

Meeting: International Public Sector Accounting
Standards Board

Meeting Location: Virtual Meeting

Meeting Date: July 24, 2025

Agenda Item 2

For:

☐ Approval

☒ Discussion

☐ Information

NATURAL RESOURCES

| | | |
|-------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Project summary | The objective of the Natural Resources project is to research and address issues relating to the potential recognition and measurement of tangible natural resources. | |
| Project staff lead | <ul style="list-style-type: none"> Edwin Ng, Principal | |
| Drafting group members | <ul style="list-style-type: none"> Renée Pichard, IPSASB Member (Drafting Group Chair) Ian Carruthers, IPSASB Chair Andrew van der Burgh, IPSASB Member Patricia Varela, IPSASB Member | |
| Meeting objectives | Topic | Agenda Item |
| Project management | Final IPSAS Standard Dashboard | 2.1.1 |
| | Decisions up to Previous Meeting | 2.1.2 |
| | Instructions up to Previous Meeting | 2.1.3 |
| | Natural Resources: Project Roadmap | 2.1.4 |
| Decisions required at this meeting | Proposed Work Plan to Finalize [draft] IPSAS [X], <i>Tangible Natural Resources Held for Conservation</i> | 2.2.1 |
| | Depreciation | 2.2.2 |
| | Exemption from Certain Disclosures on Rare or Endangered Resources | 2.2.3 |
| | Cross-References to IPSAS 45, <i>Property, Plant, and Equipment</i> | 2.2.4 |
| | Transition | 2.2.5 |
| | Amendments to 'Heritage Assets' | 2.2.6 |
| | Consideration of Additional Implementation Guidance and Illustrative Examples | 2.2.7 |
| | Impact of the Unit of Account on Recognition and Measurement | 2.2.8 |

Prepared by: Edwin Ng (July 2025)

NATURAL RESOURCES: FINAL IPSAS STANDARD DASHBOARD

| Topic | Past Meetings | July 2025 | Sept 2025 | Oct 2025 | Dec 2025 |
|-----------------------------------------------------------------------|---------------|-----------|-----------|----------|----------|
| Overall Project Management | | | | | |
| Project planning | ✓ | | | | |
| Review of responses and identification of key themes and other issues | ✓ | | | | |
| Review of the [draft] final IPSAS | | | | | |
| Approval of the final IPSAS | | | | | |
| Tangible Natural Resources Held for Conservation – Key Issues | | | | | |
| Objective & Scope | ✓ | | | | |
| Definitions | | | | | |
| Recognition & Measurement | | | | | |
| Presentation & Disclosure | | | | | |
| Transition | | | | | |
| Application Guidance | | | | | |
| Implementation Guidance | | | | | |
| Illustrative Examples | | | | | |
| ED 92 Feedback Statement | | | | | |

| Legend | |
|--------|---------------------------|
| ✓ | Task Completed |
| | Planned IPSASB Discussion |
| | Page-by-page Review |

DECISIONS UP TO PREVIOUS MEETING

| Meeting | Decision | BC Reference |
|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|
| June 2025 | 1. The guidance on tangible natural resources should be located in a separate, standalone IPSAS Standard. | 1. To be included in draft IPSAS Standard in September 2025. |
| June 2025 | 2. The scope of the final IPSAS Standard should focus on tangible natural resources held for conservation and the title and guidance should be amended accordingly. | 2. To be included in draft IPSAS Standard in September 2025. |
| June 2025 | 3. The objective of the IPSAS Standard on tangible natural resources held for conservation should be clarified in the Basis for Conclusions with an explanation that the standard does not preclude the IPSASB from developing non-financial reporting guidance on natural resources in the future. | 3. To be included in draft IPSAS Standard in September 2025. |
| September 2024 | 1. All decisions made up to September 2024 were reflected in [draft] IPSAS [X] (ED 92), <i>Tangible Natural Resources</i> . | 1. N/A. |

