as for transfers out of the levels. Examples of policies for determining the timing of transfers include the following: (a) The date of the event or change in circumstances that caused the transfer. (b) The beginning of the reporting period. (c) The end of the reporting period.	
ED77	30F	If an entity makes an accounting policy decision to use the exception in paragraph IPSAS 41.AG143O, it shall disclose that fact.	
ED77	30G	For each class of financial instruments not measured at fair value in the statement of financial position but for which the fair value is disclosed, an entity shall disclose the information required by paragraph 30C(b), (d) and (i). However, an entity is not required to provide the quantitative disclosures about significant unobservable inputs used in fair value measurements categorized within Level 3 of the fair value hierarchy, or for fair value measurements estimated using unobservable inputs, required by paragraph 30C(d). For such financial instruments, an entity does not need to provide the other disclosures required by this Standard.	
ED77	30H	For a liability measured at fair value and issued with an inseparable third-party credit enhancement, an issuer shall disclose the existence of that credit enhancement and whether it is reflected in the fair value measurement of the liability.	
ED 77	30I	An entity shall present the quantitative disclosures required by this Standard in a tabular format unless another format is more appropriate.	-
	…		
ED77	34.	In some cases, an entity does not recognize a gain or loss on initial recognition of a financial asset or financial liability because the fair value is neither evidenced by a quoted price in an active market for an identical asset or liability (i.e., a Level 1 input) nor based on a valuation technique that uses only data from observable markets (see paragraph AG117 of IPSAS 41). In such cases, the entity shall disclose by class of financial asset or financial liability: ~~If the market for a financial instrument is not active, an entity establishes its fair value using a valuation technique (see paragraphs AG149–AG154 of IPSAS 41). Nevertheless, the best evidence of fair value at initial recognition is the transaction price (i.e., the fair value of the consideration given or received), unless conditions described in paragraph AG151 of IPSAS 41 are met. It follows that there could be a difference between the fair value at initial recognition~~	*IFRS 13*

	~~and the amount that would be determined at that date using the valuation technique. If such a difference exists, an entity shall disclose, by class of financial instrument:~~ (a) Its accounting policy for recognizing in surplus or deficit the ~~that~~ difference between the fair value at initial recognition and the transaction price ~~in surplus or deficit~~ to reflect a change in factors (including time) that market participants would take into account when pricing the asset or liability (see paragraph AG117(b) of IPSAS 41); (b) The aggregate difference yet to be recognized in surplus or deficit at the beginning and end of the period and a reconciliation of changes in the balance of this difference; and~~.~~ (c) Why the entity concluded that the transaction price was not the best evidence of fair value, including a description of the evidence that supports the fair value.	
	…	
	Effective Date	
ED77	52H. **Paragraphs 8 and 34 were amended, by [draft] IPSAS [X] (ED 77), *Measurement* issued in Month YYYY. An entity shall apply these amendments for annual financial statements covering periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies the amendment for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X] (ED 77) at the same time.**	
	…	
	Implementation Guidance	
	This guidance accompanies, but is not part of, IPSAS 30.	
	…	
	Significance of Financial Instruments for Financial Position and Financial Performance (paragraphs 10–36, AG4 and AG5)	
	…	
	Fair Value (paragraphs 31–34)	
ED77	IG16. The fair value at initial recognition of financial instruments that are not traded in active markets is determined in accordance with paragraph AG151 of IPSAS 41. However, when, after initial recognition, an entity will use a measurement ~~valuation~~ technique that incorporates data not obtained from observable markets, there may be a difference between the transaction price at initial recognition and the amount determined at initial recognition using that measurement ~~valuation~~ technique. In these circumstances, the difference will be recognized in surplus or deficit in subsequent periods in accordance with	

IPSAS 41 and the entity's accounting policy. Such recognition reflects changes in factors (including time) that market participants would consider in setting a price (see paragraph AG151 of IPSAS 41). Paragraph 33 requires disclosures in these circumstances. An entity might disclose the following to comply with paragraph 34:

Background

On January 1, 20X1 an entity purchases for CU15 million financial assets that are not traded in an active market. The entity has only one class of such financial assets.

The transaction price of CU15 million is the fair value at initial recognition.

After initial recognition, the entity will apply a measurement ~~valuation~~ technique to establish the financial assets' fair value. This measurement ~~valuation~~ technique includes variables other than data from observable markets.

At initial recognition, the same measurement ~~valuation~~ technique would have resulted in an amount of CU14 million, which differs from fair value by CU1 million.

The entity has existing differences of CU5 million at January 1, 20X1.

Application of Requirements

The entity's 20X2 disclosure would include the following:

Accounting Policies

The entity uses the following measurement ~~valuation~~ technique to determine the fair value of financial instruments that are not traded in an active market: [description of technique not included in this example]. Differences may arise between the fair value at initial recognition (which, in accordance with IPSAS 41, is generally the transaction price) and the amount determined at initial recognition using the measurement ~~valuation~~ technique. Any such differences are [description of the entity's accounting policy].

In the Notes to the Financial Statements

As discussed in note X, the entity uses [name of measurement ~~valuation~~ technique] to measure the fair value of the following financial instruments that are not traded in an active market. However, in accordance with IPSAS 41, the fair value of an instrument at inception is generally technique, that difference is [description of the entity's accounting policy].

…

Amendments to IPSAS 31, *Intangible Assets*

ED77/ED78/ED79

Paragraphs 3, 6, 7, 15, 45, 48, 67, 71, 74, 75, 76, 81, 83, 96, 99, 116, 117 121, 123, 124 and AG5 are amended. Paragraph 11 is deleted. Paragraphs 123A–123F, 132M, 132O, 132P, BC 14-BC 15, and AG12, AG13 and AG14 are added. New text is underlined, and deleted text is struck through.

…

Recognition and Measurement

Exchanges of Assets

…

	Scope	
	…	
ED78	**3 This Standard shall be applied in accounting for intangible assets, except:** **(a) Intangible assets that are within the scope of another Standard;** **(b) Financial assets, as defined in IPSAS 28*, Financial Instruments: Presentation;*** **(c) The recognition and measurement of exploration and evaluation assets (see the relevant international or national accounting standard dealing with exploration for, and evaluation of, mineral resources);** **(d) Expenditure on the development and extraction of minerals, oil, natural gas and similar non-regenerative resources;** **(e) [Deleted]** **(f) [Deleted]** **(g) Powers and rights conferred by legislation, a constitution, or by equivalent means;** **(h) Deferred tax assets (see the relevant international or national accounting standard dealing with income taxes);** **(i) Deferred acquisition costs, and intangible assets, arising from an insurer's contractual rights under insurance contracts within the scope of the relevant international or national accounting standard dealing with insurance contracts. In cases where the relevant international or national accounting standard does not set out specific disclosure requirements for those intangible assets, the disclosure requirements in this Standard apply to those intangible assets; and** **(j) [Deleted]** **(k) ~~In respect of intangible heritage assets. However, the disclosure requirements of paragraphs 115–127 apply to those heritage assets that are recognized.~~**	
	…	
ED79	6. If another IPSAS prescribes the accounting for a specific type of intangible asset, an entity applies that IPSAS instead of this Standard. For example, this Standard does not apply to: (a) Intangible assets held by an entity for sale in the ordinary course of operations (see IPSAS 11, *Construction Contracts, and* IPSAS 12, *Inventories*); … <u>(h) Non-current intangible assets classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations*.</u>	
ED78	**7. Some intangible assets may be contained in or on a**	

	physical substance such as a compact disc (in the case of computer software), legal documentation (in the case of a license or patent), or film. In determining whether an asset that incorporates both intangible and tangible elements should be treated under ~~IPSAS 17~~[draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment*, or as an intangible asset under this Standard, an entity uses judgment to assess which element is more significant. For example, the navigation software for a fighter aircraft is integral to the aircraft and is treated as property, plant, and equipment. The same applies to the operating system of a computer. When the software is not an integral part of the related hardware, computer software is treated as an intangible asset.	
	…	
	Intangible Heritage Assets	
	…	
ED78	**11.** ~~This Standard does not require an entity to recognize intangible heritage assets that would otherwise meet the definition of, and recognition criteria for, intangible assets. If an entity does recognize intangible heritage assets, it must apply the disclosure requirements of this Standard and may, but is not required to, apply the measurement requirements of this Standard.~~	
ED78	**15.** The disclosure requirements in paragraphs 117–124 require entities to make disclosures about recognized intangible assets. Therefore, entities ~~that recognize intangible heritage assets~~ are required to disclose in respect of ~~those~~ recognized intangible heritage assets such matters as, for example: (a) The measurement basis used; (b) The amortization method used, if any; (c) The gross carrying amount; (d) The accumulated amortization at the end of the period, if any; and (e) A reconciliation of the carrying amount at the beginning and end of the period showing certain components thereof.	
ED77	45. Paragraph 28(b) specifies that a condition for the recognition of an intangible asset is that the cost of the asset can be measured reliably. The fair value of an intangible asset ~~for which comparable market transactions do not exist~~ is reliably measurable if: (a) The variability in the range of reasonable fair value measurements ~~estimates~~ is not significant for that asset: or (b) The probabilities of the various estimates within the range	*IFRS 13*

	can be reasonably assessed and used when measuring ~~in estimating~~ fair value. If an entity is able to measure ~~determine~~ reliably the fair value of either the asset received or the asset given up, then the fair value of the asset given up is used to measure cost unless the fair value of the asset received is more clearly evident.	
	…	
	Internally Generated Goodwill	
	…	
ED77	48. Differences between the fair ~~market~~ value of an entity and the carrying amount of its identifiable net assets at any time may capture a range of factors that affect the fair value of the entity. However, such differences do not represent the cost of intangible assets controlled by the entity.	*IFRS 13*
	…	
	Recognition of an Expense	
ED78	67. In some cases, expenditure is incurred to provide future economic benefits or service potential to an entity, but no intangible asset or other asset is acquired or created that can be recognized. In the case of the supply of goods, the entity recognizes such expenditure as an expense when it has a right to access those goods. In the case of the supply of services, the entity recognizes the expenditure as an expense when it receives the services. For example, expenditure on research is recognized as an expense when it is incurred (see paragraph 52), except when it is acquired as part of an acquisition. Other examples of expenditure that is recognized as an expense when it is incurred include: (a) Expenditure on start-up activities (i.e., start-up costs), unless this expenditure is included in the cost of an item of property, plant, and equipment in accordance with ~~IPSAS 17~~[draft] IPSAS [X] (ED 78). Start-up costs may consist of establishment costs such as legal and secretarial costs incurred in establishing a legal entity, expenditure to open a new facility or operation (i.e., pre-opening costs), or expenditures for starting new operations or launching new products or processes (i.e., pre-operating costs); (b) Expenditure on training activities; (c) Expenditure on advertising and promotional activities (including mail order catalogues and information pamphlets); and (d) Expenditure on relocating or reorganizing part or all of an entity.	

	Subsequent Measurement	
ED77	71. **An entity shall choose either the <u>historical</u> ~~cost~~ model in paragraph 73 or the <u>current value</u> ~~revaluation~~ model in paragraph 74 as its accounting policy. If an intangible asset is accounted for using the <u>current value</u> ~~revaluation~~ model, all the other assets in its class shall also be accounted for using the same model, unless there is no active market for those assets.**	
	…	
	<u>Historical</u> Cost Model	
	…	
	<u>Current Value</u> ~~Revaluation~~ Model	
ED77	74. **After initial recognition, an intangible asset shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated amortization and subsequent accumulated impairment losses. For the purpose of revaluations under this Standard, fair value shall be <u>measured</u> ~~determined~~ by reference to an active market. Revaluations shall be made with such regularity that at the reporting date the carrying amount of the asset does not differ materially from its fair value.**	-
ED77	75. The <u>current value</u> ~~revaluation~~ model does not allow: (a) The revaluation of intangible assets that have not previously been recognized as assets; or (b) The initial recognition of intangible assets at amounts other than cost.	
ED77	76. The <u>current value</u> ~~revaluation~~ model is applied after an asset has been initially recognized at cost. However, if only part of the cost of an intangible asset is recognized as an asset because the asset did not meet the criteria for recognition until part of the way through the process (see paragraph 63), the <u>current value</u> ~~revaluation~~ model may be applied to the whole of that asset. Also, the <u>current value</u> ~~revaluation~~ model may be applied to an intangible asset that was received through a non-exchange transaction (see paragraphs 42–43).	
	…	
ED77	81. **If the fair value of a revalued intangible asset can no longer be <u>measured</u> ~~determined~~ by reference to an active market, the carrying amount of the asset shall be its revalued amount at the date of the last revaluation by reference to the active market less any subsequent accumulated amortization and any subsequent accumulated impairment losses.**	

	…	
ED77	83. If the fair value of the asset can be measured ~~determined~~ by reference to an active market at a subsequent measurement date, the current value ~~revaluation~~ model is applied from that date.	
	…	
	## Intangible Assets with Finite Useful Lives	
	Amortization Period and Amortization Method	
ED79	96. **The depreciable amount of an intangible asset with a finite useful life shall be allocated on a systematic basis over its useful life. Amortization shall begin when the asset is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortization shall cease at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with [draft] IPSAS [X] (ED 79) and the date that the asset is derecognized. The amortization method used shall reflect the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. If that pattern cannot be determined reliably, the straight-line method shall be used. The amortization charge for each period shall be recognized in surplus or deficit unless this or another Standard permits or requires it to be included in the carrying amount of another asset.**	
	…	
	Intangible Assets with Finite Useful Lives	
	Residual Value	
ED77	99. **The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless:** **(a) There is a commitment by a third party to acquire the asset at the end of its useful life; or** **(b) There is an active market (as defined in [draft] IPSAS [X] (ED 77))for the asset, and:** **(i) Residual value can be determined by reference to that market; and** **(ii) It is probable that such a market will exist at the end of the asset's useful life.**	*IFRS 13*
	…	
	## Retirements and Disposals	
	…	

ED79	116. Amortization of an intangible asset with a finite useful life does not cease when the intangible asset is no longer used, unless the asset has been fully depreciated~~.~~ <u>or is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with [draft] IPSAS [X] (ED 79).</u>	
	Disclosure	
	General	
ED79	117. **An entity shall disclose the following for each class of intangible assets, distinguishing between internally generated intangible assets and other intangible assets:** (a) **Whether the useful lives are indefinite or finite and, if finite, the useful lives or the amortization rates used;** (b) **The amortization methods used for intangible assets with finite useful lives;** (c) **The gross carrying amount and any accumulated amortization (aggregated with accumulated impairment losses) at the beginning and end of the period;** (d) **The line item(s) of the statement of financial performance in which any amortization of intangible assets is included;** (e) **A reconciliation of the carrying amount at the beginning and end of the period showing:** (i) **Additions, indicating separately those from internal development, those acquired separately, and those acquired through acquisitions;** (ii) **~~Disposals~~<u>Assets classified as held for sale or included in a disposal group classified as held for sale in accordance with [draft] IPSAS [X] (ED 79) and other disposals</u>;** (iii) …	
	…	
ED77	121. **An entity shall also disclose:** **(a)** **(c) For intangible assets acquired through a non-exchange transaction and initially recognized at fair value (see paragraphs 42–43):** **(i) The fair value initially recognized for these assets;** **(ii) Their carrying amount; and** **(iii) Whether they are measured after recognition under the <u>historical</u> cost model or the <u>current value</u>**	

	revaluation model. **(d) ...**	
	…	
	Intangible Assets Measured after Recognition using the Current Value ~~Revaluation~~ Model	
ED77	123. **If intangible assets are accounted for at revalued amounts, an entity shall disclose the following:** **(a) By class of intangible assets:** **(i) The effective date of the revaluation;** **(ii) The carrying amount of revalued intangible assets; and** **(iii) The carrying amount that would have been recognized had the revalued class of intangible assets been measured after recognition using the historical cost model in paragraph 73;** (c) **…**	
ED77	**123A. An entity shall disclose information that helps users of its financial statements assess both of the following:** (a) **For intangible assets that are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition, the measurement techniques and inputs used to develop those measurements.** (b) **For recurring fair value measurements using significant unobservable inputs (Level 3), the effect of the measurements on surplus or deficit or net assets/equity for the period.**	
ED77	**123B. To meet the objectives in paragraph 123A, an entity shall consider all the following:** (a) **The level of detail necessary to satisfy the disclosure requirements;** (b) **How much emphasis to place on each of the various requirements;** (c) **How much aggregation or disaggregation to undertake; and** (d) **Whether users of financial statements need additional information to evaluate the quantitative information disclosed.** **If the disclosures provided in accordance with this IPSAS and other IPSAS are insufficient to meet the objectives in paragraph 123A, an entity shall disclose additional**	

	information necessary to meet those objectives.	
ED77	**123C. To meet the objectives in paragraph 123A, an entity shall disclose, at a minimum, the following information for each class of intangible assets (see paragraph 123D for information on determining appropriate classes of intangible assets) measured at fair value (including measurements based on fair value within the scope of [draft] IPSAS [X] (ED 77), Measurement) in the statement of financial position after initial recognition:** (a) **For recurring and non-recurring fair value measurements, the fair value measurement at the end of the reporting period, and for non-recurring fair value measurements, the reasons for the measurement. Recurring fair value measurements of intangible assets are those that this Standard requires or permits in the statement of financial position at the end of each reporting period. Non-recurring fair value measurements of intangible assets are those that this Standard requires or permits in the statement of financial position in particular circumstances.** (b) **For recurring and non-recurring fair value measurements, the level of the fair value hierarchy within which the fair value measurements are categorized in their entirety (Level 1, 2 or 3).** (c) **For recurring and non-recurring fair value measurements estimated using unobservable inputs, a description of the measurement technique(s) and the inputs used in the fair value measurement. If there has been a change in measurement technique (e.g. changing from a market approach to an income approach or the use of an additional measurement technique), the entity shall disclose that change and the reason(s) for making it. For fair value measurements categorized within Level 3 of the fair value hierarchy, or for fair value measurements estimated using unobservable inputs, an entity shall provide quantitative information about the significant unobservable inputs used in the fair value measurement. An entity is not required to create quantitative information to comply with this disclosure requirement if quantitative unobservable inputs are not developed by the entity when measuring fair value (e.g. when an entity uses prices from prior transactions or third-party pricing information without adjustment). However, when providing this disclosure an entity cannot ignore**	

	quantitative unobservable inputs that are significant to the fair value measurement and are reasonably available to the entity. (d) **For recurring fair value measurements categorized within Level 3 of the fair value hierarchy, a reconciliation from the opening balances to the closing balances, disclosing separately changes during the period attributable to the following:** **(i) Total gains or losses for the period recognized in surplus or deficit, and the line item(s) in surplus or deficit in which those gains or losses are recognized.** **(ii) Total gains or losses for the period recognized in net assets/equity, and the line item(s) in net assets/equity in which those gains or losses are recognized.** **(iii) Purchases, sales, issues and settlements (each of those types of changes disclosed separately).** (e) **For recurring fair value measurements categorized within Level 3 of the fair value hierarchy, or for recurring fair value measurements estimated using unobservable inputs, the amount of the total gains or losses for the period in (d)(i) included in surplus or deficit that is attributable to the change in unrealized gains or losses relating to those intangible assets held at the end of the reporting period, and the line item(s) in surplus or deficit in which those unrealized gains or losses are recognized.** (f) **For recurring and non-recurring fair value measurements categorized within Level 3 of the fair value hierarchy, a description of the valuation processes used by the entity (including, for example, how an entity decides its valuation policies and procedures and analyses changes in fair value measurements from period to period).** (g) **For recurring fair value measurements categorized within Level 3 of the fair value hierarchy:** (h) **For all such measurements, a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower fair value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the fair value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes**	

	in the unobservable inputs on the fair value measurement. To comply with that disclosure requirement, the narrative description of the sensitivity to changes in unobservable inputs shall include, at a minimum, the unobservable inputs disclosed when complying with (c).	
ED77	**123D. An entity shall determine appropriate classes of intangible assets on the basis of the following:** (a) **The nature, characteristics and risks of the intangible assets; and** (b) **The level of the fair value hierarchy within which the fair value measurement is categorized, or whether the fair value is observable or unobservable.** **The number of classes may need to be greater for fair value measurements categorized within Level 3 of the fair value hierarchy because those measurements have a greater degree of uncertainty and subjectivity. Determining appropriate classes of intangible assets for which disclosures about fair value measurements should be provided requires judgement. A class of intangible assets will often require greater disaggregation than the line items presented in the statement of financial position. However, an entity shall provide information sufficient to permit reconciliation to the line items presented in the statement of financial position. If another IPSAS specifies the class for an intangible assets, an entity may use that class in providing the disclosures required in this Standard if that class meets the requirements in this paragraph.**	
ED77	**123G. For each class of intangible assets not measured at fair value in the statement of financial position but for which the fair value is disclosed, an entity shall disclose the information required by paragraph 123C(b), (c) and (g). However, an entity is not required to provide the quantitative disclosures about significant unobservable inputs used in fair value measurements categorized within Level 3 of the fair value hierarchy, or for fair value measurements estimated using unobservable inputs, required by paragraph 123C(c). For such intangible assets, an entity does not need to provide the other disclosures required by this Standard.**	
ED77	**123I. An entity shall present the quantitative disclosures required by this Standard in a tabular format unless another format is more appropriate.**	
ED77	124. It may be necessary to aggregate the classes of revalued assets into larger classes for disclosure purposes. However, classes are not aggregated if this would result in the combination of a class of intangible assets that includes	

	amounts measured under both the cost and current value ~~revaluation~~ models.	
	…	
	Effective Date	
	…	
ED79	132M. **Paragraphs 6, 96, 116 and 117 were amended by [draft] IPSAS [X] (ED 79) issued in [Month] [Year]. An entity shall apply these amendments for annual financial statements covering periods beginning on or after [Month] [Day] [Year]. Earlier application is encouraged. If an entity applies the amendments for a period beginning before [Month] [Day] [Year] it shall disclose that fact and apply [draft] IPSAS [X] (ED 79) at the same time.**	
	…	
ED78	**132O. Paragraphs 3, 7, 15, 67, and AG5 were amended, paragraph 11 was deleted, and paragraphs AG12, AG13, AG14, BC14 and BC15 were added by [draft] IPSAS [X] (ED 78) issued in Month YYYY. An entity shall apply these amendments for annual financial statements covering periods beginning on or at after MM DD, YYYY. Earlier application is encouraged. If an entity applies these amendments for a period beginning before MM DD, YYYY it shall disclose that fact and apply [draft] IPSAS [X] (ED 78) at the same time.**	
ED77	132P. **Paragraphs 45, 48, 71, 74, 75, 76, 81, 83, 99, 121, 123, and 124 were amended, and paragraphs 123A–123F were added by [draft] IPSAS [X] (ED 77), issued in Month YYYY. An entity shall apply these amendments for annual financial statements covering periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies the amendment for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X] (ED 77) at the same time.**	
	Application Guidance	
	This Appendix is an integral part of IPSAS 31.	
	…	
	Website Costs	
	…	
ED78	**AG5. This Application Guidance does not apply to expenditure on purchasing, developing, and operating hardware (e.g., web servers, staging servers, production servers, and Internet connections) of a website. Such expenditure is accounted for under ~~IPSAS 17~~[draft] IPSAS [X] (ED 78)**	

	Property, Plant, and Equipment. Additionally, when an entity incurs expenditure on an Internet service provider hosting the entity's website, the expenditure is recognized as an expense when the services are received.	
	...	
	Intangible Heritage Assets: Cost or Current Value Cannot be Measured Reliably	
ED78	**AG12.Where intangible heritage assets are not recognized in the financial statements because, at initial measurement, their cost or fair value cannot be measured reliably, the entity shall disclose:** **(a) The difficulties in obtaining a reliable measurement that prevented recognition; and** **(b) The significance of the unrecognized asset(s) in relation to delivery of the entity's objectives.**	
ED78	**AG13. The disclosures should ensure that, when read in the context of information about recognized intangible assets, the financial statements provide useful and relevant information about the entity's overall holding of intangible assets, and thereby support users' evaluation of the entity's finances, including its net financial position, and understanding of its ability to deliver services.**	
ED78	**AG14.These disclosures may be presented in aggregate for groups or classes of intangible assets, provided this aggregation does not obscure significant information.**	
	…	
	Basis for Conclusions	
	…	
	This Basis for Conclusions accompanies, but is not part of, IPSAS 31.	
	Current Value ~~Revaluation~~ Model	
ED77/ED78	BC9. The current value ~~revaluation~~ model proposed in IPSAS 31 is similar to the revaluation model ~~that~~ in IAS 38 which requires revaluations to be accounted for on an asset-by-asset basis. When this Standard was issued, IPSAS 17, *Property, Plant, and Equipment* required ~~requires~~ revaluations to be accounted for by class of assets rather than by individual asset. The IPSASB had considered this approach for intangible assets, but concluded that it was not necessary because intangible assets differ from property, plant, and equipment in that they are less likely to be homogeneous. One of the major types of intangible assets of public sector entities is internally-developed software, for which detailed information is available on an individual asset basis.	