INSTRUCTIONS UP TO PREVIOUS MEETING

| Meeting | Instruction | Actioned |
|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| June 2025 | 1. Revise the definition for tangible natural resources held for conservation and related Application Guidance based on the comments from IPSASB members and explain the development of the definition and Application Guidance in the Basis for Conclusions. Present the revised definition and related guidance to the IPSASB at the July 2025 check-in meeting. | 1. To be presented in September 2025. |
| June 2025 | 2. Clarify the impact of the unit of account on the recognition and measurement of tangible natural resources. | 2. See Agenda Item 2.2.8 . |
| June 2025 | 3. Explain the challenge with the recognition of unextracted subsoil resources within the Conceptual Framework in the Feedback Statement. | 3. To be presented in October 2025. |
| June 2025 | 4. Clarify the disclosure guidance for stewardship arrangements in the context of accountability and explain the need to analyze arrangements in the educational materials accompanying the final IPSAS Standard. | 4. To be presented in September 2025. |
| June 2025 | 5. Develop Application Guidance explaining how conservation can result in service potential as contemplated in the Conceptual Framework. | 5. To be presented in September 2025. |
| April 2025 | 1. Include in the Basis for Conclusions an explanation of how the electromagnetic spectrum has no physical substance and is therefore not considered a tangible natural resource. | 1. This will be addressed upon revising the basis for conclusions. Staff expect to present the revised BCs at the September 2025 meeting. |
| April 2025 | 2. Prepare a feedback statement for publication with the final pronouncement on how the IPSASB has addressed the feedback received. | 2. The feedback statement will be drafted once the decisions on how to address the feedback on ED 92 have been made. |

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|------------|---------------------------------------------------------------------|-------------------------------------|
| April 2025 | 3. Defer the discussion of the remaining issues to future meetings. | 3. See Agenda Items 2.2.2 to 2.2.7. |
|------------|---------------------------------------------------------------------|-------------------------------------|

**NATURAL RESOURCES:
PROJECT ROADMAP**

| Meeting | Completed Actions or Discussions / Planned Actions or Discussions: |
|----------------|--------------------------------------------------------------------|
| April 2025 | 1. Preliminary analysis of responses |
| June 2025 | 1. Review responses 2. Discuss issues |
| July 2025 | 1. Review responses 2. Discuss issues |
| September 2025 | 1. Develop and review IPSAS Standard |
| October 2025 | 1. Review IPSAS Standard 2. Review ED 92 Feedback Statement |
| December 2025 | 1. Approve IPSAS Standard |

**Proposed Work Plan to Address the Feedback on [Draft] IPSAS [X] (ED 92),
*Tangible Natural Resources***

Purpose

1. To provide the IPSASB with a timeline of the process used by staff to address the feedback on [draft] IPSAS [X] (ED 92), *Tangible Natural Resources*.

Background

2. In June 2025, staff presented a preliminary work plan to address the issues raised by respondents to ED 92. Based on the [Decisions](#) and [Instructions](#) from the June 2025 meeting, staff updated the work plan as follows:

Next Steps

| Meeting | Proposed Action at the Current and Upcoming IPSASB Meetings |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| July 2025 Check-In | <ul style="list-style-type: none">• Discuss the following issues:<ul style="list-style-type: none">a) Depreciation;b) Disclosure exemption for rare or endangered resources;c) Cross-references to IPSAS 45, <i>Property, Plant, and Equipment</i>;d) Transition;e) Amendments to 'heritage assets' in IPSAS 45;f) Consideration of additional implementation guidance and illustrative examples; andg) Explanation of how the unit of account impacts the recognition and measurement of tangible natural resources held for conservation. |
| September 2025 Meeting | <ul style="list-style-type: none">• Discuss the revisions to the definition of 'tangible natural resource held for conservation'.• Review the first draft IPSAS Standard, including the revised basis for conclusions, based on the decisions from June 2025 and July 2025, as well as staff proposals at the September 2025 meeting. |
| October 2025 Check-In | <ul style="list-style-type: none">• Second review of the draft IPSAS Standard.• Review feedback statement by exception. |
| December 2025 Meeting | <ul style="list-style-type: none">• Approve the final IPSAS Standard. |

Decision Required

3. No decisions required. For information purposes only.

Depreciation

Question

1. Does the IPSASB agree to retain the rebuttable presumption that the tangible natural resources within the scope of [draft] IPSAS [X] (ED 92), *Tangible Natural Resources*, generally have indefinite useful lives?

Recommendations

2. Staff recommend:
 - (a) Retaining the rebuttable presumption to not depreciate tangible natural resources held for conservation;
 - (b) Adding Application Guidance to explain when the presumption can be rebutted; and
 - (c) Adding Application Guidance to explain how the rebuttable presumption interacts with impairment requirements in IPSAS 21, *Impairment of Non-Cash-Generating Assets*.

Background

3. ED 92 included a rebuttable presumption that the tangible natural resources within scope generally have indefinite useful lives on the basis that they are not used or consumed and are therefore not depreciated. The Application Guidance in ED 92 explained that an entity will need to consider all relevant factors to determine if a tangible natural resource should be depreciated, and in cases where the presumption is rebutted, significant components of the resource with similar useful lives may be grouped in determining the depreciation charge.
4. Specific Matter for Comment 3 in ED 92 asked respondents if they agree with the proposed rebuttable presumption. Respondents generally agreed or partially agreed with the presumption, with some requesting additional guidance on factors to consider when determining whether the presumption can be rebutted. Other respondents also requested clarification of how the rebuttable presumption interacts with impairment requirements in IPSAS Standards.
5. Some respondents disagreed with the rebuttable presumption and noted that ED 92 should be consistent with IPSAS 31, *Intangible Assets*, and IPSAS 45, *Property, Plant, and Equipment*, which both require an assessment of whether the asset has a finite or indefinite useful life.

Analysis

6. In addition to the general support from respondents for the rebuttable presumption, staff noted that with the decision from June 2025 to clarify that the final IPSAS Standard should focus on tangible natural resources held for conservation¹, there is now stronger support to differentiate these assets from those within the scope of IPSAS 31 and IPSAS 45. Tangible natural resources which are held for conservation would intuitively not have a finite useful life because their service capacity is being

¹ Staff plan to present revised definitions in September 2025 which will explain that conservation is the management of a resource to prevent its degradation. Degradation will be explained in the Application Guidance to include depletion from use or consumption of the asset.

conserved for future periods. Therefore, it would be appropriate to include a rebuttable presumption for these assets to not be depreciated.

7. To address the requests for additional guidance on when the presumption can be rebutted and how the presumption interacts with impairment requirements, staff noted that both topics are addressed in the Application Guidance on finite and indefinite useful lives (paragraphs AG28-AG32) of IPSAS 45. To be consistent across IPSAS Standards, staff propose adding Application Guidance to:
 - (a) Explain what factors to consider when determining if a tangible natural resource held for conservation should be depreciated (factors will be consistent with those in IPSAS 45 and specify that each unit of account should be considered separately); and
 - (b) Explain that even if a tangible natural resource held for conservation has an indefinite useful life, there could be events which could lead to its derecognition or impairment. Unlike IPSAS 45, the final IPSAS Standard will specify that only the impairment requirements in IPSAS 21, *Impairment of Non-Cash-Generating Assets*, are applicable to tangible natural resources held for conservation.

Decision Required

8. Does the IPSASB agree with the staff [recommendations](#)?

Exemption from Certain Disclosures on Rare or Endangered Resources

Question

1. Does the IPSASB agree to retain the proposed exemption from certain disclosures for rare or endangered resources in [draft] IPSAS [X] (ED 92), *Tangible Natural Resources*?

Recommendations

2. Staff recommend:
 - (a) Retaining the exemption from certain disclosures for rare or endangered resources;
 - (b) Describing the terms 'rare' and 'endangered' and provide more guidance on when the exemption is applicable in the Application Guidance; and
 - (c) Adding Application Guidance to specify which disclosures are exempted.