ED77/ED78	Consequently, the IPSASB had concluded that it was appropriate to require revalued intangible assets to be accounted for on an asset-by-asset basis. In developing [draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment,* the IPSASB noted that this conclusion is still applicable. In reaching this conclusion, the IPSASB noted that the revaluation model in IPSAS 17 is labeled the current value model in [draft] IPSAS [X] (ED 78).	
	…	
	Revision of IPSAS 31 as a result of Part II of *Improvements to IPSASs 2015*: issues raised by stakeholders	
ED79	BC11. When IPSAS 31 was revised as a result of Part II of *Improvements to IPSASs 2015* ~~Stakeholders~~ stakeholders had indicated that IPSASs referred to non-current assets held for sale and disposal groups inconsistently. The IPSASB had concluded that IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, ~~may~~ might only be appropriate for the public sector in certain circumstances, for the following reasons: (a) Sales of assets in the public sector ~~may~~ might not be completed within one year because of the levels of approval required. This ~~raises~~ had raised questions about the relevance and consistency of information provided in accordance with IFRS 5. In particular, the IPSASB ~~notes~~ had noted that, under IFRS 5, non-current assets held for sale are not depreciated. The IPSASB ~~has~~ had concerns that not depreciating assets for an extended period of time ~~may~~ might be inappropriate. (b) Many assets in the public sector are disposed of through a transfer or distribution for no or nominal consideration. As IFRS 5 deals with sales at fair value, the measurement and disclosure requirements ~~may~~ might not provide relevant information for these transfers. However, the IPSASB ~~recognizes~~ had recognized that the measurement and disclosure requirements in IFRS 5 ~~may~~ might be appropriate where sales are intended to take place at fair value. (c) Many discontinued operations in the public sector are operations that previously provided services at no or nominal cost. As IFRS 5 deals with discontinued operations that were either cash-generating units or a group of cash-generating units prior to disposal or being classified as held for sale, the disclosure requirements ~~may~~ might not provide relevant information for public sector discontinued operations. However, the IPSASB ~~recognizes~~ had recognized that the disclosure requirements in IFRS 5 ~~may~~ might be appropriate where	

	discontinued operations were previously either cash-generating units or one or more groups of cash generating units. Because the IPSASB had concluded that IFRS 5 would only be appropriate in the public sector in limited circumstances, the IPSASB agreed to remove references in IPSAS to international or national accounting standards dealing with non-current assets held for sale and discontinued operations. The IPSASB had concerns that retaining this reference ~~may~~ might result in entities following the requirements of IFRS 5 in circumstances where this ~~may~~ might not be appropriate. The IPSASB had noted that IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors*, provides guidance on selecting accounting policies for transactions that are not specifically addressed in IPSASs. This guidance would permit entities to adopt an accounting policy that is consistent with IFRS 5 where the entity considers this is appropriate.	
ED79	BC11A. In developing [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations* the IPSASB concluded that in certain circumstances it would be appropriate for public sector entities to apply the requirements of IFRS. As a result, all the relevant references have been added.	
	…	
	Revision of IPSAS 31 as a result of *Improvements to IPSAS, 2018*	
ED77	BC13. Paragraph 109 requires an entity to test an intangible asset for impairment when reassessing its useful life. When this standard was issued, such a test was only required for intangible assets measured under the historical cost model. Following the publication of *Impairment of Revalued Assets* (Amendments to IPSAS 21, *Impairment of Non-Cash-Generating Assets*, and IPSAS 26, *Impairment of Cash-Generating Assets*) in July 2016, this test is required for all intangible assets, and paragraph 109 has been amended accordingly.	
	Revision of IPSAS 31 as a result of [draft] IPSAS [X] (ED 77), *Measurement*	
ED77	BC14. [Draft] IPSAS [X] (ED 77), issued in [Month] [Year], provides generic guidance on the initial and subsequent measurement of assets, to ensure a consistent approach across all IPSAS. The IPSASB agreed to remove guidance on measurement in IPSAS 31 where such guidance was now provided in [draft] IPSAS [X] (ED 77), and to refer preparers to the guidance in that Standard.	
ED77	BC15. [Draft] IPSAS [X] (ED 77), introduces a public sector current value model measurement basis, current operational value. This measurement basis is primarily applied when assets are held for	

	their operational capacity. When [draft] IPSAS [X] (ED 77) was issued, the IPSASB concluded intangible assets have a single use. As such they are always held for their highest and best use and measurement is therefore consistent with fair value measurement. Current operational value was therefore not added as an available measurement basis to IPSAS 31.	
	Revision of IPSAS 31 as a result of [draft] ED 78	
ED 78	BC15. During development of [draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment*, the IPSASB concluded that the heritage nature of an asset does not prevent its recognition. On the basis that the same conceptual arguments apply to intangible heritage as those that apply to property, plant, and equipment the IPSASB decided to remove the heritage scope exclusion in IPSAS 31. This ensures that IPSAS 31's treatment of intangible heritage assets is consistent with the accounting treatment for heritage property, plant, and equipment. Recognition of intangible heritage assets that meet IPSAS 31's recognition criteria will provide information that users of the financial statements find useful for accountability and decision-making.	
ED78	BC16. The IPSASB considered whether the disclosure requirements in ED 78 for unrecognized heritage property, plant, and equipment should also apply to unrecognized intangible heritage assets. On the basis that disclosure requirements in ED 78 will provide useful information for accountability and decision-making on intangible heritage assets that are not recognized because their cost or fair value cannot be measured reliably, the IPSASB concluded that the same disclosure requirements should apply to intangible heritage assets. The IPSASB decided, therefore, to add application guidance that sets out disclosure requirements with respect to unrecognized intangible heritage assets.	
	…	
	Illustrative Examples	
	These examples accompany, but are not part of, IPSAS 31.	
	…	
	Examples Illustrating the Application Guidance	
ED78	IE22. The purpose of the table is to illustrate examples of expenditure that occur during each of the stages described in paragraphs AG2-AG3 and to illustrate application of paragraphs AG4-AG11 to assist in clarifying their meaning. It is not intended to be a comprehensive checklist of expenditure that might be incurred.	

STAGE/NATURE OF EXPENDITURE	ACCOUNTING TREATMENT

Planning	
…	…
Application and Infrastructure Development	
…	Apply the requirements of ~~IPSAS 17~~[draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment*. ….
Graphical Design Development	
…	…

ED78

Comparison with IAS 38

IPSAS 31, *Intangible Assets* is drawn primarily from IAS 38, *Intangible Assets* (as at December 31, 2008). The main differences between IPSAS 31 and IAS 38 are as follows:

- IPSAS 31 includes a scope exclusion for the powers and rights conferred by legislation, a constitution, or by equivalent means.
- IPSAS 31 incorporates the guidance contained in the Standing Interpretation Committee's Interpretation 32, *Intangible Assets—Web Site Costs* as Application Guidance to illustrate the relevant accounting principles.
- IPSAS 31 ~~does not require or prohibit the recognition of~~ includes paragraphs that describe intangible heritage assets, and states that an entity is required to comply with the disclosure requirements of this Standard with respect to intangible heritage assets that have been recognized It has application guidance that requires disclosure on intangible heritage assets that have not been recognized. IAS 38 does not have similar guidance.
- IAS 38 contains guidance on intangible assets acquired by way of a government grant. Paragraphs 31 of IPSAS 31 modifies this guidance to refer to intangible assets acquired through non-exchange transactions. IPSAS 31 states that where an intangible asset is acquired through a non-exchange transaction, the cost is its fair value as at the date it is acquired.
- IAS 38 provides guidance on exchanges of assets when an exchange transaction lacks commercial substance. IPSAS 31 does not include this guidance.
- The examples included in IAS 38 have been modified to better address public sector circumstances.
  - IPSAS 31 uses different terminology, in certain instances, from IAS 38. The most significant examples are the use of the

	terms "revenue," "statement of financial performance," "surplus or deficit," "future economic benefits or service potential," "accumulated surpluses or deficits," "operating/operation," "rights from binding arrangements (including rights from contracts or other legal rights)," and "net assets/equity" in IPSAS 31. The equivalent terms in IAS 38 are "income," "statement of comprehensive income," "profit or loss," "future economic benefits," "retained earnings," "business," "contractual or other legal rights," and "equity."	
	Amendments to 32, *Service Concession Arrangements: Grantor*	
ED78	Paragraphs 12, 13, 33, AG11, AG16, AG17, AG20, AG23, AG24, AG25, AG30, AG33, AG35 and AG48 are amended. Paragraph 36H is added. New text is underlined, and deleted text is struck through.	
	…	
	Recognition and Measurement of a Service Concession Asset (see paragraphs AG5-AG35)	
	…	
ED78	**12. Where an existing asset of the grantor meets the conditions specified in paragraph 9(a) and 9(b) (or paragraph 10 for a whole-of-life asset), the grantor shall reclassify the existing asset as a service concession asset. The reclassified service concession asset shall be accounted for in accordance with ~~IPSAS 17~~[draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment* or IPSAS 31, *Intangible Assets*, as appropriate.**	
ED78	**13. After initial recognition or reclassification, service concession assets shall be accounted for in accordance with ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) or IPSAS 31, as appropriate.**	
	…	
	Presentation and Disclosure (see paragraphs AG65-AG67)	
	…	
ED78	33. The disclosures required in accordance with paragraph 32 are provided individually for each material service concession arrangement or in aggregate for service concession arrangements involving services of a similar nature (e.g., toll collections, telecommunications or water treatment services). This disclosure is in addition to the disclosures required in ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) and/or IPSAS 31 by class of assets. Service concession assets within service concession arrangements of a similar nature that are reported in aggregate may form a subset of a class of assets disclosed in accordance with ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) and/or IPSAS 31 or	

	may be included in more than one class of assets disclosed in accordance with ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) and/or IPSAS 31. For example, for the purposes of ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) a toll bridge may be included in the same class as other bridges. For the purposes of this paragraph, the toll bridge may be included with service concession arrangements reported in aggregate as toll roads.	
	…	
	Effective Date	
	…	
ED78	**36H. Paragraphs 12, 13, 33, AG11, AG16, AG17, AG20, AG23, AG24, AG25, AG30, AG33, AG35 and AG48 were amended by [draft] IPSAS [X] (ED 78) issued in Month YYYY. An entity shall apply these amendments for annual financial statements covering periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies these amendments for a period beginning before MM DD, YYYY it shall disclose that fact and apply [draft] IPSAS [X] (ED 78) at the same time.**	
	…	
	Application Guidance	
	This Appendix is an integral part of IPSAS 32.	
	…	
	Recognition and Initial Measurement of a Service Concession Asset (see paragraphs 9-13)	
	Recognition of a Service Concession Asset	
	…	
ED78	AG11. The conditions in paragraphs 9(a) and 9(b) together identify when the asset, including any replacements required, is controlled by the grantor for the whole of its economic life. For example, if the operator has to replace part of an asset during the period of the arrangement (e.g., the top layer or surface of a road or the roof of a building), the asset is considered as a whole. Thus the condition in paragraph 9(b) is met for the whole of the asset, including the part that is replaced, if the grantor controls any significant residual interest in the final replacement of that part.	
	…	
	Existing Asset of the Grantor	
	…	
ED78	AG16. In applying the impairment tests in ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) or IPSAS 31, as appropriate, the grantor does not	

	necessarily consider the granting of the service concession to the operator as a circumstance that causes impairment, unless there has been a change in use of the asset that affects its future economic benefits or service potential. The grantor refers to IPSAS 21, *Impairment of Non-Cash-Generating Assets* or IPSAS 26, as appropriate, to determine whether any of the indicators of impairment have been triggered under such circumstances.	
ED78	AG17. If the asset no longer meets the conditions for recognition in paragraph 9 (or paragraph 10 for a whole-of-life asset), the grantor follows the derecognition principles in ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) or IPSAS 31, as appropriate. For example, if the asset is transferred to the operator on a permanent basis, it is derecognized. If the asset is transferred on a temporary basis, the grantor considers the substance of this term of the service concession arrangement in determining whether the asset should be derecognized. In such cases, the grantor also considers whether the arrangement is a lease transaction or a sale and leaseback transaction that should be accounted for in accordance with IPSAS 13.	
	…	
	Constructed or Developed Asset	
ED78	AG20. Where a constructed or developed asset meets the conditions in paragraph 9 (or paragraph 10 for a whole-of-life asset) the grantor recognizes and measures the asset in accordance with this Standard. ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) or IPSAS 31, as appropriate, set out the criteria for when a service concession asset should be recognized. Both ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) and IPSAS 31 require that an asset shall be recognized if, and only if: (a) It is probable that future economic benefits or service potential associated with the item will flow to the entity; and (b) The cost or fair value of the item can be measured reliably.	
	…	
ED78	AG23. The second recognition criterion requires that the initial cost or fair value of the asset can be measured reliably. Accordingly, to meet the recognition criteria in ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) or IPSAS 31, as appropriate, the grantor must have reliable information about the cost or fair value of the asset during its construction or development. For example, if the service concession arrangement requires the operator to provide the grantor with progress reports during the asset's construction or development, the costs incurred may be measurable, and would therefore meet the recognition principle in ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) for constructed assets or in IPSAS 31 for developed assets. Also, where the grantor has	

	little ability to avoid accepting an asset constructed or developed to meet the specifications of the contract, or a similar binding arrangement, the costs are recognized as progress is made towards completion of the asset. Thus, the grantor recognizes a service concession asset and an associated liability.	
	Measurement of Service Concession Assets	
ED78	AG24. Paragraph 11 requires service concession assets recognized in accordance with paragraph 9 (or paragraph 10 for a whole-of-life asset) to be measured initially at fair value. In particular, fair value is used to determine the cost of a constructed or developed service concession asset or the cost of any upgrades to existing assets, on initial recognition. The requirement in paragraph 11 does not apply to existing assets of the grantor that are reclassified as service concession assets in accordance with paragraph 12 of this Standard. The use of fair value on initial recognition does not constitute a revaluation under ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) or IPSAS 31.	
ED78	AG25. The type of compensation exchanged between the grantor and the operator affects how the fair value of the service concession asset is determined on initial recognition. The paragraphs that follow outline how to determine the fair value of the asset on initial recognition based on the type of compensation exchanged: (a) Where payments are made by the grantor to the operator, the fair value on initial recognition of the asset represents the portion of the payments paid to the operator for the asset. (b) Where the grantor does not make payments to the operator for the asset, the asset is accounted for in the same way as an exchange of non-monetary assets in ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) and IPSAS 31.	
	…	
	Separable Payments	
	…	
ED78	AG30. ~~IPSAS 17~~[Draft] IPSAS [X] (ED 78) and IPSAS 31 require initial measurement of an asset acquired in an exchange transaction at cost, which is the cash price equivalent of the asset. For exchange transactions, the transaction price is considered to be fair value, unless indicated otherwise. Where the asset and service components of payments are separable, the cash price equivalent of the service concession asset is the present value of the service concession asset component of the payments. However, if the present value of the asset portion of the payments is greater than fair value, the service concession	

	asset is initially measured at its fair value.		
	…		
	Operator Receives Other Forms of Compensation		
ED78	AG33. The types of transactions referred to in paragraph 17(b) are non-monetary exchange transactions. Paragraph ~~38~~20 of ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) and paragraph 44 of IPSAS 31, as appropriate, provide guidance on these circumstances.		
	…		
	Subsequent Measurement		
ED78	AG35. After initial recognition, a grantor applies ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) and IPSAS 31 to the subsequent measurement and derecognition of a service concession asset. IPSAS 21 and IPSAS 26 are also applied in considering whether there is any indication that a service concession asset is impaired. These requirements in these Standards are applied to all assets recognized or classified as service concession assets in accordance with this Standard.		
	…		
	Recognition and Measurement of Liabilities (see paragraphs 14-28)		
	…		
	Grant of a Right to the Operator Model (see paragraphs 24-26)		
	…		
ED78	AG48. When the grantor compensates the operator for the service concession asset and service by the provision of a revenue-generating asset, other than the service concession asset, revenue is recognized and the liability recognized in accordance with paragraph 24 is reduced in a manner similar to that described in paragraph AG47. In such cases, the grantor also considers the derecognition requirements in ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) or IPSAS 31, as appropriate.		
	…		
	Basis for Conclusions		
	…		
	Revision of IPSAS 32 as a result of Part II of *Improvements to IPSASs 2015*: issues raised by stakeholders		
ED78	BC49. When this Standard was issued t~~T~~he IPSASB had had its attention drawn to a possible inconsistency between the requirements in IPSAS 32 and the requirements in IPSAS 17 and IPSAS 31. The requirements in IPSAS 32 could have been seen as requiring service concession assets to be presented as		

	a single class of assets, even if they were of a dissimilar nature and function. As it ~~is~~ was not the intention of the IPSASB to require that dissimilar assets be reported as if they were similar, the IPSASB had decided to propose clarifications to IPSAS 32 to make its intentions clear. The IPSASB had considered whether these changes would reduce the information available to users, but ~~is~~ was satisfied that the then current disclosure requirements, in particular those in paragraph 32, would ensure high quality disclosures about assets subject to service concession arrangements. In developing [draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment,* the IPSASB noted that these principles are still applicable.	
ED78	BC50. The IPSASB had noted that the reclassification of service concessions assets could require a change in measurement basis for some entities. For example, some service concession assets measured using the revaluation model, might have been reclassified into a class of assets measured using the cost model. Equally, some service concession assets that were measured using the cost model, might have been reclassified into a class of assets measured using the revaluation model. Because the balance between the service concession assets and the other assets in a class will vary from entity to entity, the IPSASB had agreed to permit entities to select the measurement basis to be applied at the point of reclassification. The IPSASB had also noted that the information required to retrospectively apply the cost model might not have been readily available. Consequently, the IPSASB had agreed to permit entities to use the carrying amounts determined under the revaluation model as deemed cost at the point of reclassification where an entity elect~~s~~ed to measure a class of assets using the cost model. In developing [draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment,* the IPSASB noted that these principles are still applicable. In reaching this conclusion, the IPSASB noted that the revaluation model in IPSAS 17 is labeled the current value model in [draft] IPSAS [X] (ED 78), while the cost model in IPSAS 17 is labeled the historical cost model.	
	…	
	Implementation Guidance	
	…	
	Accounting Framework for Service Concession Arrangements	
	…	
	References to IPSASs that Apply to Typical Types of Arrangements Involving an Asset Combined with Provision of a Service	
	…	

ED78

IG4. Shaded text shows arrangements within the scope of IPSAS 32.

ED78

Category	Lessee	Service provider			Owner	
Typical arrangement types	Lease (e.g., operator leases asset from grantor)	Service and/or maintenance contract (specific tasks e.g., debt collection, facility management)	Rehabilitate-operate-transfer	Build-operate-transfer	Build-own-operate	100% Divestment/ Privatization/ Corporation
Asset ownership	Grantor				Operator	
Capital investment	Grantor		Operator			
Demand risk	Shared	Grantor	Grantor and/or Operator		Operator	
Typical duration	8–20 years	1–5 years	25–30 years			Indefinite (or may be limited by binding arrangement or license)
Residual interest	Grantor				Operator	
Relevant IPSASs	IPSAS 13	IPSAS 1	This IPSAS/~~IPSAS 17~~[draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment*/IPSAS 31		~~IPSAS 17~~[draft] IPSAS [X] (ED 78)/IPSAS 31 (derecognition) …	

…

Illustrative Examples

…

Arrangement Terms (Common to All Three Examples)

…

ED78

IE5. The terms of the arrangement also require the operator to resurface the road when the original surface has deteriorated below a specified condition. The operator estimates that it will have to undertake the resurfacing at the end of year 8 at a ~~fair value~~current operational value of CU110. The compensation to the operator for this service is included in the predetermined series of payments and/or the revenue the operator has the right to earn from the service concession asset or another revenue-generating asset granted to the operator by the grantor.