Background

3. In March 2024, the IPSASB agreed that in some situations, the disclosure of information regarding rare or endangered tangible natural resources could result in their further degradation. As a result, ED 92 proposed an exemption from disclosing certain information such as the quantities or location of rare or endangered species. The ED also included a Specific Matter for Comment (SMC 4), which asked if respondents agree with this disclosure exemption.
4. Respondents generally agreed or partially agreed with the exemption, but some of these respondents requested additional clarification of when this exemption may be applicable (i.e., what is considered 'rare or endangered') and examples of what specific disclosures are exempted.
5. Respondents who disagreed with the proposed exemption noted that the information in the general purpose financial statements generally do not have sufficient details to lead to further degradation of a resource. Other respondents were also concerned that meeting the exemption might mean that no information would be disclosed at all for the applicable resources.

Analysis

6. With most respondents seeing value with the proposed exemption and those who disagreed did not identify strong technical reasons against the exemption, staff propose retaining the exemption and providing additional guidance to address the following concerns raised by respondents.

Lack of clarity over when the exemption is applicable – what is rare or endangered

7. The terms 'rare' and 'endangered' were not defined in ED 92. In plain English, and in the context of species of living organisms, endangered is defined as being seriously at risk of extinction, while rare is defined as uncommon, scarce or infrequently encountered. While not automatically endangered, rare species are typically more vulnerable to extinction due to their limited numbers.
8. The exemption was intended to apply to situations where the disclosure of certain information may lead to further degradation (i.e., a decline in the quantity or quality) of a tangible natural resource which is rare or endangered, and the determination of whether a resource is rare or endangered was left to an entity's judgment.

9. Some respondents were concerned that an entity may inappropriately designate a tangible natural resource as rare or endangered in order to avoid the disclosure of information. Other respondents suggested that a resource needs to be designated as rare or endangered by legislation or similar legal framework for the exemption to apply.
10. Staff noted that in practice, the determination of what is considered endangered is based on designations determined by international organizations such as the International Union for Conservation of Nature (IUCN) or local government organizations such as the United States Fish and Wildlife Service. While a designation by the IUCN or another third-party organization could help an entity determine if a tangible natural resource is rare or endangered, staff noted that the entity which controls the resource would typically be in the best position and have all the information required to make a reasonable and comprehensive determination. Similar to the exemption from certain disclosures in IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets*, the determination of whether a tangible natural resource is rare or endangered is a matter of judgment, subject to discussion and agreement with the entity's auditors.
11. To address respondents' concerns, staff propose to:
 - (a) Add the descriptions of rare and endangered based on the plain English definitions in paragraph 7 to the Application Guidance of the final IPSAS Standard; and
 - (b) Clarify in the Application Guidance that the determination of whether a resource is considered rare or endangered can be based on the designation by a third-party organization but also depends on the resource's specific facts and circumstances.

Lack of clarity over what specific disclosures are exempted

12. The current exemption in paragraph 51 of ED 92 broadly refers to "some or all of the information required by paragraphs 45-50." Based on this wording, some respondents were unclear on whether an entity is exempted from all disclosure requirements or only specific disclosures for rare or endangered tangible natural resources.
13. Staff reflected on the feedback and noted that the exemption was intended to avoid disclosing information which could be used by readers of the financial information to further reduce the quantity or quality of a rare or endangered resource. Based on this intent, specific information such as the location of the resource, its quantity, and in some cases its monetary value, could qualify for the exemption in most, if not all, situations involving rare or endangered resources. In contrast, general disclosures such as a description of the nature of the resource or the significant judgments applied to determine if the resource meets the asset recognition criteria would likely not be information that should be exempted. Staff propose to clarify the above line of thinking in the Application Guidance of the final IPSAS Standard.

Decision Required

14. Does the IPSASB agree with the staff [recommendations](#)?

Cross-References to IPSAS 45, *Property, Plant, and Equipment*

Question

1. Does the IPSASB agree to replace the cross-references to IPSAS 45, *Property, Plant, and Equipment*, in [draft] IPSAS [X] (ED 92), *Tangible Natural Resources*, with the full text of the relevant measurement and disclosure guidance?

Recommendation

2. Staff recommend replacing the cross-references to IPSAS 45 with guidance on the determination of cost in an exchange transaction and disclosure requirements for current operational value which are specifically applicable to tangible natural resources held for conservation.