ED78

IE6. It is assumed that the original road surface is a separate component of the service concession asset and meets the criteria for recognition specified in ~~IPSAS 17~~[draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment* when the service concession asset is initially recognized. It is further assumed that there is sufficient certainty regarding the timing and amount of the resurfacing work for it to be recognized as a separate component when the resurfacing occurs. It is assumed that the expected cost of the resurfacing can be used to estimate the initial cost of the surface layers recognized as a separate component of the service concession asset. The road surface is therefore recognized as a separate component of the initial fair value of the service concession asset and measured at the estimated ~~fair value~~current operational value of the resurfacing and depreciated over years 3–8. This depreciation period is shorter than that for the road base (substructure) and takes into account that resurfacing would ordinarily occur over six years, rather than 25 years. During the construction phase, it is assumed that only the road base is constructed in year 1, and that the road only becomes ready to use at the end of year 2.

…

ED78

IE8. At the beginning of year 3, the total ~~fair value~~current operational value of the road is CU1,050, comprised of CU940 related to the construction of the base layers and CU110 related to construction of the surface layers. The fair valuecurrent operational value of the surface layers is used to estimate the ~~fair value~~current operational value of the resurfacing (which is treated as a replacement component in accordance with ~~IPSAS 17~~[draft] IPSAS [X] (ED 78). The estimated life of surface layers (i.e., six years) is also used to estimate the depreciation of the replacement component in years 9 and 10. The total initial ~~fair value~~current operational value of the road is lower than the present value of the series of predetermined payments pertaining to the asset, where applicable.

…

ED78

IE15. The grantor's accounting policy for property, plant, and equipment is to recognize such assets using the historical cost model specified in ~~IPSAS 17~~[draft] IPSAS [X] (ED 78).

Exhibit 1: Fair Values of the Components of the Arrangement (Currency Units)

ED78

Arrangement Component	Fair Value
Road – base layers (substructure)	940

Road – original surface layers	110
Total ~~FV~~Current operational value of road	1,050
Annual service component	12
Effective interest rate	6.18%

ED78

Example 1: The Grantor makes a Predetermined Series of Payments to the Operator

ED78

IE17. The grantor initially recognizes the service concession asset as property, plant, and equipment at its ~~fair value~~current operational value (total CU1,050, comprised of CU940 related to construction of the base layers and CU110 related to construction of the original surface layers). The asset is recognized as it is constructed (CU525 in year 1 and CU525 in year 2). Depreciation is taken annually (CU56, comprised of CU38 for the base layers and CU18 for the surface layers), starting from year 3.

…

Financial Statement Impact

…

Overview of Cash Flows, Statement of Financial Performance, and Statement of Financial Position

ED78

IE22. The grantor's cash flows, statement of financial performance, and statement of financial position over the duration of the arrangement will be as illustrated in Tables 1.1 to 1.3. In addition, Table 1.4 shows the changes in the financial liability.

ED78

Table 1.2 Statement of Financial Performance (Currency Units)

Year	1	2	3	4	5	6	7	8	9	10	Total
Service expense	–	–	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(96)
Finance charge	–	(32)	(67)	(59)	(51)	(43)	(34)	(25)	(22)	(11)	(344)
Depreciation – base layers	–	–	(38)	(38)	(38)	(38)	(38)	(38)	(38)	(38)	(304)
Depreciation – original surface layer	–	–	(18)	(19)	(18)	(18)	(19)	(18)	–	–	(110)
Depreciation – replacement surface layer	–	–	–	–	–	–	–	–	(18)	(19)	(37)

Total depreciation	–	–	(56)	(57)	(56)	(56)	(57)	(56)	(56)	(57)	(451)
Annual surplus/ (deficit)	–	(32)	(135)	(128)	(119)	(111)	(103)	(93)	(90)	(80)	(891)

NOTES:

Depreciation in years 3–8 reflects the depreciation on the initially-constructed road surface. It is fully depreciated over that period. Depreciation in years 9–10 reflects the depreciation on the new service concession asset component (surface) recognized in year 8.

Although these Illustrative Examples use a straight-line depreciation method, it is not intended that this method be used in all cases. Paragraph ~~76~~55 of ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) requires that, “The depreciation method shall reflect the pattern in which the asset’s future economic benefits or service potential is expected to be consumed by the entity.” Likewise, for intangible assets, paragraph 96 of IPSAS 31 requires that, “The depreciable amount of an intangible asset with a finite useful life shall be allocated on a systematic basis over its useful life.”

Table 1.3 Statement of Financial Position (Currency Units)

Year	1	2	3	4	5	6	7	8
Service concession asset – base layers	525	940	902	864	826	788	750	712
Service concession asset – original surface layer	–	110	92	73	55	37	18	–
Service concession asset – replacement surface layer	–	–	–	–	–	–	–	110
Total Service concession asset	525	1,050	994	937	881	825	768	822
Cash	–	–	(200)	(400)	(600)	(800)	(1,000)	(1,200
Financial liability	(525)	(1,082)	(961)	(832)	(695)	(550)	(396)	(343
Cumulative surplus/deficit	–	32	167	295	414	525	628	721

NOTES:

In this example, the resurfacing occurs as expected in year 8, when the initially-constructed road surface the resurfacing occurred earlier, the initially-constructed road surface would not be fully depreciated, derecognized in accordance with ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) before the new component of t asset related to the resurfacing is recognized.

The new component of the service concession asset related to the resurfacing year 8. Years 9–10 reflect deprecation on this additional component (Table 1.2).

The financial liability is increased in year 8 for the recognition of the new component of the service concessi

…

Example 2: The Grantor Gives the Operator the Right to Charge Users a Toll for Use of the Road

Overview of Cash Flows, Statement of Financial Performance, and Statement of Financial Position

…

Financial Statement Impact

ED78

IE24. The grantor initially recognizes the service concession asset as property, plant, and equipment at its ~~fair value~~current operational value (total CU1,050, comprised of CU940 related to construction of the base layers and CU110 related to construction of the original surface layers). The asset is recognized as it is constructed (CU525 in year 1 and CU525 in year 2). Depreciation is taken annually (CU56, comprised of CU38 for the base layers and CU18 for the surface layers, starting in year 3).

…

Cash Flows

ED78

IE30. Because there are no payments made to the operator, there are no cash flow impacts for this example.

ED78

Table 2.2 Statement of Financial Position (Currency Units)

Year	1	2	3	4	5	6	7	8	9	10
Service concession asset – base layers	525	940	902	864	826	788	750	712	674	636
Service concession asset – original surface layer	–	110	92	73	55	37	18	–	–	–
Service concession asset – replacement surface layer	–	–	–	–	–	–	–	110	92	73
Total Service concession asset	525	1,050	994	937	881	825	768	822	766	709
Cash	–	–	–	–	–	–	–	–	–	–
Liability	(525)	(1,050)	(905)	(760)	(615)	(470)	(325)	(290)	(145)	–
Cumulative surplus/deficit	–	–	(89)	(177)	(266)	(355)	(443)	(532)	(621)	(709)

NOTES:

In this example, the resurfacing occurs as expected in year 8, when the initially-constructed road surface is fully depreciated. If the resurfacing occurred earlier, the initially-constructed road surface would not be fully depreciated, and would need to be derecognized in accordance with ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) before the new component of the service concession asset related to the resurfacing is recognized.

The new component of the service concession asset related to the resurfacing is recognized in year 8. Years 9–10 reflect deprecation on this additional component (Table 2.2).

The liability is increased in year 8 for the recognition of the new component of the service concession asset.

Example 3: The Grantor Makes a Predetermined Series of Payments to the Operator and Also Grants the Operator the Right to Charge Users a Toll for Use of the Road

…

Financial Statement Impact

ED78

IE32. The grantor initially recognizes the service concession asset as property, plant, and equipment at its ~~fair value~~current operational value (total CU1,050, comprised of CU940 related to construction of the base layers and CU110 related to construction of the original surface layers). The asset is recognized as it is constructed (CU525 in year 1 and CU525 in year 2). Depreciation is taken annually (CU56, comprised of CU38 for the base layers and CU18 for the surface layers).

…

Overview of Cash Flows, Statement of Financial Performance, and Statement of Financial Position

ED78

Table 3.3 Statement of Financial Position (Currency Units)

Year	1	2	3	4	5	6	7	8	9	10
Service concession asset – base layers	525	940	902	864	826	788	750	712	674	636
Service concession asset – surface layer	–	110	92	73	55	37	18	–	–	–
Service concession asset – replacement surface layer	–	–	–	–	–	–	–	110	92	73
Total service concession asset	525	1,050	994	937	881	825	768	822	766	709
Cash	–	–	(100)	(200)	(300)	(400)	(500)	(600)	(700)	(800)
Liability	(262)	(525)	(452)	(380)	(307)	(235)	(162)	(145)	(72)	–
Financial liability	(263)	(541)	(480)	(416)	(348)	(276)	(199)	(172)	(89)	–

Cumulative surplus/deficit	–	16	38	59	74	86	93	95	95	91

NOTES:

In this example, the resurfacing occurs as expected in year 8, when the initially-constructed road surface is fully depreciated. If the resurfacing occurred earlier, the initially-constructed road surface would not be fully depreciated, and would need to be derecognized in accordance with ~~IPSAS 17~~<u>[draft] IPSAS [X] (ED 78)</u> before the new component of the service concession asset related to the resurfacing is recognized.

The new component of the service concession asset related to the resurfacing is recognized in year 8. Years 9–10 reflect deprecation on this additional component (Table 3.2).

The liability is increased in year 8 for the recognition of 50% of the new component of the service concession asset.

The financial liability is increased in year 8 for the recognition of 50% of the new component of the service concession asset.

Amendments to IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)*

ED77/ED78/ED79

Paragraphs 36, 48, 49, 64, 65, 67, 68, 69, 70, 72, 129, 131A, and 148 are amended. Paragraphs 41B, 152A–152F, 154L, 154N and 154O are added. New text is underlined, and deleted text is struck through.

…

Exemptions that Affect Fair Presentation and Compliance with Accrual Basis IPSASs during the Period of Transition

Three Year Transitional Relief Period for the Recognition and/or Measurement of Assets and/or Liabilities

Recognition and/or Measurement of Assets and/or Liabilities

ED78

36. Where a first-time adopter has not recognized assets and/or liabilities under its previous basis of accounting, it is not required to recognize and/or measure the following assets and/or liabilities for reporting periods beginning on a date within three years following the date of adoption of IPSASs:

(a) ***Inventories (see IPSAS 12, Inventories);***

(b) ***Investment property (see IPSAS 16, Investment Property);***

(c) ***Property, plant~~,~~ and equipment (see ~~IPSAS 17~~<u>[draft] IPSAS [X] (ED 78),</u> Property, Plant and Equipment);***

(d) ***Defined benefit plans and other long-term employee benefits (see IPSAS 39, Employee Benefits);***

(e) ***Biological assets and agricultural produce (see IPSAS 27, Agriculture);***

(f) ***Intangible assets (see IPSAS 31, Intangible Assets);***

(g) ***Service concession assets and the related liabilities, either under the financial liability model or the grant of a right to the operator model (see IPSAS 32, Service***

	Concession Arrangements: Grantor); *(h)* ***Financial instruments (see IPSAS 41, Financial Instruments); and*** *(i)* ***Social benefits (see IPSAS 42, Social Benefits).***	
	…	
ED77	41B. **A first-time adopter shall apply the guidance in [draft] IPSAS [X] (ED 77) when measuring assets and/or liabilities at fair value, cost of fulfillment, current operational value or historical cost.**	
	…	
	Other Exemptions	
	…	
	IPSAS 19, Provisions, Contingent Liabilities and Contingent Assets	
ED 78	***48.*** **Where a first-time adopter takes advantage of the exemption in paragraph 36 which allows a three year transitional relief period to not recognize and/or measure property, plant, and equipment, it is not required to recognize and/or measure the liability relating to the initial estimate of costs of dismantling and removing the item and restoring the site on which it is located until the exemption for IPSAS 17[draft] IPSAS [X] (ED 78) has expired, and/or the relevant asset is recognized and/or measured in accordance with IPSAS 17[draft] IPSAS [X] (ED 78) (whichever is earlier).**	
ED 78	49. This IPSAS allows a first-time adopter a period of up to three years from the date of adoption of IPSASs to not recognize and/or measure property, plant, and equipment. ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) requires an entity to include as part of the cost of an item of property, plant, and equipment, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Where a first-time adopter takes advantage of the exemption that allows a three year transitional relief period for the recognition and/or measurement of property, plant, and equipment, a first-time adopter is not required to apply the requirements related to the initial estimate of costs of dismantling and removing the item and restoring the site on which it is located until the exemption that provided the relief has expired, and/or when the relevant asset is recognized and/or measured in accordance with ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) (whichever is earlier). The liability shall be measured as at the date of adoption of IPSASs, or where a first-time adopter has taken advantage of the exemption that allows a three year transitional relief period for the recognition and/or measurement of an asset, the date on which the exemption that provides the relief has expired and/or the asset has been recognized and/or measured in accordance	

	with the applicable IPSASs.	
	…	
	Exemptions that Do Not Affect Fair Presentation and Compliance with Accrual Basis IPSASs During the Period of Adoption	
	…	
	Using Deemed Cost to Measure Assets and/or Liabilities	
ED 78	***64.*** **A first-time adopter may elect to measure the following assets and/or liabilities at their fair value when reliable cost information about the assets and liabilities is not available, and use that fair value as the deemed cost for:** (a) **Inventory (see IPSAS 12);** (b) **Investment property, if the first-time adopter elects to use the historical cost model in IPSAS 16;** (c) **Property, plant~~,~~ and equipment (see ~~IPSAS 17~~[draft] IPSAS [X] (ED 78));** (d) **Intangible assets, other than internally generated intangible assets (see IPSAS 31) that meets:** (i) **The recognition criteria in IPSAS 31 (excluding the reliable measurement criterion); and** (ii) **The criteria in IPSAS 31 for revaluation (including the existence of an active market);** € **Financial Instruments (see IPSAS 41); or** (f) **Service concession assets (see IPSAS 32).**	
ED77	65. Deemed cost can only be determined where the acquisition cost of the asset and/or the liability is not available. Deemed cost assumes that the entity had initially recognized the asset and/ or the liability at the given date. Subsequent depreciation or amortization is based on that deemed cost on the premise that the acquisition cost is equal to the deemed cost. For example, a first-time adopter may elect to measure property, plant and equipment at deemed cost at the date of adoption of IPSASs because cost information about the item of property, plant and equipment was not available on that date, and use fair value as its deemed cost at that date. Any subsequent depreciation is based on the fair value measured ~~determined~~ at that date and starts from the date that the deemed cost has been determined.	
	…	
ED78	66. The use of deemed cost is not considered a revaluation or the application of the ~~fair~~ current value model for subsequent measurement in accordance with other IPSASs.	
ED78	**67. A first-time adopter may elect to use the revaluation**	

	amount of property, plant, and equipment under its previous basis of accounting as deemed cost if the revaluation was, at the date of the revaluation, broadly comparable to: (a) **Fair value or current operational value; or** (b) **Cost or depreciated cost, where appropriate, in accordance with IPSASs adjusted to reflect, for example, changes in a general or specific price index.**	
ED78	68. A first-time adopter may have established a deemed cost in accordance with its previous basis of accounting for property, plant, and equipment by measuring it at fair value or current operational value at one particular date because of a specific event: (a) If the measurement date is at or before the date of adoption of IPSASs, a first-time adopter may use such event-driven fair value or current operational value measurements as deemed cost for IPSASs at the date of that measurement. (b) If the measurement date is after the date of adoption of IPSASs, but during the period of transition where the first-time adopter takes advantage of the exemption that provides a three year transitional relief period to not recognize and/or measure certain assets, the event-driven ~~fair value~~ current operational value measurements may be used as deemed cost when the event occurs. A first-time adopter shall recognize the resulting adjustments directly in accumulated surplus or deficit when the asset is recognized and/or measured.	
ED77/ED78	69. In measuring ~~determining~~ the fair value or current operational value in accordance with paragraph 67, the first-time adopter shall apply the definition of ~~fair value~~ or current operational value and guidance in [draft] IPSAS [X] (ED 77) to measure ~~other applicable IPSASs in determining~~ the fair value or current operational value of the asset in question. The fair value or current operational value shall reflect conditions that existed at the date on which it was determined.	
ED77	70. **If ~~reliable market-based evidence of~~ observable inputs of fair value ~~is~~ are not available for inventory, or investment property that is of a specialized nature, or property, plant, and equipment a first-time adopter may consider the following measurement alternatives in determining a deemed cost:** **(a) For inventory, current replacement cost; ~~and~~** **(b) For investment property of a specialized nature, depreciated replacement cost~~.~~; and** (c) **For property, plant, and equipment, current**	

	<u>**operational value.**</u>	
	…	
	Using Deemed Cost for Investments in Controlled Entities, Joint Ventures and Associates (IPSAS 34)	
ED77	72. **Where a first-time adopter measures an investment in a controlled entity, joint venture or associate at cost in its separate financial statements, it may, on the date of adoption of IPSASs, elect to measure that investment at one of the following amounts in its separate opening statement of financial position:** **(a) Cost; or** **(b) Deemed cost. The deemed cost of such an investment shall be its fair value ~~(determined in accordance with IPSAS 41)~~ at the first-time adopter's date of adoption of IPSASs in its separate financial statements.**	
	…	
ED77	**129. If a controlled entity becomes a first-time adopter later than its controlling entity, except for the controlled entity of an investment entity, the controlled entity shall, in its financial statements, measure its assets and liabilities at either:** (a) **The carrying amounts determined in accordance with this IPSAS that would be included in the controlling entity's consolidated financial statements, based on the controlled entity's date of adoption of IPSASs, if no adjustments were made for consolidation procedures and for the effects of the public sector combination in which the controlling entity acquired the controlled entity; or** (b) **The carrying amounts required by the rest of this IPSAS, based on the controlled entity's date of adoption of IPSASs. These carrying amounts could differ from those described in (a):** (i) **When the exemptions in this IPSAS result in measurements that depend on the date of adoption of IPSASs.** (ii) **When the accounting policies used in the controlled entity's financial statements differ from those in the consolidated financial statements. For example, the controlled entity may use as its accounting policy the <u>historical</u> cost model in IPSAS 17<u>[draft] IPSAS [X] (ED 78)</u>, whereas the economic entity may use the ~~revaluation~~<u>current value</u> model.**	
	…	

IPSAS 35, Consolidated Financial Statements

…

Non-controlling Interests

ED79

131A. A first-time adopter shall apply the following requirements of IPSAS 35 prospectively from the date of transition to IPSAS:

(a) The requirement in paragraph 49 that the total amount recognized in the statement of changes in net assets/equity is attributed to the owners of the controlling entity and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance;

(b) The requirements in paragraphs 48 and 51 for accounting for changes in the controlling entity's interest in a controlled entity that do not result in the loss of control; and

(c) The requirements in paragraphs 53-55 for accounting for a loss of control over a controlled entity, and the related requirements of paragraph 13 of [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations*.

…

Disclosures

…

Disclosures where Deemed Cost is Used for Inventory, Investment Property, Property, Plant and Equipment, Intangible Assets, Financial Instruments or Service Concession Assets

ED77

148. **If a first-time adopter uses fair value, or the alternative in paragraphs 64, 67 or 70, as deemed cost for inventory, investment property, property, plant and equipment, intangible assets, financial instruments, or service concession assets, its financial statements shall disclose:**

(a) The aggregate of those fair values ~~or other measurement alternatives~~ that were considered in determining deemed cost;

(b) The aggregate adjustment to the carrying amounts recognized under the previous basis of accounting; and

(c) Whether the deemed cost was determined on the date of adoption of IPSASs or during the period of transition.

…

Current Value Measurement

ED77

152A. **An entity shall disclose information that helps users of its**

	financial statements assess both of the following: (a) **For assets or liabilities that are measured at current operational value or fair value on a non-recurring basis in the statement of financial position after initial recognition, the measurement techniques and inputs used to develop those measurements.**	
ED77	152B. To meet the objectives in paragraph 152A, an entity shall consider all the following: (a) The level of detail necessary to satisfy the disclosure requirements; (b) How much emphasis to place on each of the various requirements; (c) How much aggregation or disaggregation to undertake; and (d) Whether users of financial statements need additional information to evaluate the quantitative information disclosed. If the disclosures provided in accordance with this IPSAS and other IPSAS are insufficient to meet the objectives in paragraph 152A, an entity shall disclose additional information necessary to meet those objectives.	
ED77	152C. To meet the objectives in paragraph 152A, an entity shall disclose, at a minimum, the following information for each class of assets or liabilities measured at current operational value or fair value (including measurements based on current operational value or fair value within the scope of [draft] IPSAS [X] (ED 77), *Measurement*) in the statement of financial position after initial recognition: (a) For non-recurring current operational value or fair value measurements, the current operational value or fair value measurement at the end of the reporting period, and for non-recurring current operational value or fair value measurements, the reasons for the measurement. Non-recurring current operational value or fair value measurements of assets or liabilities are those that this Standard requires or permits in the statement of financial position in particular circumstances. (b) For non-recurring current operational value or fair value measurements, whether the current operational value or fair value measurements are estimated using observable or unobservable inputs. For non-recurring fair value measurements, the level of the fair value hierarchy within which the fair value measurements are categorized in their entirety (Level 1, 2 or 3).	