Background

3. ED 92 included cross-references to the guidance in IPSAS 45 on the determination of costs in an exchange transaction, as well as the disclosure requirements for current value. The cross-references were used as the acquisition of tangible natural resources in an exchange transaction is expected to be rare, and the disclosure requirements on current value are expected to be consistent with those in IPSAS 45. Specific Matter for Comment 5 asked respondents if the cross-references are sufficiently clear, and if not, how the guidance should be incorporated into the final IPSAS Standard.
4. Respondents generally agreed or partially agreed with the use of the cross-references but noted that the differences in structure between ED 92 and IPSAS 45, as well as the emphasis on historical cost in IPSAS 45, may cause confusion when applying the measurement guidance. Respondents who disagreed with the cross-references noted that the numerous cross-references to IPSAS 45 may lead to the perception that the guidance on tangible natural resources should be incorporated into IPSAS 45 rather than a standalone IPSAS Standard.
5. Some respondents who disagreed with the use of cross-references agreed with the alternative view in ED 92, which stated that because of the originally broad scope of ED 92, cross-references to the measurement and disclosure guidance in IPSAS 45 may lead to unintended consequences. These respondents noted that the scope of ED 92 should be clarified to only apply to conservation and that the measurement and disclosure guidance should be amended to specifically address tangible natural resources held for conservation (e.g., the current value guidance should only include guidance and requirements for current operational value as tangible natural resources held for conservation are not held for their financial capacity.)

Analysis

6. In summary, the concerns raised by respondents are as follows:
 - (a) The cross-references to IPSAS 45 may be confusing due to differences in the two standards;
 - (b) The cross-references to IPSAS 45 were perceived by some respondents to conflict with the IPSASB's earlier decision to locate the guidance on tangible natural resources in a separate, standalone IPSAS Standard; and
 - (c) The cross-references as proposed in ED 92 may lead to unintended consequences due to the previously board scope of the ED. Under the clarified scope of the final standard, the guidance and disclosure requirements on measurement should be tailored to specifically address tangible natural resources held for conservation.

7. To address the concerns raised by respondents, staff propose to:
- (a) Remove the cross-references to IPSAS 45 in the final IPSAS Standard;
 - (b) Add guidance on the determination of costs in an exchange transaction based on the guidance in IPSAS 45, but amended to apply specifically to tangible natural resources held for conservation; and
 - (c) Add disclosure requirements on current value based on the requirements from IPSAS 45, but amended to apply specifically to tangible natural resources held for conservation.

Decision Required

8. Does the IPSASB agree with the staff [recommendation](#)?

Transition

Question

1. Does the IPSASB agree to retain the proposed transitional provisions in [draft] IPSAS [X] (ED 92), *Tangible Natural Resources*?

Recommendation

2. Staff recommend retaining the transitional provisions as proposed and explaining that for tangible natural resources held for conservation which meet the definition of an asset but cannot be reliably measured, only the qualitative disclosures in paragraph 55 of ED 92 are required.

Background

3. ED 92 proposed to allow entities to apply the requirements using one of the following approaches:
 - (a) A modified retrospective approach, which allows for the recognition of tangible natural resources which meet the recognition criteria on the date of initial application at their then deemed cost; or
 - (b) A full retrospective basis in accordance with IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors*.
4. Respondents generally agreed or partially agreed with the proposed provisions, with some requesting more examples to illustrate the differences between the two approaches.
5. Respondents who disagreed noted the following:
 - (a) Some respondents noted that it is not possible to measure the current value of a tangible natural resource, so the standard should allow prospective application with measurement based on an accumulation of capitalizable costs incurred after the date of adoption;
 - (b) Some noted that the full retrospective approach should be limited to situations where the information required to use this approach is available or be prohibited entirely as an entity is unlikely able to implement the recognition and measurement requirements to past reporting periods; and
 - (c) One respondent noted that allowing a modified retrospective approach would not provide complete information and should be prohibited.