	(c) For non-recurring current operational value or fair value measurements estimated using unobservable inputs, a description of the measurement technique(s) and the inputs used in the current operational value or fair value measurement. If there has been a change in measurement technique (e.g. changing from a market approach to an income approach or the use of an additional measurement technique), the entity shall disclose that change and the reason(s) for making it. For fair value measurements categorized within Level 3 of the fair value hierarchy, or for current operational value or fair value measurements estimated using unobservable inputs, an entity shall provide quantitative information about the significant unobservable inputs used in the current operational value or fair value measurement. An entity is not required to create quantitative information to comply with this disclosure requirement if quantitative unobservable inputs are not developed by the entity when measuring current operational value or fair value (e.g. when an entity uses prices from prior transactions or third-party pricing information without adjustment). However, when providing this disclosure an entity cannot ignore quantitative unobservable inputs that are significant to the current operational value or fair value measurement and are reasonably available to the entity. (d) For non-recurring fair value measurements categorized within Level 3 of the fair value hierarchy, or for non-recurring current operational value measurements estimated using unobservable inputs, a description of the valuation processes used by the entity (including, for example, how an entity decides its valuation policies and procedures and analyses changes in current operational value or fair value measurements from period to period).	
ED77	152D. An entity shall determine appropriate classes of assets or liabilities on the basis of the following: (a) The nature, characteristics and risks of the assets or liabilities; and (b) The level of the fair value hierarchy within which the fair value measurement is categorized, or whether the current operational value or fair value is observable or unobservable. The number of classes may need to be greater for fair value measurements categorized within Level 3 of the fair value hierarchy, or for current operational value measurements estimated using unobservable inputs, because those measurements have a greater degree of uncertainty and subjectivity. Determining appropriate classes of assets or	

	liabilities for which disclosures about current operational value or fair value measurements should be provided requires judgement. A class of assets or liabilities will often require greater disaggregation than the line items presented in the statement of financial position. However, an entity shall provide information sufficient to permit reconciliation to the line items presented in the statement of financial position. If another IPSAS specifies the class for an assets or liabilities, an entity may use that class in providing the disclosures required in this Standard if that class meets the requirements in this paragraph.	
ED77	152E For each class of assets or liabilities not measured at current operational value or fair value in the statement of financial position but for which the current operational value or fair value is disclosed, an entity shall disclose the information required by paragraph 152C(b), (c) and (d). However, an entity is not required to provide the quantitative disclosures about significant unobservable inputs used in fair value measurements categorized within Level 3 of the fair value hierarchy, or for current operational value or fair value measurements estimated using unobservable inputs, required by paragraph 152C(c). For such assets or liabilities, an entity does not need to provide the other disclosures required by this Standard.	
ED77	152F An entity shall present the quantitative disclosures required by this Standard in a tabular format unless another format is more appropriate.	
	Effective Date	
	…	
ED79	154L. **Paragraph 131A and the associated heading were added by [draft] IPSAS [X] (ED 79) issued in [Month] [Year]. An entity shall apply this amendment for annual financial statements covering periods beginning on or after [Month] [Day] [Year]. Earlier application is encouraged. If an entity applies the amendments for a period beginning before [Month] [Day] [Year] it shall disclose that fact and apply [draft] IPSAS [X] (ED 79) at the same time.**	
	…	
ED78	**154N. Paragraphs 36, 48, 49, 64, 67, 68, 69 and 129 were amended by [draft] IPSAS [X] (ED 78) issued in Month YYYY. An entity shall apply these amendments for annual financial statements covering periods beginning on or at after MM DD, YYYY. Earlier application is encouraged. If an entity applies these amendments for a period beginning before MM DD, YYYY it shall disclose that fact and apply [draft] IPSAS [X] (ED 78) at the same time.**	
ED77	154O. **Paragraphs 65, 69, 70, 72, and 148 were amended, and paragraphs 152A–152F and 41B were added, by [draft]**	

IPSAS [X] (ED 77), issued in Month YYYY. An entity shall apply these amendments for annual financial statements covering periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies the amendment for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X] (ED 77) at the same time.

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, IPSAS 33.

…

Exemptions that Affect Fair Presentation and Compliance with Accrual Basis IPSAS

Transitional Exemptions Relating to the Recognition, Measurement and Classification of Non-Financial Assets

…

ED78

BC43. In considering the relief that should be provided to a first-time adopter for the recognition of its assets, when this Standard was issued, the IPSASB had considered the then existing five year relief period in IPSAS 17. To encourage entities to prepare for the adoption of IPSASs in advance of the preparation of their transitional IPSAS financial statements, or their first IPSAS financial statements, the IPSASB had agreed that a grace period not exceeding three years should be allowed. As entities should have prepared well in advance for their transition to accrual basis IPSASs and not solely rely on the relief period provided in this IPSAS, the IPSASB was ~~is~~ of the view that the three year transitional period ~~is~~ was more manageable, and would reduces the period over which entities would ~~will~~ not be able to assert compliance with IPSASs. In developing [draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment,* the IPSASB noted that these principles are still applicable.

…

Transitional Exemptions Relating to the Recognition of Liabilities

Interaction Between the Asset Standards and Other IPSASs

…

ED78

BC57. When this Standard was issued, IPSAS 17 required~~s~~ an entity to include, as part of the cost of an item of property, plant, and equipment, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation which an entity incurs either when the item is acquired, or as a consequence of having used the item during a particular period for purposes other than to produce inventories

	during that period. IPSAS 17 required~~s~~ that the obligation for costs accounted for in accordance with IPSAS 17 ~~was~~is recognized and measured in accordance with IPSAS 19.	
ED78	BC58. The IPSASB had agreed that it would not be possible to recognize and/or measure provisions for the initial estimate of costs to dismantle and remove the item and restore the site on which it is located until such time as the relevant item of property, plant, and equipment ~~is~~ was recognized and/or measured in accordance with IPSAS 17. A transitional relief period was therefore also provided for the recognition and/or measurement of the provision to address the timing difference. In developing [draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment,* the IPSASB noted that these principles are still applicable.	
	…	
	Exemptions that Do Not Affect Fair Presentation and Compliance with Accrual Basis IPSAS	
	Deemed Cost	
	Deemed Cost for Assets and/or Liabilities	
	BC80. Some measurements in accordance with IPSASs are based on an accumulation of past costs or other transaction data. If a first-time adopter has not previously collected the necessary information, collecting or estimating it retrospectively may be costly and/or impractical. To avoid excessive cost, this IPSAS allows a first-time adopter to use the fair value as a substitute for the initial cost of inventory, investment property where the first-time adopter elects to use the historical cost model in IPSAS 16, property, plant and equipment, financial instruments and service concession assets at the date of adoption of IPSASs. Where a first-time adopter takes advantage of the exemption that provides a three year transitional relief period to not recognize and/or measure certain assets, the fair value is the deemed cost at the date at which the asset is recognized and/or measured during the period of transition.	
	…	
ED78	BC82. When this Standard was issued, ~~U~~under the revaluation model in IPSAS 17, if an entity revalued~~s~~ an asset, it ~~must~~ had to revalue all assets in that class. This restriction prevented~~s~~ selective revaluation of only those assets whose revaluation would lead to a particular result. The IPSASB had considered whether a similar restriction should be included in determining a deemed cost. IPSAS 21, *Impairment of Non-cash-generating Assets* and IPSAS 26, *Impairment of Cash-generating Assets* required~~s~~ an impairment test if there ~~is~~ was any indication that an asset is was impaired. Thus, if a first-time adopter used~~s~~ fair value as deemed cost for assets whose fair value ~~is~~ was likely	

	to be above cost, it could not ~~cannot~~ ignore indications that the recoverable amount or recoverable service amount of other assets may have fallen below their carrying amount. In developing [draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment*, the IPSASB noted that these principles are still applicable when current operational value is used as deemed cost. In reaching this conclusion, the IPSASB noted that the revaluation model in IPSAS 17 is labeled the current value model in [draft] IPSAS [X] (ED 78).	
	…	
	Deemed Cost	
	…	
	Alternative Measurement Bases for Fair Value in Determining Deemed Cost	
	…	
ED78	BC92. When this Standard was issued, ~~T~~the IPSASB had considered whether some revaluations in accordance with a first-time adopter's previous basis of accounting might be more relevant to users than original cost. It was concluded that it would not be reasonable to require a time-consuming and expensive estimation of cost, if previous revaluations already complied~~y~~ with IPSASs. This IPSAS therefore allowed~~s~~ a first-time adopter to use a revaluation under its previous basis of accounting for property, plant, and equipment determined at or before the date of adoption of IPSASs, as deemed cost. This was allowed to ~~may~~ be used if the revaluation ~~is~~ was, at the date of the revaluation, broadly comparable to: (a) Fair value; or (b) Cost or depreciated cost, where appropriate, in accordance with IPSASs adjusted to reflect, for example, changes in a general or specific price index.	
ED77/ED78	BC93. In determining "fair value", when IPSAS 33 was developed, the guidance in each applicable IPSAS was ~~is~~ considered, where such guidance was ~~is~~ provided. In IPSAS 17 it was ~~is~~ noted that fair value was ~~is~~ normally determined by reference to market-based evidence, often by appraisal. IPSAS 17 also stated ~~states~~ that if market-based ~~market based~~ evidence was ~~is~~ not available to measure items of property, plant and equipment, an entity could ~~can~~ estimate fair value using replacement cost, reproduction cost or a service units approach. In developing [draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment,* the IPSASB noted that these principles are still applicable. In reaching this conclusion, the IPSASB noted that [draft] IPSAS [X] (ED 78) refers to historical cost rather than cost and uses current operational value rather than fair value.	
ED77	BC94. The IPSASB noted that the fair value guidance in IPSAS 16	

	only considered ~~considers~~ a market-based value, and that limited guidance was ~~is~~ provided in IPSAS 12 in determining fair value. The IPSASB concluded that because a first-time adopter may find it difficult to determine a market-based fair value for all investment properties and all inventories, other measurement alternatives may need to be considered in determining deemed cost for inventory or investment property.	
ED77	BC94A. The IPSASB has since issued [draft] IPSAS [X], (ED 77) which provides a consistent approach to measuring fair value in all IPSAS. The IPSASB noted that the guidance in that Standard includes a fair value hierarchy, which guidance on estimation techniques that may be used where there is no observable market data. The IPSASB considered whether the continued use of measurement alternatives was appropriate, and noted that the alternatives included in IPSAS 33 are consistent with measurement techniques available in [draft] IPSAS [X], (ED 77) to estimate fair value. The IPSASB agreed to modify the wording of IPSAS 33 accordingly.	
ED77	BC95. The IPSASB agreed that a first-time adopter may consider the following measurement techniques ~~alternatives~~ in determining a deemed cost if ~~reliable market-based evidence~~ observable inputs of fair value ~~is~~ are not available on the date of adoption of IPSASs, or on the date that the asset is recognized and/or measured where a first-time adopter takes advantage of the exemption that provides a three year transitional relief period to not recognize and/or measure certain assets: (a) For inventory, current replacement cost; and (b) For investment property of a specialized nature, depreciated replacement cost.	
	Revision of IPSAS 33 as a result of [draft] IPSAS [X] (ED 77), *Measurement*	
ED77	BC122. [Draft] IPSAS [X] (ED 77), *Measurement*, issued in [Month] [Year], provides generic guidance on the initial and subsequent measurement of assets and liabilities, to ensure a consistent approach across all IPSAS. Paragraph 70 of this Standard permits a first-time adopter to consider replacement cost as a measurement alternative to fair value when observable inputs are not available for inventory or investment property. Since [draft] IPSAS [X] (ED 77) does not identify replacement cost as measurement bases, the IPSASB consider whether it should be replaced.	
ED77	BC123. Since replacement cost is retained in IPSAS 12, *Inventories*, and IPSAS 16, *Investment Property,* the IPSASB agreed to retain replacement cost in the context of this Standard to maintain consistency in principles between the specific requirements in individual IPSAS, and the principles on first-	

	time adoption.	
ED77	BC124. Furthermore, the IPSASB agreed to add current operational value as a measurement alternative to fair value when observable inputs are not available for property, plant, and equipment. Current operational value was added to align the principles in this Standard with [draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment* which, as a result of [draft] IPSAS [X] (ED 77), permits measuring property, plant, and equipment at current operational value for subsequent measurement.	
	…	
	Implementation Guidance	
	This guidance accompanies, but is not part of, IPSAS 33.	
	…	
	Transitional Exemptions that Provide Three Year Relief for the Recognition and/or Measurement of Assets and/or Liabilities	
	…	
	Recognition of Provisions Included in the Initial Cost of an Item of Property, Plant, and Equipment	
ED78	IG22. ~~IPSAS 17~~[Draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment* recognizes that in some cases, the construction or commissioning of an item of property, plant, and equipment will result in an obligation for an entity to dismantle or remove the item of property, plant, and equipment and restore the site on which the asset is located. An entity is required to apply IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets* in recognizing and measuring the resulting provision to be included in the initial cost of the item of property, plant, and equipment.	
ED78	IG23. IPSAS 33 provides an exemption for the recognition of this liability. A first-time adopter is allowed to not recognize and/or measure the liability relating to the initial estimate of costs of dismantling and removing the item and restoring the site on which it is located, until such time as the exemption for ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) expires and/or the relevant asset is recognized and/or measured and relevant information has been presented and/or disclosed in the financial statements in accordance with ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) (whichever is earlier).	
	…	
	~~IPSAS 17~~[Draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment*	
ED78	IG53. If a first-time adopter's depreciation methods and rates in	

	accordance with its previous basis of accounting are acceptable in accordance with IPSASs, it accounts for any change in estimated useful life or depreciation pattern prospectively from when it makes that change in estimate (paragraph 22 and 26 of IPSAS 33 and paragraph ~~76~~55 of ~~IPSAS 17~~[draft] IPSAS [X] (ED 78)). However, in some cases, a first-time adopter's depreciation methods and rates in accordance with its previous basis of accounting may differ from those that would be acceptable in accordance with IPSASs (for example, if they do not reflect a reasonable estimate of the asset's useful life). If those differences have a material effect on the financial statements, the entity adjusts accumulated depreciation in its opening statement of financial position retrospectively so that it complies with IPSASs.	
ED78	IG54. A first-time adopter may elect to use one of the following amounts as the deemed cost of property, plant, and equipment: (a) ~~Fair value~~Current operational value at the date of adoption of IPSASs (paragraph 67 of IPSAS 33), in which case the first-time adopter provides the disclosures -required by paragraph 148 of IPSAS 33; or (b) A revaluation in accordance with its previous basis of accounting that meets the criteria in paragraph 67 of IPSAS 33.	
ED78	IG55. Subsequent depreciation is based on that deemed cost and starts from the date for which the first-time adopter determined the deemed cost, or where the first-time adopter takes advantage of the exemption that provides a three year transitional relief period to not recognize certain assets, when the exemptions providing the relief have expired, or the asset has been recognized in accordance with ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) (whichever is earlier).	
ED78	IG56. If a first-time adopter chooses as its accounting policy the ~~revaluation~~current value model in ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) for some or all classes of property, plant, and equipment, it presents the cumulative revaluation surplus as a separate component of net assets/equity. The revaluation surplus at the date of adoption of IPSASs is based on a comparison of the carrying amount of the asset at that date with its cost or deemed cost. If the deemed cost is the ~~fair value~~current operational value at the date of adoption of IPSASs or where the first-time adopter takes advantage of the exemption that provides a three year transitional relief period to not recognize and/or measure certain assets, when the exemptions providing the relief have expired, or the asset has been recognized and/or measured in accordance with ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) (whichever is earlier), the first-time adopter provides the disclosures required by	

	paragraph 148 of IPSAS 33.	
ED78	IG57. If revaluations in accordance with the first-time adopter's previous basis of accounting did not satisfy the criteria in paragraphs 67 or 69 of IPSAS 33, the first-time adopter measures the revalued assets in its opening statement of financial position on one of the following bases: (a) Cost (or deemed cost) less any accumulated depreciation and any accumulated impairment losses under the historical cost model in ~~IPSAS 17~~[draft] IPSAS [X] (ED 78); (b) Deemed cost, being the ~~fair value~~current operational value or an alternative when market-based evidence of ~~fair value~~current operational value is not available, at the date of adoption of IPSASs, or where a first-time adopter takes advantage of the exemption that provides a three year transitional relief period to not recognize and/or measure certain assets, the date at which the asset is recognized and/or measured during the period of transition, or when the transitional exemptions expire (whichever is earlier); or (c) A revalued amount, if the entity adopts the ~~revaluation~~current value model in ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) as its accounting policy in accordance with IPSASs for all items of property, plant, and equipment in the same class.	
ED78	IG58. ~~IPSAS 17~~[Draft] IPSAS [X] (ED 78) requires each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item to be depreciated separately. However, ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) does not prescribe the unit of measurement for recognition of an asset, i.e. what constitutes an item of property, plant, and equipment. Thus, judgment is required in applying the recognition criteria to an entity's specific circumstances (see paragraphs 1~~8~~8 and ~~59~~39).	
	…	
	Summary of Transitional Exemptions and Provisions Included in IPSAS 33 *First-time Adoption of Accrual Basis IPSASs*	
	…	
ED78	IG92. The diagram below summarizes the transitional exemptions and provisions included in other accrual basis IPSASs.	
ED78		

IPSAS	Transitional exemption provided

	NO	YES						
		Deemed cost	**3 year transitional relief for recognition**	**3 year transitional relief for measurement**	**3 year transitional relief for recognition and/or measurement**	**3 year transitional relief for disclosure**	**Elimination of transactions, balances, revenue and expenses**	**Other**
…	..	…	…	…	…	…	…	…
~~IPSAS 17~~[draft] IPSAS [X] (ED 78), *Property, Plant~~,~~ and Equipment*		√	√ Property, plant~~,~~ and equipment not recognized under previous basis of accounting	√ Property, plant~~,~~ and equipment recognized under previous basis of accounting				

Appendix

Differentiation between transitional exemptions and provisions that a first-time adopter is required to apply and/or can elect to apply on adoption of accrual basis IPSASs

ED78

Transitional exemption or provision	Transitional exemptions or provisions that have to be applied	Transitional exemptions or provisions that may be applied or elected

	Do not affect fair presentation and -compliance with accrual basis IPSAS	Do not affect fair -presentation and -compliance with accrual basis IPSAS	Affect fair presentation and compliance with accrual basis IPSAS
…	…	…	…
~~IPSAS 17~~[draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment* Three year relief for recognition and/or measurement of assets and changing the accounting policy to measure assets			√
…	…	…	…

Amendments to IPSAS 34, *Separate Financial Statements*

ED77/ED79

Paragraph 12 is amended. Paragraphs 23A–23I, 32D, and 32E are added. New text is underlined, and deleted text is struck through.

…

Preparation of Separate Financial Statements

…

ED79

12. **When an entity prepares separate financial statements, it shall account for similar investments in controlled entities, joint ventures and associates either:**

    (a) **At cost;**

    (b) **In accordance with IPSAS 41; or**

    (c) **Using the equity method as described in IPSAS 36**.

    The entity shall apply the same accounting for each category of investments. Investments accounted for at cost or using the equity method shall be accounted for in accordance with [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale or for distribution (or included in a disposal group that is classified as held for sale or for distribution). The measurement of investments accounted for in accordance with IPSAS 41 is not changed in such circumstances.

	…	
	Disclosure	
	…	
ED77	**Current Value Measurement** 23A. **An entity shall disclose information that helps users of its financial statements assess both of the following:** (a) **For investments that are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition, the measurement techniques and inputs used to develop those measurements** (b) **For recurring fair value measurements using significant unobservable inputs (Level 3), the effect of the measurements on surplus or deficit or net assets/equity for the period.**	
ED77	23B. To meet the objectives in paragraph 23A, an entity shall consider all the following: (a) The level of detail necessary to satisfy the disclosure requirements; (b) How much emphasis to place on each of the various requirements; (c) How much aggregation or disaggregation to undertake; and (d) Whether users of financial statements need additional information to evaluate the quantitative information disclosed. If the disclosures provided in accordance with this IPSAS and other IPSAS are insufficient to meet the objectives in paragraph 23A, an entity shall disclose additional information necessary to meet those objectives.	
ED77	23C. To meet the objectives in paragraph 23A, an entity shall disclose, at a minimum, the following information for each class of investments (see paragraph 23D for information on determining appropriate classes of investments) measured at fair value (including measurements based on fair value within the scope of [draft] IPSAS [X] (ED 77), Measurement)) in the statement of financial position after initial recognition: (a) For recurring and non-recurring fair value measurements, the fair value measurement at the end of the reporting period, and for non-recurring fair value measurements, the reasons for the measurement. Recurring fair value measurements of investments are those that this Standard requires or permits in the statement of financial position at the end of each reporting period. Non-recurring fair value	

measurements of investments are those that this Standard requires or permits in the statement of financial position in particular circumstances.

(b) For recurring and non-recurring fair value measurements, the level of the fair value hierarchy within which the fair value measurements are categorized in their entirety (Level 1, 2 or 3).

(c) For investments held at the end of the reporting period that are measured at fair value on a recurring basis, the amounts of any transfers between Level 1 and Level 2 of the fair value hierarchy, the reasons for those transfers and the entity's policy for determining when transfers between levels are deemed to have occurred (see paragraph 23E). Transfers into each level shall be disclosed and discussed separately from transfers out of each level.

(d) For recurring and non-recurring fair value measurements estimated using unobservable inputs, a description of the measurement technique(s) and the inputs used in the fair value measurement. If there has been a change in measurement technique (e.g. changing from a market approach to an income approach or the use of an additional measurement technique), the entity shall disclose that change and the reason(s) for making it. For fair value measurements categorized within Level 3 of the fair value hierarchy, an entity shall provide quantitative information about the significant unobservable inputs used in the fair value measurement. An entity is not required to create quantitative information to comply with this disclosure requirement if quantitative unobservable inputs are not developed by the entity when measuring fair value (e.g. when an entity uses prices from prior transactions or third-party pricing information without adjustment). However, when providing this disclosure an entity cannot ignore quantitative unobservable inputs that are significant to the fair value measurement and are reasonably available to the entity.

(e) For recurring fair value measurements categorized within Level 3 of the fair value hierarchy, a reconciliation from the opening balances to the closing balances, disclosing separately changes during the period attributable to the following:

(i) Total gains or losses for the period recognized in surplus or deficit, and the line item(s) in surplus or deficit in which those gains or losses are recognized.

(ii) Total gains or losses for the period recognized in

	net assets/equity, and the line item(s) in net assets/equity in which those gains or losses are recognized. (iii) Purchases, sales, issues and settlements (each of those types of changes disclosed separately). (iv) For recurring fair value measurements categorized within Level 3 of the fair value hierarchy, the amounts of any transfers into or out of Level 3 of the fair value hierarchy, the reasons for those transfers and the entity's policy for determining when transfers between levels are deemed to have occurred (see paragraph 23E). Transfers into Level 3 shall be disclosed and discussed separately from transfers out of Level 3. (f) For recurring fair value measurements categorized within Level 3 of the fair value hierarchy, the amount of the total gains or losses for the period in (e)(i) included in surplus or deficit that is attributable to the change in unrealized gains or losses relating to those investments held at the end of the reporting period, and the line item(s) in surplus or deficit in which those unrealized gains or losses are recognized. (g) … For recurring and non-recurring fair value measurements categorized within Level 3 of the fair value hierarchy, a description of the valuation processes used by the entity (including, for example, how an entity decides its valuation policies and procedures and analyses changes in fair value measurements from period to period). (h) For recurring fair value measurements categorized within Level 3 of the fair value hierarchy: (i) For all such measurements, a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower fair value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the fair value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the fair value measurement. To comply with that disclosure requirement, the narrative description of the sensitivity to changes in unobservable inputs shall include, at a minimum, the unobservable inputs disclosed when complying with (d).	

(ii) For financial assets and financial liabilities, if changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would change fair value significantly, an entity shall state that fact and disclose the effect of those changes. The entity shall disclose how the effect of a change to reflect a reasonably possible alternative assumption was calculated. For that purpose, significance shall be judged with respect to surplus or deficit, and total assets or total liabilities, or, when changes in fair value are recognized in net assets/equity, total equity.

ED77

23D. An entity shall determine appropriate classes of investments on the basis of the following:

(a) The nature, characteristics and risks of the investments; and

(b) The level of the fair value hierarchy within which the fair value measurement is categorized, or whether the fair value is observable or unobservable.

The number of classes may need to be greater for fair value measurements categorized within Level 3 of the fair value hierarchy, or for fair value measurements estimated using unobservable inputs, because those measurements have a greater degree of uncertainty and subjectivity. Determining appropriate classes of investments for which disclosures about fair value measurements should be provided requires judgement. A class of investments will often require greater disaggregation than the line items presented in the statement of financial position. However, an entity shall provide information sufficient to permit reconciliation to the line items presented in the statement of financial position. If another IPSAS specifies the class for an investments, an entity may use that class in providing the disclosures required in this Standard if that class meets the requirements in this paragraph.

ED77

23E. An entity shall disclose and consistently follow its policy for determining when transfers between levels of the fair value hierarchy are deemed to have occurred in accordance with paragraph 23C(c) and (e)(iv). The policy about the timing of recognizing transfers shall be the same for transfers into the levels as for transfers out of the levels. Examples of policies for determining the timing of transfers include the following:

(a) The date of the event or change in circumstances that caused the transfer.

(b) The beginning of the reporting period.

(c) The end of the reporting period

ED77	23F If an entity makes an accounting policy decision to use the exception in paragraph (IFRS 13.48), it shall disclose that fact.	
ED77	23G For each class of investments not measured at fair value in the statement of financial position but for which the fair value is disclosed, an entity shall disclose the information required by paragraph 23C(b), (d) and (i). However, an entity is not required to provide the quantitative disclosures about significant unobservable inputs used in fair value measurements categorized within Level 3 of the fair value hierarchy, or for fair value measurements estimated using unobservable inputs, required by paragraph 23C(d). For such investments, an entity does not need to provide the other disclosures required by this Standard	
ED77	23I An entity shall present the quantitative disclosures required by this Standard in a tabular format unless another format is more appropriate	
	…	
	Effective Date	
	…	
ED79	32D. **Paragraph 12 was amended by [draft] IPSAS [X] (ED 79) issued in [Month] [Year]. An entity shall apply this amendment for annual financial statements covering periods beginning on or after [Month] [Day] [Year]. Earlier application is encouraged. If an entity applies the amendments for a period beginning before [Month] [Day] [Year] it shall disclose that fact and apply [draft] IPSAS [X] (ED 79) at the same time.**	
ED77	32E. **Paragraphs 23A–23H were amended, by [draft] IPSAS [X] (ED 77), *Measurement* issued in Month YYYY. An entity shall apply these amendments for annual financial statements covering periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies the amendment for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X] (ED 77) at the same time.**	
	…	
	Amendments to IPSAS 35, *Consolidated Financial Statements*	

ED79	**Comparison with IFRS 10** IPSAS 35, *Consolidated Financial Statements* is drawn primarily from IFRS 10, *Consolidated Financial Statements* (issued in 2011, including amendments up to December 31, 2014). At the time of initially issuing this Standard, the IPSASB ~~has~~ had not considered the applicability to public sector entities of certain IFRSs referred to in IFRS 10. These standards included: • IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*; and • IFRS 9, *Financial Instruments*. The IPSASB has subsequently issued [draft] IPSAS [X] (ED 59), *Non-current Assets Held for Sale and Discontinued Operations* in [MTH], [YEAR]. ...	
	…	
	Amendments to IPSAS 36, *Investments in Associates and Joint Ventures*	
ED78/ED79	Paragraphs 21 and 33 are amended. Paragraphs 25A and 25B, the related heading and paragraph 51K, and 51L is added. New text is underlined, and deleted text is struck through.	

ED79

IPSAS 36—INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

CONTENTS

...

Equity Method

…

ED79

21. ~~An investment in an associate or a joint venture accounted for using the equity method shall be classified as a non-current asset.~~Unless an investment, or a portion of an investment, in an associate or a joint venture is classified as held for sale in accordance with [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations*, the investment, or any retained interest in the investment not classified as held for sale, shall be classified as a non-current asset.

…

Application of the ~~equity method~~ Equity Method

…

Classification as ~~held~~ Held for ~~sale~~ Sale

ED79

25A. An entity shall apply [draft] IPSAS [X] (ED 79) to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale shall be accounted for using the equity method until disposal of the portion that is classified as held for sale takes place. After the disposal takes place, an entity shall account for any retained interest in the associate or joint venture in

	<u>accordance with IPSAS 41 unless the retained interest continues to be an associate or a joint venture, in which case the entity uses the equity method.</u>	
ED79	<u>25B. When an investment, or a portion of an investment, in an associate or a joint venture previously classified as held for sale no longer meets the criteria to be so classified, it shall be accounted for using the equity method retrospectively as from the date of its classification as held for sale. Financial statements for the periods since classification as held for sale shall be amended accordingly.</u>	
	…	
	Equity Method Procedures	
	…	
ED78	33. The gain or loss resulting from the contribution of non-monetary assets that do not constitute an operation, as defined in IPSAS 40, to an associate or a joint venture in exchange for an equity interest in that associate or joint venture shall be accounted for in accordance with paragraph 31, except when the contribution lacks commercial substance, as that term is described in ~~IPSAS 17~~<u>[draft] IPSAS [X] (ED 78)</u>, *Property, Plant,* *and Equipment.* If such a contribution lacks commercial substance, the gain or loss is regarded as unrealized and is not recognized unless paragraph 34 also applies. Such unrealized gains and losses shall be eliminated against the investment accounted for using the equity method and shall not be presented as deferred gains or losses in the entity's consolidated statement of financial position or in the entity's statement of financial position in which investments are accounted for using the equity method.	
	…	
	Effective Date	
	…	
ED79	<u>51K. **Paragraph 21 was amended and paragraphs 25A and 25B and the related heading were added by [draft] IPSAS [X] (ED 79) issued in [Month] [Year]. An entity shall apply these amendments for annual financial statements covering periods beginning on or after [Month] [Day] [Year]. Earlier application is encouraged. If an entity applies the amendments for a period beginning before [Month] [Day] [Year] it shall disclose that fact and apply [draft] IPSAS [X] (ED 79) at the same time.**</u>	
ED78	<u>**51L. Paragraph 33 was amended by [draft] IPSAS [X] (ED 78) issued in Month YYYY. An entity shall apply this amendment**</u>	

	<u>for annual financial statements covering periods beginning on or at after MM DD, YYYY. Earlier application is encouraged. If an entity applies this amendment for a period beginning before MM DD, YYYY it shall disclose that fact and apply [draft] IPSAS [X] (ED 78) at the same time.</u>	
	Amendments to IPSAS 38, *Disclosure of Interests in Other Entities*	
ED77/ED79	Paragraphs AG12 and AG16 are amended. Paragraphs 3A, 57A–57F, 61D, 61E, and A16A are added. New text is underlined and deleted text is struck through.	
	…	
	Scope	
	…	
ED79	3. **This Standard shall be applied by an entity that has an interest in any of the following:** (a) **Controlled entities;** (b) **Joint arrangements (i.e., joint operations or joint ventures);** © **Associates; or** (d) **Structured entities that are not consolidated.**	
ED79	<u>3A Except as described in paragraph AG16A, the requirements in this Standard apply to an entity's interests listed in paragraph 3 that are classified (or included in a disposal group that is classified) as held for sale or discontinued operations in accordance with [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations*.</u>	
	…	
	Disclosure	
	…	
	Current Value Measurement	
ED77	57A. **<u>An entity shall disclose information that helps users of its financial statements assess both of the following:</u>** (a) **<u>For interests in other entities that are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition, the measurement techniques and inputs used to develop those measurements.</u>**	

	(b) **For recurring fair value measurements using significant unobservable inputs (Level 3), the effect of the measurements on surplus or deficit or net assets/equity for the period.**	
ED77	57B. To meet the objectives in paragraph 57A, an entity shall consider all the following: (a) The level of detail necessary to satisfy the disclosure requirements; (b) How much emphasis to place on each of the various requirements; (c) How much aggregation or disaggregation to undertake; and (d) Whether users of financial statements need additional information to evaluate the quantitative information disclosed. If the disclosures provided in accordance with this IPSAS and other IPSAS are insufficient to meet the objectives in paragraph 57A, an entity shall disclose additional information necessary to meet those objectives.	
ED77	57C. To meet the objectives in paragraph 57A, an entity shall disclose, at a minimum, the following information for each class of interests in other entities (see paragraph 57D for information on determining appropriate classes of interests in other entities) measured at fair value (including measurements based on fair value within the scope of [draft] IPSAS [X] (ED 77), *Measurement*) in the statement of financial position after initial recognition: (a) For recurring and non-recurring fair value measurements, the fair value measurement at the end of the reporting period, and for non-recurring fair value measurements, the reasons for the measurement. Recurring fair value measurements of interests in other entities are those that this Standard requires or permits in the statement of financial position at the end of each reporting period. Non-recurring fair value measurements of interests in other entities are those that this Standard requires or permits in the statement of financial position in particular circumstances. (b) For recurring and non-recurring fair value measurements, the level of the fair value hierarchy within which the fair value measurements are categorized in their entirety (Level 1, 2 or 3). (c) For recurring and non-recurring fair value measurements estimated using unobservable inputs, a description of the	

measurement technique(s) and the inputs used in the fair value measurement. If there has been a change in measurement technique (e.g. changing from a market approach to an income approach or the use of an additional measurement technique), the entity shall disclose that change and the reason(s) for making it. For fair value measurements categorized within Level 3 of the fair value hierarchy, or for fair value measurements estimated using unobservable inputs, an entity shall provide quantitative information about the significant unobservable inputs used in the fair value measurement. An entity is not required to create quantitative information to comply with this disclosure requirement if quantitative unobservable inputs are not developed by the entity when measuring fair value (e.g. when an entity uses prices from prior transactions or third-party pricing information without adjustment). However, when providing this disclosure an entity cannot ignore quantitative unobservable inputs that are significant to the fair value measurement and are reasonably available to the entity.

(d) For recurring fair value measurements categorized within Level 3 of the fair value hierarchy a reconciliation from the opening balances to the closing balances, disclosing separately changes during the period attributable to the following:

(i) Total gains or losses for the period recognized in surplus or deficit, and the line item(s) in surplus or deficit in which those gains or losses are recognized.

(ii) Total gains or losses for the period recognized in net assets/equity, and the line item(s) in net assets/equity in which those gains or losses are recognized.

(iii) Purchases, sales, issues and settlements (each of those types of changes disclosed separately).

(e) For recurring fair value measurements categorized within Level 3 of the fair value hierarchy, the amount of the total gains or losses for the period in ©(i) included in surplus or deficit that is attributable to the change in unrealized gains or losses relating to those interests in other entities held at the end of the reporting period, and the line item(s) in surplus or deficit in which those unrealized gains or losses are recognized.

(f) For recurring and non-recurring fair value measurements categorized within Level 3 of the fair value hierarchy, a description of the valuation processes used by the entity (including, for example, how an entity decides its valuation policies and procedures and analyses changes in fair value measurements from period to period).

(g) For recurring fair value measurements categorized within Level 3 of the fair value hierarchy:

(i) For all such measurements, a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower fair value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the fair value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the fair value measurement. To comply with that disclosure requirement, the narrative description of the sensitivity to changes in unobservable inputs shall include, at a minimum, the unobservable inputs disclosed when complying with ©.

ED77

57D. An entity shall determine appropriate classes of interests in other entities on the basis of the following:

(a) The nature, characteristics and risks of the interests in other entities; and

(b) The level of the fair value hierarchy within which the fair value measurement is categorized

The number of classes may need to be greater for fair value measurements categorized within Level 3 of the fair value hierarchy, or for fair value measurements estimated using unobservable inputs, because those measurements have a greater degree of uncertainty and subjectivity. Determining appropriate classes of interests in other entities for which disclosures about fair value measurements should be provided requires judgement. A class of interests in other entities will often require greater disaggregation than the line items presented in the statement of financial position. However, an entity shall provide information sufficient to permit reconciliation to the line items presented in the statement of financial position. If another IPSAS specifies the class for an interests in other entities, an entity may use that class in providing the disclosures required in this Standard if that class meets the requirements in this paragraph.

ED77

57E For each class of interests in other entities not measured at fair value in the statement of financial position but for which the fair value is disclosed, an entity shall disclose the information required by paragraph 57C(b), (c) and (g). However, an entity is not required to provide the quantitative disclosures about significant unobservable inputs used in fair value measurements categorized within Level 3 of the fair value hierarchy, or for fair value measurements estimated using unobservable inputs, required by paragraph 57C(c). For such interests in other entities, an entity does not need to provide the other disclosures required by this Standard.

ED77

57F An entity shall present the quantitative disclosures required by this Standard in a tabular format unless another format is more appropriate.

…

Effective Date

…

ED79

61D. **Paragraphs AG12 and AG16 were amended and paragraphs 3A and AG16A were added by [draft] IPSAS [X] (ED 79) issued in [Month] [Year]. An entity shall apply these amendments for annual financial statements covering periods beginning on or after [Month] [Day] [Year]. Earlier application is encouraged. If an entity applies the amendments for a period beginning before [Month] [Day] [Year] it shall disclose that fact and apply [draft] IPSAS [X] (ED 79) at the same time.**

ED77

61E. **Paragraphs 57A–57F were added by [draft] IPSAS [X] (ED 77), *Measurement*, issued in Month YYYY. An entity shall apply these amendments for annual financial statements covering periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies the amendment for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X] (ED 77) at the same time.**

…

Application Guidance

…

ED79

AG12. For each joint venture and associate that is material to the reporting entity, an entity shall disclose:

(a) Dividends or similar distributions received from the joint venture or associate; and

(b) Summarized financial information for the joint venture or associate (see paragraphs AG14 and AG15) including, but not necessarily limited to:

(i) Current assets;

…

(vii) ~~Pre-tax gain or loss recognized on the disposal of assets or settlement of liabilities attributable to discontinuing operations~~ Post-tax surplus or deficit from discontinued operations; and

(viii) …

…

ED79

AG16. An entity shall disclose, in aggregate, the carrying amount of its interests in all individually immaterial joint ventures or associates that are accounted for using the equity method. An entity shall also disclose separately the aggregate amount of its share of those joint ventures' or associates':

(a) Revenue.

…

(c) ~~Pre-tax gain or loss recognized on the disposal of assets or settlement of liabilities attributable to discontinuing operations~~ Post-tax surplus or deficit from discontinued operations.

(d) …

ED79

AG16A. When an entity's interest in a controlled entity, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) is classified (or included in a disposal group that is classified) as held for sale in accordance with [draft] IPSAS [X] (ED 79), *Non-current Assets Classified as Held for Sale and Discontinued Operations*, the entity is not required to disclose summarized financial information for that controlled entity, joint venture or associate in accordance with paragraphs AG10-AG16.

…

Amendments to IPSAS 39, *Employee Benefits*

ED77/ED78

Paragraphs 8, 11, 53, 123 and 144 are amended and paragraphs 176B and 176C are added. New text is underlined and deleted text is struck through.

…

Definitions

8. **The following terms are used in this Standard with the meanings specified**

…

	Definitions Relating to the Net Defined Benefit Liability (Asset)	
	…	
ED77	**The <u>deficit or surplus</u> is:** (a) **The present value of the defined benefit obligation less** (b) **The fair value <u>(as defined in [draft] IPSAS [X] (ED 77), *Measurement*,</u> of plan assets (if any).** … **Terms defined in other IPSAS are used in this [draft] Standard with the same meaning as in those Standards, and are reproduced in the *Glossary of Defined Terms* published separately.**	
	…	
	Short-Term Employee Benefits	
	…	
	Recognition and Measurement	
	All Short-Term Employee Benefits	
ED78	11. When an employee has rendered service to an entity during an accounting period, the entity shall recognize the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service: (a) As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, an entity shall recognize that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund. (b) As an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset (see, for example, IPSAS 12, *Inventories*, and ~~IPSAS 17~~<u>[draft] IPSAS [X] (ED 78)</u>, *Property, Plant, and Equipment*).	
	…	
	Post-Employment Benefits—Defined Contribution Plans	
	…	
	Recognition and Measurement	

ED78

53. When an employee has rendered service to an entity during a period, the entity shall recognize the contribution payable to a defined contribution plan in exchange for that service:

(a) As a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, an entity shall recognize that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

(b) As an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset (see, for example, IPSAS 12 and ~~IPSAS 17~~[draft] IPSAS [X] (ED 78)).

…

Components of Defined Benefit Cost

…

ED78

123. Other IPSASs require the inclusion of some employee benefit costs within the cost of assets, such as inventories and property, plant, and equipment (see IPSAS 12 and ~~IPSAS 17~~[draft] IPSAS [X] (ED 78)). Any post-employment benefit costs included in the cost of such assets include the appropriate proportion of the components listed in paragraph 122.

…

Short-Term Employee Benefits

…

Post-Employment Benefits—Defined Benefit Plans

…

Disclosure

…

Explanation of Amounts in the Financial Statements

…

ED77	144. An entity shall disaggregate the fair value of the plan assets into classes that distinguish the nature and risks of those assets, subdividing each class of plan asset into those that have a quoted market price in an active market <u>(as defined in [draft] IPSAS [X] (ED 77)</u> and those that do not. For example, and considering the level of disclosure discussed in paragraph 138, an entity could distinguish between:	
	…	
	Effective Date	
	…	
ED78	<u>**176B. Paragraphs 11, 53 and 123 were amended by [draft] IPSAS [X] (ED 78) issued in Month YYYY. An entity shall apply these amendments for annual financial statements covering periods beginning on or at after MM DD, YYYY. Earlier application is encouraged. If an entity applies these amendments for a period beginning before MM DD, YYYY it shall disclose that fact and apply [draft] IPSAS [X] (ED 78) at the same time.**</u>	
ED77	176C. <u>**Paragraphs 8 and 144 were amended by [draft] IPSAS [X] (ED 77), *Measurement*, issued in Month YYYY. An entity shall apply these amendments for annual financial statements covering periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies the amendment for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X] (ED 77) at the same time.**</u>	
	Amendments to IPSAS 40, *Public Sector Combinations*	
ED77/ED79	Paragraphs 72 and 124 are amended. Paragraphs 84A, the associated heading, 126G, and 126I is added. New text is underlined, and deleted text is struck through.	
	…	
	The Acquisition Method of Accounting	
ED77	… **Recognizing and Measuring the Identifiable Assets Acquired, the Liabilities Assumed and any Non-Controlling Interest in the Acquired Operation**	

	Measurement Principle	
ED 77	72. **The acquirer shall measure the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values <u>(as defined in [draft] IPSAS [X] (ED 77),</u> <u>*Measurement*</u>). <u>Appendix A of [draft] IPSAS [X] (ED 77xx) provides guidance on measuring assets and liabilities at fair value.</u>**	In the absence of a definition of fair value in IPSAS 40, signposting is considered important. (IFRS 3 includes FV definition)
	…	
	Recognizing and Measuring the Identifiable Assets Acquired, the Liabilities Assumed and any Non-Controlling Interest in the Acquired Operation	
	…	
	Exceptions to the Recognition or Measurement Principles	
	…	
	Exceptions to the Measurement Principle	
	…	
ED79	<u>Assets Held for Sale</u>	
ED79	<u>84A. The acquirer shall measure an acquired non-current asset (or disposal group) that is classified as held for sale at the acquisition date in accordance with [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations* at fair value less costs to sell in accordance with paragraphs 22-26 of that Standard.</u>	
	…	
	Disclosures	
	…	
ED79	124. To meet the objective in paragraph 123, the acquirer shall disclose the following information for each material acquisition or in the aggregate for individually immaterial acquisitions that are material collectively: (a) If the initial accounting for an acquisition is incomplete (see paragraph 103) for particular assets, liabilities, non-controlling interests or items of consideration and the amounts recognized in the financial statements for the acquisition thus have been determined only provisionally: (i) The reasons why the initial accounting for the acquisition is incomplete; (ii) The assets, liabilities, quantifiable ownership interests (or equivalent) or items of consideration for	

which the initial accounting is incomplete; and

(iii) The nature and amount of any measurement period adjustments recognized during the reporting period in accordance with paragraph 107.

…

(d) A reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period showing separately:

(i) The gross amount and accumulated impairment losses at the beginning of the reporting period.

(ii) Additional goodwill recognized during the reporting period, except goodwill included in a disposal group that, on acquisition, meets the criteria to be classified as held for sale in accordance with [draft] IPSAS [X] (ED 79).

(iii) Adjustments resulting from the subsequent recognition of amounts during the reporting period in accordance with the relevant international or national accounting standard dealing with income taxes.

(iv) Goodwill included in a disposal group classified as held for sale in accordance with [draft] IPSAS [X] (ED 79) and ~~Goodwill~~ goodwill derecognized during the reporting period without having previously been included in a disposal group classified as held for sale.