Analysis

6. Staff noted that ED 92 already has an example on transition (paragraphs IE16-IE28) which illustrates the differences between the outcomes from the two transitional methods.
7. If a tangible natural resource meets the definition of an asset but its current value cannot be reliably determined, paragraphs 10 and 55 of ED 92 require the disclosure of certain qualitative information, and such a resource will not be recognized until the asset becomes reliably measurable. Staff noted that these requirements would also be applicable upon the initial application of the IPSAS Standard—i.e., if a tangible natural resource held for conservation meets the definition of an asset but cannot be reliably measured at the time of initial application, the entity would only be required to provide the disclosures required by paragraph 55. Staff propose to clarify this potential outcome in the transitional provisions.

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8. Regarding prospective application, staff noted that the IPSAS Standards on assets and liabilities typically require retrospective application in accordance with IPSAS 3 or modified retrospective approach with various practical expedients to simplify adoption. Such transitional provisions ensure that an asset or liability which meets the recognition criteria are recognized and presented in the financial statements beginning on the date of application. Without some form of retrospective application, tangible natural resources which were controlled by an entity prior to the date of application, which are expected to be most of the resources within the scope of the ED, may not ever be recognized or disclosed. This issue was previously discussed by the IPSASB, and this line of reasoning is included in the Basis for Conclusions.
9. Regarding limiting or prohibiting either of the transition approaches, staff noted the transitional provisions need to be flexible enough to account for the level of information available, as well as the benefits and costs of full retrospective application, which could vary greatly from entity to entity. In addition, allowing an entity to choose the transitional approach which best suits its situation will be consistent with other IPSAS Standards. Based on these reasons, staff propose to continue to allow entities to choose from the two proposed transitional approaches.

Decision Required

10. Does the IPSASB agree with the staff [recommendation](#)?

Amendments to ‘Heritage Assets’

Question

1. Does the IPSASB agree to retain the description of ‘heritage asset’ in IPSAS 45, *Property, Plant, and Equipment*?

Recommendation

2. Staff recommend removing the amendment of ‘heritage asset’ proposed in [draft] IPSAS [X] (ED 92), *Tangible Natural Resources*.

Background

3. Due to the original proposed scope of ED 92, there could be certain tangible natural resources which also meet the description of a heritage asset in IPSAS 45, *Property, Plant, and Equipment*. ED 92 proposed to amend the description in IPSAS 45 to remove the reference to ‘environmental or natural features’ in order for these heritage assets to fall within the scope of ED 92. The ED also included a Specific Matter for Comment (SMC 7), which asked respondents if they agree with the proposed amendment.
4. Although there was general support for the proposed amendment, some respondents disagreed and pointed out that if a tangible natural resource was already a heritage asset within the scope of IPSAS 45, it would be outside the proposed scope of ED 92. As a result, the proposed amendment would effectively remove these items from the entire suite of IPSAS Standards, as they would be outside the scope of both IPSAS 45 and ED 92.

Analysis

5. Staff agree with the potential scoping issue raised by respondents in response to SMC 7. In addition, staff noted that even under the clarified scope of the final standard on tangible natural resources held for conservation, the proposed amendments would continue to be problematic due to the following:
 - (a) If a heritage asset was within the scope of IPSAS 45, it would meet the definition of a property, plant, and equipment (PP&E), which are defined as tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used during more than one reporting period;
 - (b) In June 2025, staff proposed that conservation is the management of a tangible natural resource to prevent its degradation from active use or consumption. (A final definition will be presented in September 2025, and degradation will be explained in the Application Guidance to include depletion from the active use or consumption of the asset);
 - (c) To be within the scope of IPSAS 45, an asset would necessarily be used or consumed in some way and conflict with the proposed explanation of conservation and degradation. Therefore, assets that meet the definition of PP&E and assets that meet the definition of tangible natural resources held for conservation would be mutually exclusive.
6. Based on the reasoning set out in paragraph 5, there is no need to amend the description of heritage assets. As a result, staff recommend removing the amendment proposed in ED 92.

Decision Required

7. Does the IPSASB agree with the staff [recommendation](#)?

Consideration of Additional Implementation Guidance and Illustrative Examples

Question

1. Does the IPSASB agree with the additional illustrative examples proposed by staff?

Recommendation

2. Staff recommend including two additional illustrative examples on the determination of current value in the final IPSAS Standard.