(v) …

…

Effective Date

…

ED79

126G. **Paragraph 124 was amended and paragraph 84A and the associated heading were added by [draft] IPSAS [X] (ED 79) issued in [Month] [Year]. An entity shall apply these amendments for annual financial statements covering periods beginning on or after [Month] [Day] [Year]. Earlier application is encouraged. If an entity applies the amendments for a period beginning before [Month] [Day] [Year] it shall disclose that fact and apply [draft] IPSAS [X] (ED 79) at the same time.**

…

ED 77

126I. **Paragraph 72 was amended by [draft] IPSAS [X] (ED 77), *Measurement* issued in Month YYYY. An entity shall apply these amendments for annual financial statements covering periods beginning on or after MM DD, YYYY.**

	Earlier application is encouraged. If an entity applies the amendment for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X] (ED 77) at the same time.	
	…	
	Basis for Conclusions	
	Accounting for Amalgamations (paragraphs 15-57)	
	Measurement Period	
	…	
ED78	BC82. When this Standard was issued, t~~T~~he IPSASB had considered whether such a period was required when accounting for an amalgamation. The modified pooling of interests method does not require assets and liabilities to be restated to fair value at the amalgamation date. However, the IPSASB noted that the combining operations may have different accounting policies, which could result in some assets and liabilities being required to be restated to conform to the resulting entity's accounting policies. For example, the resulting entity may adopt an accounting policy of revaluing certain assets such as property, plant, and equipment. If one or more combining operations had previously adopted an accounting policy of measuring such assets at cost, the practical effect of determining the carrying amount of those assets under the revaluation model would be similar to that of determining their fair value. For this reason, the IPSASB agreed that it was appropriate to permit a resulting entity time to obtain the information needed to restate assets and liabilities to conform to its accounting policies. The IPSASB agreed that a period of one year was appropriate. In developing [draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment,* the IPSASB noted that these principles are still applicable. In reaching this conclusion, the IPSASB noted that the revaluation model in IPSAS 17 is labeled the current value model in [draft] IPSAS [X] (ED 78) and IPSAS 17 referred to cost and fair value, while [draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment,* refers to historical cost and current operational value.	
	…	
	Illustrative Examples	
	…	
	Adjusting the Carrying Amounts of the Identifiable Assets and Liabilities of the Combining Operations to Conform to the Resulting Entity's Accounting Policies in an Amalgamation	
	Illustrating the Consequences of Applying Paragraphs 26-27 and 36 of IPSAS 40	

	…	
ED78	IE167. On 1 October 20X5 RE is formed by an amalgamation of two government departments, COA and COB. COA has previously adopted an accounting policy of measuring property, plant, and equipment using the historical cost model in ~~IPSAS 17~~[draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment*. COB has previously adopted an accounting policy of measuring property, plant, and equipment using the ~~revaluation~~current value model in ~~IPSAS 17~~[draft] IPSAS [X] (ED 78).	
ED78	IE168. RE adopts an accounting policy of measuring property, plant, and equipment using the ~~revaluation~~current value model. RE seeks an independent valuation for the items of property, plant, and equipment previously controlled by COA.	
	…	
ED78	IE171. RE recognizes the items of property, plant, and equipment previously controlled by COB at their carrying amounts. In accordance with paragraph ~~67~~46 of ~~IPSAS 17~~[draft] IPSAS [X] (ED 78), RE will review the residual values and useful lives of the plant and equipment previously controlled by both COA and COB at least at each annual reporting date. If expectations differ from previous estimates, RE will account for these changes as changes in accounting estimates, in accordance with IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors*.	
	…	
	Recognizing and Measuring Components of Net Assets/Equity Arising as a Result of an Amalgamation	
	Illustrating the Consequences of Applying Paragraphs 37-39 of IPSAS 40	
	…	
ED78	IE180. COA has previously adopted an accounting policy of measuring property, plant, and equipment using the historical cost model. COB has previously adopted an accounting policy of measuring property, plant, and equipment using the ~~revaluation~~current value model. RE has adopted an accounting policy of measuring property, plant, and equipment using the ~~revaluation~~current value model. RE obtains an independent valuation for the items of property, plant, and equipment previously controlled by COA. As a result, it increases its carrying amount for those items of the property, plant, and equipment by CU5,750 and makes the corresponding adjustment to components of net assets/equity.	
	…	
	Measurement Period in an Amalgamation	

	Illustrating the Consequences of Applying Paragraphs 40-44 of IPSAS 40.	
ED78	IE185. Suppose that RE is formed by the amalgamation of COA and COB (two municipalities that were not under common control prior to the amalgamation) on 30 November 20X3. Prior to the amalgamation, COA had an accounting policy of using the ~~revaluation~~current value model for measuring land and buildings, whereas COB's accounting policy was to measure land and buildings using the historical cost model. RE adopts an accounting policy of measuring land and buildings using the ~~revaluation~~current value model, and seeks an independent valuation for the land and buildings previously controlled by COB. This valuation was not complete by the time RE authorized for issue its financial statements for the year ended 31 December 20X3. In its 20X3 annual financial statements, RE recognized provisional values for the land and buildings of CU150,000 and CU275,000 respectively. At the amalgamation date, the buildings had a remaining useful life of fifteen years. The land had an indefinite life. Four months after the amalgamation date, RE received the independent valuation, which estimated the amalgamation-date value of the land as CU160,000 and the amalgamation-date value of the buildings as CU365,000.	
	Disclosure Requirements Relating to Amalgamations	
	Illustrating the Consequences of Applying the Disclosure Requirements in Paragraphs 53-57 of IPSAS 40.	
	…	
ED78	IE192. The following example illustrates some of the disclosure requirements relating to amalgamations of IPSAS 40; it is not based on an actual transaction. The example assumes that RE is a newly created municipality formed by amalgamating the former municipalities COA and COB. The illustration presents the disclosures in a tabular format that refers to the specific disclosure requirements illustrated. An actual footnote might present many of the disclosures illustrated in a simple narrative format.	
ED78		

Paragraph reference				
		Original Amount (CU)	**Adjustment (CU)**	**Revised Amount (CU)**
54(e)(i)	Restatement of financial assets recorded by	822	(25)	797

	COA to eliminate transactions with COB			
54(e)(i)	Restatement of financial liabilities recorded by COB to eliminate transactions with COA	(1,093)	25	(1,068)
54(e)(ii)	Restatement of property plant, and equipment recorded by COA to measure the items using the ~~revaluation~~ current value model	12,116	17,954	30,070

…

Measurement Period in an Acquisition

Illustrating the Consequences of Applying Paragraphs 103-108 of IPSAS 40.

…

ED78

IE257. Suppose that AE acquires TE on 30 September 20X7. AE seeks an independent valuation for an item of property, plant, and equipment acquired in the combination, and the valuation was not complete by the time AE authorized for issue its financial statements for the year ended 31 December 20X7. In its 20X7 annual financial statements, AE recognized a provisional ~~fair value~~current operational value for the asset of CU30,000. At the acquisition date, the item of property, plant, and equipment had a remaining useful life of five years. Five months after the acquisition date, AE received the independent valuation, which estimated the asset's acquisition-date ~~fair value~~current operational value as CU40,000.

ED78

IE258. In its financial statements for the year ended 31 December 20X8, AE retrospectively adjusts the 20X7 prior year information as follows:

(a) The carrying amount of property, plant, and equipment as of 31 December 20X7 is increased by CU9,500. That adjustment is measured as the ~~fair value~~current operational value adjustment at the acquisition date of CU10,000 less the additional depreciation that would have been recognized if the asset's ~~fair value~~current operational value at the acquisition date had been recognized from that date (CU500 for three months'

	depreciation). (b) The carrying amount of goodwill as of 31 December 20X7 is -decreased by CU10,000. (c) Depreciation expense for 20X7 is increased by CU500.	
ED78	IE259. In accordance with paragraph 124 of IPSAS 40, AE discloses: (a) In its 20X7 financial statements, that the initial accounting for the acquisition has not been completed because the valuation of property, plant, and equipment has not yet been received. (b) In its 20X8 financial statements, the amounts and explanations of the adjustments to the provisional values recognized during the current reporting period. Therefore, AE discloses that the 20X7 comparative information is adjusted retrospectively to increase the ~~fair value~~current operational value of the item of property, plant, and equipment at the acquisition date by CU9,500, offset by a decrease to goodwill of CU10,000 and an increase in depreciation expense of CU500.	
	Disclosure Requirements Relating to Acquisitions	
	Illustrating the Consequences of Applying the Disclosure Requirements in Paragraphs 119–125 of IPSAS 40.	
ED77	IE278. The following example illustrates some of the disclosure requirements relating to acquisitions; it is not based on an actual transaction. The example assumes that AE is a public sector entity with responsibility for healthcare in its region and that TE is a listed entity. The illustration presents the disclosures in a tabular format that refers to the specific disclosure requirements illustrated. An actual footnote might present many of the disclosures illustrated in a simple narrative format. … Paragraph Reference … 124(b) …owned by TE, in excess of CU7,500 for 20X3, up to a maximum amount of CU2,500 (undiscounted). The potential undiscounted amount of all future payments that AE could be required to make under the contingent consideration arrangement is between CU0 and CU2,500. The fair value of the contingent consideration arrangement of CU1,000 was estimated by applying an income approach. The fair value measurement is based on significant inputs that are not observable in the market, which [draft] IPSAS [X] (ED xx), *Measurement*, refers to as Level 3 inputs. Key assumptions include a discount rate range of 20–25 percent and assumed probability-adjusted revenues in XE of	*IFRS 13*

CU10,000–20,000.

As of 31 December 20X2, neither the amount recognized for the contingent consideration arrangement, nor the range of outcomes or the assumptions used to develop the estimates had changed.

…

Amendments to IPSAS 41, *Financial Instruments*

Paragraphs 9, 66 AG31, AG38, AG115 and AG117 are amended.
Paragraphs AG143A–AG143AB, and 156E are added.
Paragraphs 67, 68 and AG144–AG155 are deleted. New text is underlined, and deleted text is struck through.

ED77

Definitions

9. …

Terms defined in other IPSAS are used in this Standard with the same meaning as in those Standards, and are reproduced in the *Glossary of Defined Terms* published separately. The following terms are defined in either IPSAS 28, ~~or~~ IPSAS 30, *Financial Instruments: Disclosures*, or [draft] IPSAS [X] (ED 77), *Measurement*: credit risk[2], currency risk, fair value, liquidity risk, market risk, equity instrument, financial asset, financial instrument, financial liability and puttable instrument.

Measurement

…

Fair Value Measurement Considerations

ED77

66. In determining the fair value of a financial asset or a financial liability for the purpose of applying this Standard, IPSAS 28 or IPSAS 30, an entity shall apply [draft] IPSAS [X] (ED xx77), and paragraphs AG143A–AG143AB ~~AG144–AG155~~ of Appendix A.

ED77

67. ~~The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, an entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another~~

[2] This term (as defined in IPSAS 30) is used in the requirements for presenting the effects of changes in credit risk on liabilities designated as at fair value through surplus or deficit (see paragraph 108).

	~~instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on any available observable market data.~~ [Deleted]	
ED77	68. ~~The fair value of a financial liability with a demand feature (e.g., a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.~~ [Deleted]	
	…	
	Effective Date	
ED77	156B. **Paragraphs 9, 66 AG31 AG38, AG115 and AG117 were amended, paragraphs AG143A–AG143AB were added, and paragraphs 67, 68 and AG144–AG155 were deleted by [draft] IPSAS [X] (ED 77), *Measurement* issued in Month YYYY. .**	
ED77	An entity shall apply these amendments for annual financial statements covering periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies the amendment for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X] (ED 77) at the same time.	
	Application Guidance	
	This Appendix is an integral part of IPSAS 41.	
	…	
	Subsequent Measurement	
	…	
	Transfers that Qualify for Derecognition	
	…	
ED77	AG31. When measuring the fair values of the part that continues to be recognized and the part that is derecognized for the purposes of applying paragraph 24, an entity applies the fair value measurement requirements [draft] IPSAS [X] (ED 77) in addition	

	to paragraph 25 ~~in paragraphs 66–68 and AG144–AG155~~.	
	…	
	Initial measurement	
	Initial Measurement of Financial Assets and Financial Liabilities (Paragraphs 57–59)	
ED77	AG115*.* The fair value of a financial instrument at initial recognition is normally the transaction price (i.e., the fair value of the consideration given or received, see also paragraph AG117 and [draft] IPSAS [X] (ED 77)). However, if part of the consideration given or received is for something other than the financial instrument, an entity shall measure the fair value of the financial instrument ~~is estimated, using a valuation technique (see paragraphs AG149–AG154)~~. For example, the fair value of a long-term loan or receivable that carries no interest can be measured as the present value of all future cash receipts discounted using the prevailing market rate(s) of interest for a similar instrument (similar as to currency, term, type of interest rate and other factors) with a similar credit rating. Any additional amount lent is an expense or a reduction of revenue unless it qualifies for recognition as some other type of asset.	
	…	
ED77	AG117. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price (i.e., the fair value of the consideration given or received, see also IFRS 13). If an entity determines that the fair value at initial recognition differs from the transaction price as mentioned in paragraph 58, the entity shall account for that instrument at that date as follows: (a) At the measurement required by paragraph 57 if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e., a Level 1 input) or based on a ~~valuation~~ measurement technique that uses only data from observable markets. An entity shall recognize the difference between the fair value at initial recognition and the transaction price as a gain or loss.	
	…	
	Fair Value Measurement Considerations	
	Application to Liabilities and an Entity's Own Equity Instruments	
	General Principles	
ED 77	AG143A. **A fair value measurement assumes that a financial or non-financial liability or an entity's own equity instrument (e.g equity interests issued as consideration in a** public sector **business combination) is transferred to a market**	*IFRS 13.34*

	participant at the measurement date. The transfer of a liability or an entity's own equity instrument assumes the following: **(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date.** **(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.**	
ED77	AG143B. Even when there is no observable market to provide pricing information about the transfer of a liability or an entity's own equity instrument (e.g., because contractual or other legal restrictions prevent the transfer of such items), there might be an observable market for such items if they are held by other parties as assets (e.g., a government bond or a call option on an entity's shares).	*IFRS 13.35*
ED77	AG143C. In all cases, an entity shall maximize the use of relevant observable inputs and minimize the use of unobservable inputs to meet the objective of a fair value measurement, which is to estimate the price at which an orderly transaction to transfer the liability or equity instrument would take place between market participants at the measurement date under current market conditions.	*IFRS 13.36*
	Liabilities and Equity Instruments Held by Other Parties as Assets	
ED77	AG143D. **When a quoted price for the transfer of an identical or a similar liability or entity's own equity instrument is not available and the identical item is held by another party as an asset, an entity shall measure the fair value of the liability or equity instrument from the perspective of a market participant that holds the identical item as an asset at the measurement date.**	*IFRS 13.37*
ED77	AG143E. In such cases, an entity shall measure the fair value of the liability or equity instrument as follows: (a) Using the quoted price in an *active market* for the identical item held by another party as an asset, if that price is available. (b) If that price is not available, using other observable inputs, such as the quoted price in a market that is not active for the identical item held by another party as an asset. (c) If the observable prices in (a) and (b) are not available, using another measurement technique, such as: (i) An *income approach* (e.g., a present value technique that takes into account the future cash flows that a market participant would expect to receive from holding the liability or equity instrument as an asset; see paragraphs 45 and C35). (ii) A *market approach* (e.g. using quoted prices for similar	*IFRS 13.38*

	liabilities or equity instruments held by other parties as assets; see paragraphs 42, C31 and C32 B5–B7).	
ED77	AG143F. An entity shall adjust the quoted price of a liability or an entity's own equity instrument held by another party as an asset only if there are factors specific to the asset that are not applicable to the fair value measurement of the liability or equity instrument. An entity shall ensure that the price of the asset does not reflect the effect of a restriction preventing the sale of that asset. Some factors that may indicate that the quoted price of the asset should be adjusted include the following: (a) The quoted price for the asset relates to a similar (but not identical) liability or equity instrument held by another party as an asset. For example, the liability or equity instrument may have a particular characteristic (e.g., the credit quality of the issuer) that is different from that reflected in the fair value of the similar liability or equity instrument held as an asset. (b) The unit of account for the asset is not the same as for the liability or equity instrument. For example, for liabilities, in some cases the price for an asset reflects a combined price for a package comprising both the amounts due from the issuer and a third-party credit enhancement. If the unit of account for the liability is not for the combined package, the objective is to measure the fair value of the issuer's liability, not the fair value of the combined package. Thus, in such cases, the entity would adjust the observed price for the asset to exclude the effect of the third-party credit enhancement.	*IFRS 13.39*
	Liabilities and Equity Instruments not Held by Other Parties as Assets	
ED77	AG143G. **When a quoted price for the transfer of an identical or a similar liability or entity's own equity instrument is not available and the identical item is not held by another party as an asset, an entity shall measure the fair value of the liability or equity instrument using a** measurement **valuation technique from the perspective of a market participant that owes the liability or has issued the claim on equity.**	*IFRS 13.40*
ED77	AG143H. For example, when applying a present value technique an entity might take into account either of the following: (a) The future cash outflows that a market participant would expect to incur in fulfilling the obligation, including the compensation that a market participant would require for taking on the obligation (see paragraphs AG143X–AG143Z). (b) The amount that a market participant would receive to enter into or issue an identical liability or equity instrument, using the assumptions that market participants would use when pricing the identical item (e.g., having the same credit characteristics) in the principal (or most advantageous) market for issuing a liability or an equity instrument with the same contractual terms.	*IFRS 13.41*
	Non-Performance Risk	
ED77	AG143I. **The fair value of a liability reflects the effect of *non-performance risk*. Non-performance risk includes, but may not be limited to, an entity's own credit risk (as defined in IFRS 7 *Financial Instruments: Disclosures*).**	*IFRS 13.42*

	Non-performance risk is assumed to be the same before and after the transfer of the liability.	
ED77	AG143J. When measuring the fair value of a liability, an entity shall take into account the effect of its credit risk (credit standing) and any other factors that might influence the likelihood that the obligation will or will not be fulfilled. That effect may differ depending on the liability, for example: (a) Whether the liability is an obligation to deliver cash (a financial liability) or an obligation to deliver goods or services (a non-financial liability). (b) The terms of credit enhancements related to the liability, if any.	*IFRS 13.43*
ED77	AG143K. The fair value of a liability reflects the effect of non-performance risk on the basis of its unit of account. The issuer of a liability issued with an inseparable third-party credit enhancement that is accounted for separately from the liability shall not include the effect of the credit enhancement (e.g., a third-party guarantee of debt) in the fair value measurement of the liability. If the credit enhancement is accounted for separately from the liability, the issuer would take into account its own credit standing and not that of the third-party guarantor when measuring the fair value of the liability.	*IFRS 13.44*
	Restriction Preventing the Transfer of a Liability or an Entity's Own Equity Instrument	
ED77	AG143L. When measuring the fair value of a liability or an entity's own equity instrument, an entity shall not include a separate input or an adjustment to other *inputs* relating to the existence of a restriction that prevents the transfer of the item. The effect of a restriction that prevents the transfer of a liability or an entity's own equity instrument is either implicitly or explicitly included in the other inputs to the fair value measurement.	*IFRS 13.45*
ED77	AG143M. For example, at the transaction date, both the creditor and the obligor accepted the transaction price for the liability with full knowledge that the obligation includes a restriction that prevents its transfer. As a result of the restriction being included in the transaction price, a separate input or an adjustment to an existing input is not required at the transaction date to reflect the effect of the restriction on transfer. Similarly, a separate input or an adjustment to an existing input is not required at subsequent measurement dates to reflect the effect of the restriction on transfer.	*IFRS 13.43*
	Financial Liability with a Demand Feature	
ED77	AG143N. The fair value of a financial liability with a demand feature (e.g., a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.	*IFRS 13.47*
	Application to Financial Assets and Financial Liabilities with Offsetting Positions in Market Risks or Counterparty Credit Risk	
ED77	AG143O. An entity that holds a group of financial assets and financial liabilities is exposed to market risks (as defined in IFRS 7) and to the credit risk (as defined in IFRS 7) of each of the counterparties. If the entity manages that group of financial assets and financial liabilities on the basis of its net exposure to either market risks or credit risk, the entity is permitted to apply an exception to this IFRS for measuring fair value. That	*IFRS 13.48*

	exception permits an entity to measure the fair value of a group of financial assets and financial liabilities on the basis of the price that would be received to sell a net long position (i.e., an asset) for a particular risk exposure or paid to transfer a net short position (i.e., a liability) for a particular risk exposure in an orderly transaction between market participants at the measurement date under current market conditions. Accordingly, an entity shall measure the fair value of the group of financial assets and financial liabilities consistently with how market participants would price the net risk exposure at the measurement date.	
ED77	AG143P. An entity is permitted to use the exception in paragraph AG143O only if the entity does all the following: (a) Manages the group of financial assets and financial liabilities on the basis of the entity's net exposure to a particular market risk (or risks) or to the credit risk of a particular counterparty in accordance with the entity's documented risk management or investment strategy; (b) Provides information on that basis about the group of financial assets and financial liabilities to the entity's key management personnel, as defined in IPSAS 20, *Related Party Disclosures*; and (c) Is required or has elected to measure those financial assets and financial liabilities at fair value in the statement of financial position at the end of each reporting period.	*IFRS 13.49*
ED77	AG143Q. The exception in paragraph AG143O does not pertain to financial statement presentation. In some cases the basis for the presentation of financial instruments in the statement of financial position differs from the basis for the measurement of financial instruments, for example, if an IFRS does not require or permit financial instruments to be presented on a net basis. In such cases an entity may need to allocate the portfolio-level adjustments (see paragraphs AG143T–AG143W) to the individual assets or liabilities that make up the group of financial assets and financial liabilities managed on the basis of the entity's net risk exposure. An entity shall perform such allocations on a reasonable and consistent basis using a methodology appropriate in the circumstances.	*IFRS 13.50*
ED77	AG143R. An entity shall make an accounting policy decision in accordance with IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors* to use the exception in paragraph AG143O. An entity that uses the exception shall apply that accounting policy, including its policy for allocating bid-ask adjustments (see paragraphs AG143T– AG143V) and credit adjustments (see paragraph AG143W), if applicable, consistently from period to period for a particular portfolio.	*IFRS 13.51*
	AG143S. The exception in paragraph AG143O applies only to financial assets, financial liabilities and other contracts within the scope of IPSAS 41, *Financial Instruments* (or IPSAS 29, *Financial Instruments: Recognition and Measurement*, if IPSAS 41 has not yet been adopted). The references to financial assets and financial liabilities in paragraphs AG143O–AG143R and AG143T– AG143W should be read as applying to all contracts within the scope of, and accounted for in accordance with, IPSAS 41 (or IPSAS 29, if IPSAS 41 has not yet been adopted), regardless of whether they meet the definitions of financial assets or financial liabilities in IPSAS	*IFRS 13.52*

	29, *Financial Instruments: Presentation*.	
	Exposure to Market Risks	
ED77	AG143T. When using the exception in paragraph AG143O to measure the fair value of a group of financial assets and financial liabilities managed on the basis of the entity's net exposure to a particular market risk (or risks), the entity shall apply the price within the bid-ask spread that is most representative of fair value in the circumstances to the entity's net exposure to those market risks (see paragraphs AG143AA and AG143BB).	*IFRS 13.53*
ED77	AG143U. When using the exception in paragraph AG143O, an entity shall ensure that the market risk (or risks) to which the entity is exposed within that group of financial assets and financial liabilities is substantially the same. For example, an entity would not combine the interest rate risk associated with a financial asset with the commodity price risk associated with a financial liability because doing so would not mitigate the entity's exposure to interest rate risk or commodity price risk. When using the exception in paragraph AG143O, any basis risk resulting from the market risk parameters not being identical shall be taken into account in the fair value measurement of the financial assets and financial liabilities within the group.	*IFRS 13.54*
ED77	AG143V. Similarly, the duration of the entity's exposure to a particular market risk (or risks) arising from the financial assets and financial liabilities shall be substantially the same. For example, an entity that uses a 12-month futures contract against the cash flows associated with 12 months' worth of interest rate risk exposure on a five-year financial instrument within a group made up of only those financial assets and financial liabilities measures the fair value of the exposure to 12-month interest rate risk on a net basis and the remaining interest rate risk exposure (i.e., years 2–5) on a gross basis.	*IFRS 13.55*
	Exposure to the Credit Risk of a Particular Counterparty	
ED77	AG143W. When using the exception in paragraph AG143O to measure the fair value of a group of financial assets and financial liabilities entered into with a particular counterparty, the entity shall include the effect of the entity's net exposure to the credit risk of that counterparty or the counterparty's net exposure to the credit risk of the entity in the fair value measurement when market participants would take into account any existing arrangements that mitigate credit risk exposure in the event of default (e.g., a master netting agreement with the counterparty or an agreement that requires the exchange of collateral on the basis of each party's net exposure to the credit risk of the other party). The fair value measurement shall reflect market participants' expectations about the likelihood that such an arrangement would be legally enforceable in the event of default.	*IFRS 13.56*
	Applying Present Value Techniques to Liabilities and an Entity's Own Equity Instruments not Held by Other Parties as Assets (paragraphs AG143G and AG143H)	
ED77	AG143X. When using a present value technique to measure the fair value of a liability that is not held by another party as an asset (e.g., a decommissioning liability), an entity shall, among other things, estimate the future cash outflows that market participants would expect to incur in fulfilling the obligation. Those future cash outflows shall include market participants'	*IFRS 13.B31*

	expectations about the costs of fulfilling the obligation and the compensation that a market participant would require for taking on the obligation. Such compensation includes the return that a market participant would require for the following: (a) Undertaking the activity (i.e., the value of fulfilling the obligation; e.g., by using resources that could be used for other activities); and (b) Assuming the risk associated with the obligation (i.e., a risk premium that reflects the risk that the actual cash outflows might differ from the expected cash outflows; see paragraph AG143Z).	
ED77	AG143Y. For example, a non-financial liability does not contain a contractual rate of return and there is no observable market yield for that liability. In some cases the components of the return that market participants would require will be indistinguishable from one another (e.g., when using the price a third party contractor would charge on a fixed fee basis). In other cases an entity needs to estimate those components separately (e.g., when using the price a third party contractor would charge on a cost plus basis because the contractor in that case would not bear the risk of future changes in costs).	*IFRS 13.B32*
ED77	AG143Z. An entity can include a risk premium in the fair value measurement of a liability or an entity's own equity instrument that is not held by another party as an asset in one of the following ways: (a) By adjusting the cash flows (i.e., as an increase in the amount of cash outflows); or (b) By adjusting the rate used to discount the future cash flows to their present values (i.e., as a reduction in the discount rate). An entity shall ensure that it does not double-count or omit adjustments for risk. For example, if the estimated cash flows are increased to take into account the compensation for assuming the risk associated with the obligation, the discount rate should not be adjusted to reflect that risk.	*IFRS 13.B33*
	Inputs to Measurement Techniques	
ED77	AG143AA. If an asset or a liability measured at fair value has a bid price and an ask price (e.g., an input from a dealer market), the price within the bid-ask spread that is most representative of fair value in the circumstances shall be used to measure fair value regardless of where the input is categorized within the fair value hierarchy (i.e., Level 1, 2 or 3; see paragraphs C59–C89 of [Draft] IPSAS [X] (ED 77), *Measurement*). The use of bid prices for asset positions and ask prices for liability positions is permitted, but is not required.	*IFRS 13.70*
ED77	AG143AB. [Draft] IPSAS [X] (ED 77), *Measurement*, does not preclude the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread.	*IFRS 13.71*
ED77	AG144. ~~Underlying the definition of fair value is a presumption that an entity is a going concern without any intention or need to liquidate, to curtail materially the scale of its operations or to undertake a transaction on adverse terms. Fair value is not,~~	

	~~therefore, the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distress sale. However, fair value reflects the credit quality of the instrument.~~ [Deleted]	
ED77	AG145. ~~This Standard uses the terms "bid price" and "asking price" (sometimes referred to as "current offer price") in the context of quoted market prices, and the term "the bid-ask spread" to include only transaction costs. Other adjustments to arrive at fair value (e.g., for counterparty credit risk) are not included in the term "bid-ask spread."~~ [Deleted]	
	~~Active Market: Quoted Price~~	
ED77	AG146. ~~A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Fair value is defined in terms of a price agreed by a willing buyer and a willing seller in an arm's length transaction. The objective of determining fair value for a financial instrument that is traded in an active market is to arrive at the price at which a transaction would occur at the end of the reporting period in that instrument (i.e., without modifying or repackaging the instrument) in the most advantageous active market to which the entity has immediate access. However, the entity adjusts the price in the more advantageous market to reflect any differences in counterparty credit risk between instruments traded in that market and the one being valued. The existence of published price quotations in an active market is the best evidence of fair value and when they exist they are used to measure the financial asset or financial liability.~~ [Deleted]	
ED77	AG147. ~~The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price and, for an asset to be acquired or liability held, the asking price. When an entity has assets and liabilities with offsetting market risks, it may use mid-market prices as a basis for establishing fair values for the offsetting risk positions and apply the bid or asking price to the net open position as appropriate. When current bid and asking prices are unavailable, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction. If conditions have changed since the time of the transaction (e.g., a change in the risk-free interest rate following the most recent price quote for a government bond), the fair value reflects the change in conditions by reference to current prices or rates for similar financial instruments, as appropriate. Similarly, if the~~	

	~~entity can demonstrate that the last transaction price is not fair value (e.g., because it reflected the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distress sale), that price is adjusted. The fair value of a portfolio of financial instruments is the product of the number of units of the instrument and its quoted market price. If a published price quotation in an active market does not exist for a financial instrument in its entirety, but active markets exist for its component parts, fair value is determined on the basis of the relevant market prices for the component parts.~~ [Deleted]	
ED77	AG148. ~~If a rate (rather than a price) is quoted in an active market, the entity uses that market-quoted rate as an input into a valuation technique to determine fair value. If the market-quoted rate does not include credit risk or other factors that market participants would include in valuing the instrument, the entity adjusts for those factors.~~ [Deleted]	
	~~No Active Market: Valuation Technique~~ No Active Market: Measurement Technique	
ED77	AG149. ~~If the market for a financial instrument is not active, an entity establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique.~~ [Deleted]	
ED77	AG150. ~~The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Fair value is estimated on the basis of the results of a valuation technique that makes maximum use of market inputs, and relies as little as possible on entity-specific inputs. A valuation technique would be expected to arrive at a realistic estimate of the fair value if (a) it reasonably reflects how the market could be expected to price the instrument and (b) the inputs to the valuation technique reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument.~~ [Deleted]	
ED77	AG151. ~~Therefore, a valuation technique (a) incorporates all factors that market participants would consider in setting a price and (b) is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any~~	

	~~observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on any available observable market data. An entity obtains market data consistently in the same market where the instrument was originated or purchased.~~ [Deleted]	
ED77	AG152. ~~The initial acquisition or origination of a financial asset or incurrence of a financial liability is a market transaction that provides a foundation for estimating the fair value of the financial instrument. In particular, if the financial instrument is a debt instrument (such as a loan), its fair value can be determined by reference to the market conditions that existed at its acquisition or origination date and current market conditions or interest rates currently charged by the entity or by others for similar debt instruments (i.e., similar remaining maturity, cash flow pattern, currency, credit risk, collateral and interest basis). Alternatively, provided there is no change in the credit risk of the debtor and applicable credit spreads after the origination of the debt instrument, an estimate of the current market interest rate may be derived by using a benchmark interest rate reflecting a better credit quality than the underlying debt instrument, holding the credit spread constant, and adjusting for the change in the benchmark interest rate from the origination date. If conditions have changed since the most recent market transaction, the corresponding change in the fair value of the financial instrument being valued is determined by reference to current prices or rates for similar financial instruments, adjusted as appropriate, for any differences from the instrument being valued.~~ [Deleted]	
ED77	AG153. ~~The same information may not be available at each measurement date. For example, at the date that an entity makes a loan or acquires a debt instrument that is not actively traded, the entity has a transaction price that is also a market price. However, no new transaction information may be available at the next measurement date and, although the entity can determine the general level of market interest rates, it may not know what level of credit or other risk market participants would consider in pricing the instrument on that date. An entity may not have information from recent transactions to determine the appropriate credit spread over the basic interest rate to use in determining a discount rate for a present value computation. It would be reasonable to assume, in the absence of evidence to the contrary, that no changes have taken place in the spread that existed at the date the loan was made. However, the entity would be expected to make reasonable efforts to determine whether there is evidence that there has been a change in such factors. When evidence of a change exists, the entity would consider the effects of the change in determining the fair value of the financial instrument.~~ [Deleted]	

ED77	AG154. ~~In applying discounted cash flow analysis, an entity uses one or more discount rates equal to the prevailing rates of return for financial instruments having substantially the same terms and characteristics, including the credit quality of the instrument, the remaining term over which the contractual interest rate is fixed, the remaining term to repayment of the principal and the currency in which payments are to be made.~~ [Deleted]	
	~~Inputs to Valuation Techniques~~ Inputs to Measurement Techniques	
ED77	AG155. ~~An appropriate technique for estimating the fair value of a particular financial instrument would incorporate observable market data about the market conditions and other factors that are likely to affect the instrument's fair value. The fair value of a financial instrument will be based on one or more of the following factors (and perhaps others).~~ ~~(a) The time value of money (i.e., interest at the basic or risk-free rate). Basic interest rates can usually be derived from observable government bond prices and are often quoted in financial publications. These rates typically vary with the expected dates of the projected cash flows along a yield curve of interest rates for different time horizons. For practical reasons, an entity may use a well-accepted and readily observable general market rate, such as a swap rate, as the benchmark rate. (If the rate used is not the risk-free interest rate, the credit risk adjustment appropriate to the particular financial instrument is determined on the basis of its credit risk in relation to the credit risk in this benchmark rate). In some countries, the central government's bonds may carry a significant credit risk and may not provide a stable benchmark basic interest rate for instruments denominated in that currency. Some entities in these countries may have a better credit standing and a lower borrowing rate than the central government. In such a case, basic interest rates may be more appropriately determined by reference to interest rates for the highest rated corporate bonds issued in the currency of that jurisdiction.~~ ~~(b) Credit risk. The effect on fair value of credit risk (i.e., the premium over the basic interest rate for credit risk) may be derived from observable market prices for traded instruments of different credit quality or from observable interest rates charged by lenders for loans of various credit ratings.~~ ~~(c) Foreign currency exchange prices. Active currency exchange markets exist for most major currencies, and prices are quoted daily in financial publications.~~ ~~(d) Commodity prices. There are observable market prices for~~	

	~~many commodities.~~ ~~(e) Equity prices. Prices (and indexes of prices) of traded equity instruments are readily observable in some markets. Present value based techniques may be used to estimate the current market price of equity instruments for which there are no observable prices.~~ ~~(f) Volatility (i.e., magnitude of future changes in price of the financial instrument or other item). Measures of the volatility of actively traded items can normally be reasonably estimated on the basis of historical market data or by using volatilities implied in current market prices.~~ ~~(g) Prepayment risk and surrender risk. Expected prepayment patterns for financial assets and expected surrender patterns for financial liabilities can be estimated on the basis of historical data. (The fair value of a financial liability that can be surrendered by the counterparty cannot be less than the present value of the surrender amount – see paragraph 68).~~ ~~(h) Servicing costs for a financial asset or a financial liability. Costs of servicing can be estimated using comparisons with current fees charged by other market participants. If the costs of servicing a financial asset or financial liability are significant and other market participants would face comparable costs, the issuer would consider them in determining the fair value of that financial asset or financial liability. It is likely that the fair value at inception of a contractual right to future fees equals the origination costs paid for them, unless future fees and related costs are out of line with market comparables.~~ [Deleted]	
	…	
	Basis for Conclusions	
	…	
	Revision of IPSAS 41 as a result of [draft] IPSAS [X] (ED 77), *Measurement*	
ED77	BC164. The IPSASB issued [draft] IPSAS [X] (ED 77), *Measurement*, in [Month] [Year]. That Standard provides guidance on measuring assets and liabilities at fair value, which is relevant to the measuring financial instruments. Guidance specific to applying fair value to the measurement of financial instruments was added as application guidance (see paragraphs AG143A–AG143BB).	
	…	
	Amendments to IPSAS 42, *Social Benefits*	

	Paragraphs 12 and AG17 are amended. Paragraph 35B is added. New text is underlined and deleted text is struck through.	
	…	
ED77	General Approach … **Measurement of a Liability for a Social Benefit Scheme** *Initial Measurement of the Liability* 12. **An entity shall measure the liability for a social benefit scheme at the best estimate of the costs (i.e., the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability. <u>[Draft] IPSAS [X] (ED 77), *Measurement*, provides guidance on measuring liabilities at cost of fulfillment.</u>**	
	Effective Date	
ED77	35B **<u>Paragraphs 12 and AG17 were amended by [draft] IPSAS [X] (ED 77), *Measurement* issued in Month YYYY. An entity shall apply these amendments for annual financial statements covering periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies the amendment for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X] (ED 77) at the same time.</u>**	
	…	
	Application Guidance	
	This Appendix is an integral part of IPSAS 42.	
	…	
	General Approach (see paragraphs 6–21)	
	…	
	Measurement of a Liability for a Social Benefit Scheme	
	…	
ED77	AG17. Because a liability cannot extend beyond the point at which eligibility criteria for the next payment will be next satisfied, liabilities in respect of social benefits will usually be short-term liabilities. Consequently, prior to the financial statements being authorized for issue, an entity may receive information regarding the eligibility of beneficiaries to receive the social benefit.	

	IPSAS 14, *Events After the Reporting Date*, and Appendix B of [draft] IPSAS [X] (ED 77), *Measurement*, provides ~~s~~ guidance on using this information.	
	…	
	Basis for Conclusions	
	…	
	Revision of IPSAS 42 as a result of [draft] IPSAS [X] (ED 77), *Measurement*	
ED77	BC164. The IPSASB issued [draft] IPSAS [X] (ED 77), *Measurement*, in [Month] [Year]. That Standard provides guidance on measuring liabilities at the cost of fulfillment, which is relevant to the measuring the liability for social benefits under the general approach. That guidance includes a requirement that a risk adjustment is considered in estimating the cost of fulfillment. Generally, this is not expected to affect the measurement of the liability under the general approach given the short-term nature of most social benefit liabilities.	
ED77	BC165. While the guidance on measuring liabilities at cost of fulfillment is not expected to change the measurement of liabilities for social benefits under the general approach in the majority of cases, the IPSASB agreed to amend Illustrative Examples 9 and 10 to avoid references to using information about payments made after the reporting date, which might conflict with the guidance in [draft] IPSAS [X] (ED 77). The IPSASB noted that the provisions in other IPSAS regarding materiality would allow entities to use information about payments made after the reporting date where the effect of doing so was not materially different from using estimates made at the reporting date.	
	…	
	Illustrative Examples	
	These examples accompany, but are not part of, IPSAS 42.	
	…	
	General Approach: Recognition and Measurement	
	…	
	Example 9	
	…	
ED77	IE37. In this example, it is assumed that there is no difference between the estimates Government I used in recognizing the liability and the actual amount of pensions paid ~~has complete information at the date it pays retirement pensions~~. Consequently, the difference between the amount paid in January 20X8 (CU3,024,997) and the liability recognized as at December 31, 20X7 (CU2,990,656) represents the pro-rated	Examples 9 and 10 redrafted to rely totally on estimates, not use information

	retirement pensions paid to those who reached retirement age during January 20X8 (CU34,341).	about payments made after the reporting date, to avoid a potential conflict with paragraph B49 of ED 77.
ED77	IE38. On <u>December 31, 20X8</u> ~~January 31, 20X9~~, Government I <u>recognizes a liability for</u> ~~pays~~ retirement pensions <u>payable to those who satisfied the eligibility criteria at that date. Government I estimates that, on January 31, 20X9, it will pay retirement pensions</u> totaling CU3,053,576. There are three elements to this <u>estimate as follows</u> ~~payment~~: Full pensions paid to those pensioners eligible at December 31, eligible at January 31, 20X9 Pro-rated pensions paid to those pensioners eligible at Decembe during January 20X9 Pro-rated pensions paid to those who reached retirement age du Total	
ED77	IE39. ~~As at December 31, 20X8, Government I recognizes a liability for retirement pensions payable to those who satisfied the eligibility criteria at that date. Because its 20X8 financial statements are issued after the January 20X9 retirement pensions have been paid, Government I uses the information available at that time to prepare its financial statements.~~ <u>[Deleted]</u>	
ED77	IE40. Consequently, Government I recognizes a liability of CU3,016,020. This includes the full pensions <u>that will be</u> paid to those pensioners eligible at December 31, 20X8 and <u>who are estimated to</u> remain~~ing~~ eligible at January 31, 20X9 (CU2,979,600) and the pro-rated pensions <u>that will be</u> paid to those pensioners eligible at December 31 who <u>are estimated to die</u> ~~died~~ during January 20X9 (CU36,420). The liability does not include the pro-rated pensions <u>that will be</u> paid to those who <u>are estimated to</u> reach~~ed~~ retirement age during January 20X9 because they had not satisfied the eligibility criteria as at December 31, 20X8.	
ED77	IE41. During 20X8, the total amount recognized as an expense is CU36,485,544. The breakdown of this amount is as follows: Pro-rated pensions paid to those who reached retirement age during January 20 January 20X8) Pensions paid between February 20X8 and December 20X8 and recognized in t January 1, 20X8 to December 31, 20X8 Full pensions paid to those pensioners eligible at December 31, 20X8 and <u>estim</u> at January 31, 20X9 (recognized in December 20X8) Pro-rated pensions paid to those pensioners eligible at December 31, 20X8 who during January 20X9 (recognized in December 20X8) Total	
	Example 10	
	…	
ED77	IE46. In this example, it is assumed that <u>there is no difference between the estimates</u> State Government J <u>used in recognizing the liability and the actual amount of</u> ~~has complete information~~	

	~~at the date it pays~~ unemployment benefits paid. Consequently, the difference between the amount paid on July 15, 20X1 (CU129,745) and the liability recognized as at June 30 20X1 (CU125,067) represents the pro-rated unemployment benefit paid to those who became eligible for unemployment benefits between July 1, 20X1 and July 15, 20X1 (CU4,678).	
ED77	IE47. On ~~July 15, 20X2~~ June 30, 20X2, State Government J ~~pays~~ recognizes a liability for unemployment benefits payable to those who satisfied the eligibility criteria at that date. State Government J estimates that, on July 15, 20X2, it will pay unemployment benefits totaling CU132,952. There are four elements to this ~~payment~~ estimate as follows: Unemployment benefits to be paid to unemployed persons eligible at June 15, 20X2 and e remain~~ing~~ eligible at July 15, 20X2 Pro-rated unemployment benefits to be paid to those unemployed persons eligible at June eligibility ~~had~~ was estimated to come to an end by July 15, 20X2 Pro-rated unemployment benefits to be paid to those unemployed persons who became el June 15, 20X2 and June 30, 20X2 Pro-rated unemployment benefits to be paid to those unemployed persons who were estim ~~became~~ eligible between July 1, 20X2 and July 15, 20X2 Total	
ED77	IE48. ~~As at June 30, 20X2, State Government J recognizes a liability for unemployment benefits payable to those who satisfied the eligibility criteria at that date. Because its July 20X1–June 20X2 financial statements are issued after the July 20X2 unemployment benefits have been paid, State Government J uses the information available at that time to prepare its financial statements.~~ [Deleted]	
ED77	IE49. Consequently, State Government J recognizes a liability of CU128,140. This includes: (a) The unemployment benefits that will be paid to those unemployed persons eligible at June 15, 20X2 and who are estimated to remain~~ing~~ eligible at July 15, 20X2 (CU113,120); (b) The pro-rated unemployment benefits that will be paid to those unemployed persons eligible at June 15, 20X2 whose eligibility is estimated to ~~had~~ come to an end by July 15, 20X2 (CU9,975); and (c) The pro-rated unemployment benefits that will be paid to those unemployed persons who became eligible between June 15, 20X2 and June 30, 20X2 (CU5,045).	
ED77	IE50. The liability does not include the pro-rated unemployment benefits that will be paid to those who are estimated to become ~~became~~ eligible between July 1, 20X2 and July 15, 20X2 because they had not satisfied the eligibility criteria as at June 30, 20X2.	
ED77	IE51. During the financial year July 1, 20X1–June 30, 20X2, the total amount recognized as an expense is CU1,714,949. The breakdown of this amount is as follows: Pro-rated unemployment benefits paid in July 20X1 to those who became eligibl 20X1 and July 15, 20X1 (recognized in July 20X1) Unemployment benefits paid in between August 20X1 and June 20X2 and recog financial year July 1, 20X1–June 30, 20X2 Unemployment benefits estimated to be paid in July 20X2 to unemployed persor June 15, 20X2, both those estimated to remain~~ing~~ eligible and those whose eligi estimated to come to an end by July 15, 20X2; and those unemployed persons v between June 15, 20X2 and June 30, 20X2 (recognized in June 20X2)	

	Amendments to ED 70, *Revenue with Performance Obligations*	
	Paragraphs 3, 94 and 102 are amended. Paragraph 131B is added. New text is underlined, and deleted text is struck through.	
	…	
	Scope	
ED78	3. An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this [draft] Standard in accounting for revenue arising from binding arrangements with a purchaser that include performance obligations as defined in this [draft] Standard to transfer promised goods or services to the purchaser or third-party beneficiary. This [draft] Standard does not apply to: (a) Revenue arising from other arrangements (whether binding arrangements or not) that do not include performance obligations to transfer goods or services to the purchaser or third-party beneficiary (the entity shall apply the requirements of [draft] IPSAS [X] (ED 71), *Revenue without Performance Obligations* in accounting for such binding arrangements); (b) Lease contracts within the scope of IPSAS 13, *Leases*; (c) Insurance contracts within the scope of the relevant international or national accounting standard dealing with insurance contracts; (d) Financial instruments and other contractual rights or obligations within the scope of, IPSAS 41, *Financial Instruments*; (e) Rights or obligations arising from binding arrangements within the scope of, IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets*, IPSAS 32, *Service Concession Arrangements*: *Grantor*, IPSAS 34, *Separate Financial Statements*, IPSAS 35, *Consolidated Financial Statements*, IPSAS 36*, Investments in Associates and Joint Ventures,* IPSAS 37, *Joint Arrangements*, IPSAS 39, *Employee Benefits* and IPSAS 40, *Public Sector Combinations*; (f) Non-monetary exchanges between entities in the same line of business to facilitate sales to purchasers or potential purchasers. For example, this [draft] Standard would not apply to a binding arrangement between two public sector entities that agree to an exchange of electricity to fulfill demand from their purchasers in different specified locations on a timely basis; (g) Gains from the sale of non-financial assets that are not an output of an entity's activities and within the scope of	

IPSAS 16, *Investment Property*, ~~IPSAS 17~~[draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment* or IPSAS 31, *Intangible Assets;*

(h) Changes in the value of other current assets;

(i) Initial recognition or changes in the fair value of biological assets related to agricultural activity (see IPSAS 27, *Agriculture*); and

(j) The extraction of mineral resources.

…

Costs to Fulfill a Binding Arrangement

ED78

94. **If the costs incurred in fulfilling a binding arrangement with a purchaser are not within the scope of another Standard (for example, IPSAS 12, *Inventories*, ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) or IPSAS 31, *Intangible Assets*), an entity shall recognize an asset from the costs incurred to fulfill a binding arrangement only if those costs meet all of the following criteria:**

…

Amortization and Impairment

…

ED78

102. Before an entity recognizes an impairment loss for an asset recognized in accordance with paragraph 90 or 94, the entity shall recognize any impairment loss for assets related to the binding arrangement that are recognized in accordance with another Standard (for example, IPSAS 12, ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) and IPSAS 31). After applying the impairment test in paragraph X an entity shall include the resulting carrying amount of the asset recognized in accordance with paragraph X or X in the carrying amount of the cash-generating unit to which it belongs for the purpose of applying IPSAS 26, *Impairment of Cash-Generating Assets* to that cash-generating unit.

…

Effective Date

…

ED78

131B. Paragraphs 3, 94 and 102 were amended by [draft] IPSAS [X] (ED 78) issued in Month YYYY. An entity shall apply these amendments for annual financial statements covering periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies these amendments for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X] (ED 78) at the same time.

…

Illustrative Examples

…

Binding Arrangement Costs

…

	Example 39—Costs that Give Rise to an Asset	
	Costs to Fulfill a Binding Arrangement	
	…	
ED78	IE218 . The initial setup costs relate primarily to activities to fulfill the binding arrangement but do not transfer goods or services to the local government. The Agency accounts for the initial setup costs as follows: (a) Hardware costs—accounted for in accordance with ~~IPSAS 17~~[draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment*. (b) Software costs—accounted for in accordance with IPSAS 31, *Intangible Assets*. (c) Costs of the design, migration and testing of the data center—assessed in accordance with paragraph X of [draft] IPSAS [X] (ED 70) to determine whether an asset can be recognized for the costs to fulfill the binding arrangement. Any resulting asset would be amortized on a systematic basis over the seven-year period (i.e., the five-year term of the binding arrangement and two anticipated one-year renewal periods) that the Agency expects to provide services related to the data center.	
	…	
	Amendments to ED 71, *Revenue without Performance Obligations*	
	Paragraphs 3 and 13 are amended. Paragraph 155B is added. New text is underlined, and deleted text is struck through.	
	…	
	Scope	
	…	
ED78	**3. A transfer recipient that prepares and presents financial statements under the accrual basis of accounting shall apply this [draft] Standard in accounting for revenue from transactions without performance obligations. This [draft] Standard does not apply to:** (a) Revenue from transactions with performance obligations (see [draft] IPSAS [X] (ED 70); (b) Contributions to social benefit schemes that are accounted for in accordance with paragraphs 26-31 of IPSAS 42, Social Benefits (the insurance approach); (c) A public sector combination that is a non-exchange transaction; (d) The accounting for contributions from owners; (e) Lease contracts within the scope of IPSAS 13, Leases; (f) Insurance contracts within the scope of the relevant international or national accounting standard dealing with insurance contracts; (g) Financial instruments and other contractual rights or obligations within the scope of, IPSAS 41, Financial Instruments; (h) Rights or obligations arising from binding arrangements within the scope of, IPSAS 19, Provisions, Contingent	

	Liabilities and Contingent Assets, IPSAS 32, Service Concession Arrangements: Grantor, IPSAS 34, Separate Financial Statements, IPSAS 35, Consolidated Financial Statements, IPSAS 36, Investments in Associates and Joint Ventures, IPSAS 37, Joint Arrangements, IPSAS 39, Employee Benefits and IPSAS 40, Public Sector Combinations; (i) Gains from the sale of non-financial assets that are not an output of a transfer recipient's activities and within the scope of IPSAS 16, Investment Property, ~~IPSAS 17~~[draft] IPSAS [X] (ED 78), Property, Plant, and Equipment or IPSAS 31, Intangible Assets; (j) Changes in the value of current and non-current assets arising from subsequent measurement; (k) Initial recognition or changes in the fair value of biological assets related to agricultural activity (see IPSAS 27, Agriculture); and (l) The extraction of mineral resources.	
	…	
	Revenue	
	…	
ED78	13. Where a transfer recipient incurs some cost in relation to revenue arising from a transaction without performance obligations, the revenue is the gross inflow of future economic benefits or service potential, and any outflow of resources is recognized as a cost of the transaction. For example, if a transfer recipient is required to pay delivery and installation costs in relation to the transfer of an item of plant to it from another entity (transfer provider), those costs are recognized separately from revenue arising from the transfer of the item of, plant. Delivery and installation costs are included in the amount recognized as an asset, in accordance with ~~IPSAS 17~~[draft] IPSAS [X] (ED 78).	
	…	
	Effective Date	
	…	
ED78	155B**. Paragraphs 3 and 13 were amended by [draft] IPSAS [X] (ED 78) issued in Month YYYY. An entity shall apply these amendments for annual financial statements covering periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies these amendments for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X] (ED 78) at the same time.**	
	…	
	Basis for Conclusions	
	…	
	Biological Assets and Agricultural Assets Acquired through a Non-Exchange Transaction	
	…	
ED78	BC9. When this Standard was issued, ~~I~~in analyzing approach 3, the IPSASB had considered the requirements of IPSAS 23 in relation to the measurement of other types of assets. IPSAS 23.13 stated~~s~~ that: "...If a reporting entity is required to pay delivery and installation costs in relation to the transfer of an item of plant to it from another entity, those costs are recognized	

	separately from revenue arising from the transfer of the item of plant. Delivery and installation costs are included in the amount recognized as an asset, in accordance with IPSAS 17." This implied~~s~~ that for other assets, an entity considered~~s~~ the measurement requirements of other IPSASs as well as IPSAS 23 in initially measuring assets acquired through a non-exchange transaction. In developing [draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment,* the IPSASB noted that these principles are still applicable.	
	…	
	Measurement of Assets	
ED78	BC27. When this Standard was issued ~~t~~This [draft] Standard required~~s~~ that assets acquired through transactions without performance obligations be initially measured at their transaction price as at the date of acquisition. The IPSASB was is of the view that this was~~is~~ appropriate to reflect the substance of the transaction and its consequences for the recipient. In a transaction with performance obligations, the cost of acquisition was~~is~~ a measure of the fair value of the asset acquired. However, in a transaction without performance obligations the consideration provided for the acquisition of an asset may not have been equal to the fair value of the asset acquired. Transaction price most faithfully represented~~s~~ the actual value the public sector transfer recipient accrued~~s~~ as a result of the transaction. Initial measurement of non-monetary assets acquired through transactions without performance obligations at their transaction price, which was is fair value for non-monetary assets, is was consistent with the approach taken in IPSAS 16, *Investment Property*, and IPSAS 17, *Property, Plant, and Equipment*, for assets acquired at no cost or for a nominal cost. The IPSASB has had made consequential amendments to IPSAS 12, *Inventories*, and IPSAS 16 and IPSAS 17 to fully align those IPSAS with the requirements of this [draft] Standard. In developing [draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment,* the IPSASB noted that these principles are still applicable. In reaching this conclusion, the IPSASB noted that under IPSAS 17, an item of property, plant, and equipment may be carried at a revalued amount being its fair value. [Draft] IPSAS [X] (ED 78), retains this principle while adding the ability to measure property, plant, and equipment at current operational value when the item is carried at its revalued amount.	
	…	
	Illustrative Examples	
	…	
	Example 12—Transfer to a Public Sector University – unenforceable transaction (paragraph 53.)	
ED78	IE31 The university recognizes the land as an asset in the statement of financial position of the reporting period in which it obtains control of that land. The land should be recognized at its fair value in accordance with ~~IPSAS 17~~[draft] IPSAS [X] (ED 78). The obligation is not enforceable therefore does not meet the definition of a liability or satisfy the criteria for recognition as a liability. Therefore, the university recognizes revenue in respect of the land in the statement of financial performance of the reporting period in which the land is recognized as an asset.	
	…	
	Amendments to ED 72, *Transfer Expenses*	

	No amendments to ED 72. Amendments to non-authoritative guidance that accompanies the Standard are shown. New text is underlined, and deleted text is struck through.	
	…	
	Illustrative Examples	
	Example 1 Transaction Where the Other Party Provides Goods and Services	
	…	
	Case A—Vehicle is Provided to the International Organization	
	…	
ED78	IE5. The binding arrangement does not give rise to a transfer expense, as the international organization receives the vehicle and the maintenance services in return for providing the consideration of CU30,000. Consequently, the binding arrangement is outside the scope of [draft] IPSAS [X] (ED 72). The international organization applies ~~IPSAS 17~~[draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment*, in accounting for the purchase of the vehicle.	
	…	
	Example 3 Transaction with Components Within the Scope of Other IPSAS	
	…	
ED78	IE14. The transfer of the vehicle to the not-for-profit organization is a transfer expense, as the local government transfers part of the consideration to the dealer without directly receiving any goods or services in return. The transfer of the vehicle to the local government is not a transfer expense, as the local government receives the vehicle in return for part of the consideration. The local government applies ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) in accounting for the purchase of the vehicle it receives.	
ED78	IE15. Paragraph 7(a) of [draft] IPSAS [X] (ED 72) requires an entity to first apply the separation and/or measurement requirements in other Standards if those other Standards specify how to separate and/or initially measure one or more parts of the binding arrangement. ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) does not specify how to separate and/or initially measure one or more parts of the binding arrangement. Consequently, the local government applies the requirements in [draft] IPSAS [X] (ED 72) to separate and/or initially measure the two parts of the binding arrangement, in accordance with paragraph 7(b) of [draft] IPSAS [X] (ED 72).	
	…	
	Amendments *to ED 74, IPSAS 5,* Borrowing Costs	
	No amendments to ED 74. Amendments to non-authoritative guidance that accompanies the Standard are shown. New text is underlined, and deleted text is struck through.	
	…	
	Illustrative Examples	
	…	
	Example 1 Transaction Where the Other Party Provides Goods and Services	
	…	
	Case A—Vehicle is Provided to the International Organization	

	…	
	IE5. The binding arrangement does not give rise to a transfer expense, as the international organization receives the vehicle and the maintenance services in return for providing the consideration of CU30,000. Consequently, the binding arrangement is outside the scope of [draft] IPSAS [X] (ED 72). The international organization applies ~~IPSAS 17~~[draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment*, in accounting for the purchase of the vehicle.	
	…	
	Example 3 Transaction with Components Within the Scope of Other IPSAS	
	…	
	IE14. The transfer of the vehicle to the not-for-profit organization is a transfer expense, as the local government transfers part of the consideration to the dealer without directly receiving any goods or services in return. The transfer of the vehicle to the local government is not a transfer expense, as the local government receives the vehicle in return for part of the consideration. The local government applies ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) in accounting for the purchase of the vehicle it receives.	
	IE15. Paragraph 7(a) of [draft] IPSAS [X] (ED 72) requires an entity to first apply the separation and/or measurement requirements in other Standards if those other Standards specify how to separate and/or initially measure one or more parts of the binding arrangement. ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) does not specify how to separate and/or initially measure one or more parts of the binding arrangement. Consequently, the local government applies the requirements in [draft] IPSAS [X] (ED 72) to separate and/or initially measure the two parts of the binding arrangement, in accordance with paragraph 7(b) of [draft] IPSAS [X] (ED 72).	
	…	
	Amendments to *ED 75, Leases*	
	Paragraphs 5, 32, 36, 58, 81, 91, and AG45 are amended. Paragraph 100B is added. New text is underlined, and deleted text is struck through.	
	…	
	Definitions	
ED78	5. **The following terms are used in this [draft] Standard with the meanings specified:**	
	…	
ED78	**Terms defined in other IPSASs are used in this [draft] Standard with the same meaning as in those Standards, and are reproduced in the *Glossary of Defined Terms* published separately. The defined term useful life is used in this [draft] Standard with the meaning as in ~~IPSAS 17~~[draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment*.**	
	…	
	Subsequent Measurement	
	…	
	Historical ~~C~~cost model	
	…	
ED78	32. A lessee shall apply the depreciation requirements in ~~IPSAS~~	

	~~17~~[draft] IPSAS [X] (ED 78) in depreciating the right-of-use asset, subject to the requirements in paragraph 33.	
	…	
	Other measurement models	
	…	
ED78	36. If right-of-use assets relate to a class of property, plant, and equipment to which the lessee applies the ~~revaluation~~ current value model in ~~IPSAS 17~~[draft] IPSAS [X] (ED 78), a lessee may elect to apply that ~~revaluation~~ current value model to all of the right-of-use assets that relate to that class of property, plant, and equipment.	
	…	
	Disclosure	
	…	
ED78	58. If a lessee measures right-of-use assets at revalued amounts applying ~~IPSAS 17~~[draft] IPSAS [X] (ED 78), the lessee shall disclose the information required by paragraph 92 of ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) for those right-of-use assets.	
	…	
	Operating leases	
	…	
	Recognition and measurement	
	…	
ED78	81. The depreciation policy for depreciable underlying assets subject to operating leases shall be consistent with the lessor's normal depreciation policy for similar assets. A lessor shall calculate depreciation in accordance with ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) and IPSAS 31.	
	…	
	Operating leases	
ED78	91. For items of property, plant, and equipment subject to an operating lease, a lessor shall apply the disclosure requirements of ~~IPSAS 17~~[draft] IPSAS [X] (ED 78). In applying the disclosure requirements in ~~IPSAS 17~~[draft] IPSAS [X] (ED 78), a lessor shall disaggregate each class of property, plant, and equipment into assets subject to operating leases and assets not subject to operating leases. Accordingly, a lessor shall provide the disclosures required by ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) for assets subject to an operating lease (by class of underlying asset) separately from owned assets held and used by the lessor.	
	…	
	Effective Date	
	…	
ED78	**100B. Paragraphs 5, 32, 36, 58, 81, 91, and AG45 were amended by [draft] IPSAS [X] (ED 78) issued in Month YYYY. An entity shall apply these amendments for annual financial statements covering periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies these amendments for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X] (ED 78) at the same time.**	
	…	

Application Guidance

…

Costs of the lessee relating to the construction or design of the underlying asset

…

ED78

AG45. If a lessee incurs costs relating to the construction or design of an underlying asset, the lessee shall account for those costs applying other applicable Standards, such as ~~IPSAS 17~~<u>[draft] IPSAS [X] (ED 78)</u>. Costs relating to the construction or design of an underlying asset do not include payments made by the lessee for the right to use the underlying asset. Payments for the right to use an underlying asset are payments for a lease, regardless of the timing of those payments.

…

Basis for Conclusions

…

Background

Development of ED 64, Leases

…

Lessor accounting

ED78

BC9. <u>When this Standard was issued,</u> IFRS 16 retained the ‘risks and rewards incidental to ownership’ model applied in IAS 17 (and IPSAS 13). The IPSASB had considered whether there were any public sector issues that warranted a departure from the lessor accounting requirements in IFRS 16. In developing ED 64, the IPSASB had come to the view that the ‘risks and rewards incidental to ownership’ model:

(a) ~~Is~~ <u>Was</u> not based on control and would not be consistent with the IPSASB’s Conceptual Framework.

(b) ~~Does~~ <u>Did</u> not distinguish between the right-of-use asset and the underlying asset. The IPSASB considered these to be different economic phenomena which should both be accounted for.

(c) If applied for lessor accounting, while a control-based model was applied for lessee accounting, would <u>have</u>:

 (i) Be<u>en</u> inconsistent with IPSAS 17, *Property, Plant, and Equipment* and IPSAS 32, *Service Concession Arrangements: Grantor*, which are based on control; and

 (ii) Raise<u>d</u> consolidation issues and impair<u>ed</u> understandability and the decision usefulness of information where the lessor and the lessee are part of the same economic entity. For example, if the lessor classifies the lease as a finance lease, the underlying asset ~~is~~ <u>was</u> not recognized by either party, and separate records will need to be maintained to report the underlying asset in the consolidated financial statements. In this context, the IPSASB had formed the view that a lessor

	would not be expected to derecognize a leased asset because the lessor has only transferred the right to use an underlying asset, not the underlying asset itself. In developing [draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment,* the IPSASB noted that these principles are still applicable.	
	…	
	Identifying a lease	
	…	
ED78	BC47. When this Standard was issued, ~~T~~the IPSASB had identified the following arguments in favor of adding the term “service potential”: (a) The IASB’s Conceptual Framework referred~~s~~ to assets only in terms of economic benefits, while the IPSASB’s Conceptual Framework referred~~s~~ to assets in terms of both economic benefits and service potential; (b) The IPSASB’s Conceptual Framework outlined~~s~~ that: (i) Economic benefits are related to the ability of an asset to generate net cash inflows, while service potential is related to the capacity of an asset to provide services. (ii) Service potential should be referenced when identifying the capacity of an asset to provide services. (c) In paragraph BC5.8 of the Conceptual Framework, the IPSASB had concluded that the explanation of a resource should include both the terms “service potential” and “economic benefits” because it acknowledged~~s~~ that the primary objective of most public sector entities is to deliver services, but also that public sector entities may carry out activities with the sole objective of generating net cash inflows. (d) An analogy ~~can~~ could be made with the current practice of adding the term “service potential” after “economic benefits” in the recognition requirements of several IPSAS[3] that ~~are~~ were aligned with the respective IFRS; and (e) Users and preparers may have had a perception that leased assets where the lessee uses them to provide	

[3] See IPSAS 16.20(a), IPSAS 17-14(a), and IPSAS 31. 28(a).

	services are not covered in in [draft] IPSAS [X] (ED 75).	
ED78	BC48. On the other hand, the IPSASB had also identified the following arguments in favor of not adding the term “service potential”: (a) The IPSASB had decided that in [draft] IPSAS [X] (ED 75) should be aligned with IFRS 16 (see [draft] IPSAS [X] (ED 75).BC36), including its scope, leases definition based on contractual cash-flows, criteria to identify a lease, and recognition and measurement requirements, as additional wording might have been seen to indicate a wider scope of lease transactions in the public sector, when that is not the case. (b) Identifying a transaction based on the transfer of types of rights ~~is~~ was economically different from explaining the usage of assets because: (i) The lease contract sets out the rights and obligations to the parties in the agreement where the lessor has a right to received consideration in exchange of transferring to the lessee the right to obtain rights to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. How the identified asset will be used by the lessee once the transaction is identified as a lease and where the service potential is regarded as the form of the benefits expected from the identified asset will always be decisions after the transaction is identified as a lease based on the criteria in in [draft] IPSAS [X] (ED 75).AG10. (ii) Other types of rights might be transferred in a lease, but only the two specified rights in [draft] IPSAS [X] (ED 75) are enough to identify a lease; (iii) The analogy in paragraph BC47(b) above had related to the recognition requirements of IPSAS 16, IPSAS 17 and IPSAS 31 does did not hold because they are not related to identification of contractual rights being transferred; and (c) Identifying a lease based on the types of rights being transferred ~~is~~ was related to the inclusion or not within the scope of [draft] IPSAS [X] (ED 75), and classifying a lease based on risks and rewards is related to types of leases that are already within the scope of [draft] IPSAS [X] (ED 75). In other words, once the transaction was~~is~~ included within the scope of [draft] IPSAS [X] (ED 75), the lessee ~~can~~ could choose the type of rewards it wants to obtain out of the identified asset. In developing [draft] IPSAS [X] (ED 78), *Property, Plant, and*	

Equipment, the IPSASB noted that these principles are still applicable.

…

Amendments to *ED 79, Non-current Assets Held for Sale and Discontinued Operations*

Paragraphs 16 and 32 are amended. Paragraph 54A is added. New text is underlined, and deleted text is struck through.

…

Classification of Non-current Assets (or disposal groups) as Held for Sale or as Held for Distribution to Owners

…

ED78 16. Sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance in accordance with ~~IPSAS 17~~[draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment*.

…

Recognition of Impairment Losses and Reversals

…

ED78 32. A gain or loss not previously recognized by the date of the sale of a non-current asset (or disposal group) shall be recognized at the date of derecognition. Requirements relating to derecognition are set out in:

(a) Paragraphs 82-87 of ~~IPSAS 17~~[draft] IPSAS [X] (ED 78) for property, plant, and equipment; and

(b) Paragraphs 111-116 of IPSAS 31 *Intangible Assets* for intangible assets.

…

Effective Date

…

ED78 **54A. Paragraphs 16 and 32 were amended by [draft] IPSAS [X] (ED 78) issued in Month YYYY. An entity shall apply these amendments for annual financial statements covering periods beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies these amendments for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X] (ED 78) at the same time.**

…

Basis for Conclusions

…

Scope

…

ED78 BC7. When this Standard was issued, t~~T~~he IPSASB had also discussed whether disclosures requiring the carrying amount of surplus non-current assets or non-current assets that are to be transferred to other public sector entities should have been added to IPSAS 17, *Property, Plant, and Equipment* and IPSAS 31, *Intangible Assets*. The IPSASB had decided that because these transactions were ~~are~~ beyond the scope of [draft] IPSAS [X] (ED 79) (as noted above in BC 6) and were are not consequential amendments arising from this [draft] Standard, it ~~is~~ was not appropriate to include a requirement for such

	disclosures in [draft] IPSAS [X] (ED 79). The IPSASB had also noted that IPSAS 17 encouraged~~s~~ disclosures for temporarily idle property, plant, and equipment, and property, plant, and equipment retired from active use that is not within the scope of [draft] IPSAS [X] (ED 79). In developing [draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment,* the IPSASB noted that these principles are still applicable.	
	…	