Background

3. [Draft] IPSAS [X] (ED 92), *Tangible Natural Resources*, included a number of implementation guidance and illustrative examples on topics that the Board concluded could be potentially complex and difficult to apply in practice, could be areas of concern for constituents, or where the IPSASB agreed that non-authoritative guidance could be useful. Specific Matter for Comment 8 asked respondents if the proposed implementation guidance and illustrative examples are sufficient, and if not, what topics would be useful.
4. Respondents generally disagreed or only partially agreed with the sufficiency of the proposed implementation guidance or illustrative examples and requested additional guidance on the following topics:
 - (a) Measurement, particularly on the determination of current value – see analysis below in this paper; and
 - (b) Determination of the unit of account, as the level of granularity may significantly impact the recognition and measurement of a resource – see [Agenda Item 2.2.8](#).
5. In addition, respondents also asked for additional guidance on the following topics. However, as these topics were already addressed at the June 2025 meeting or in the other papers at this check-in meeting, this paper will not revisit the following topics:
 - (a) Additional guidance on scope, definitions and conservation – these issues were discussed at the June 2025 meeting. The definitions and explanation of conservation will be revisited at the September 2025 meeting;
 - (b) Accounting for ‘new’ resources that are introduced to an area for conservation purposes - this was discussed in June 2025 and additional Application Guidance will be developed;
 - (c) The rebuttable presumption on depreciation – see [Agenda Item 2.2.2](#), additional Application Guidance will be developed;
 - (d) Impairment, particularly any interactions with the rebuttable presumption on depreciation – see [Agenda Item 2.2.2](#), additional Application Guidance will be developed;
 - (e) More robust explanation of why subsoil resources are unlikely to be recognized - this topic was discussed in June 2025 and the IPSASB instructed staff to explain the difficulties in recognition in the Feedback Statement; and
 - (f) Consideration of indigenous laws and treaties – this topic was also discussed in June 2025 and the IPSASB instructed staff to clarify the disclosure of stewardship agreements in the Implementation Guidance.

Analysis

Measurement and Determination of Current Value

6. ED 92 currently contains Application Guidance (paragraphs AG25-AG30) and Implementation Guidance (questions D1. And D.2) on measurement and the determination of current value. While the proposed authoritative and non-authoritative guidance provide principled-level and general non-authoritative guidance on possible measurement approaches, some respondents requested more detailed numerical examples to illustrate how COV can be determined.
7. To address respondents' requests, staff propose developing two illustrative examples to walk through the suggested approaches in Implementation Guidance D.1:
 - (a) The first example would illustrate the estimation of current value of a conservation reservation based on an appraisal of a similar parcel of land. This example would largely be based on two real-life examples of such valuations disclosed in the financial statements of local government entities; and
 - (b) The second example would consist of the estimation of COV based on the accumulation of costs to develop a similar asset. Paragraph IG27 of ED 92 discusses the valuation of a forest held for conservation by accumulating the estimated cost of acquiring, planting and growing saplings into mature trees. The second example would be based on this approach.

Decision Required

8. Does the IPSASB agree with the staff [recommendation](#)?

Impact of the Unit of Account on Recognition and Measurement

Question

1. Does the IPSASB agree to retain the proposed guidance on the unit of account in [draft] IPSAS [X] (ED 92), *Tangible Natural Resources*?

Recommendation

2. Staff recommend that the proposed guidance on the unit of account in ED 92 is sufficient, and that the development of additional guidance is not necessary.

Background

3. At the June 2025 IPSASB meeting, a member requested clarification of how the determination of a unit of account impacts the recognition and measurement of tangible natural resources. This paper revisits the guidance on the unit of account proposed in ED 92 and considers if additional guidance is necessary in the final IPSAS Standard.

Analysis

4. When ED 92 was developed, a deliberate decision was made to avoid including an illustrative example on the determination of the unit of account, as this issue requires judgment and consideration of facts and circumstances that are highly specific to each asset. As a result, staff proposed, and the IPSASB agreed, to focus guidance on this topic in the core text, Application Guidance, and Implementation Guidance.
5. ED 92 currently provides the following guidance on the unit of account:
 - (a) Paragraph 11 of the core text states that it may be appropriate to disaggregate significant items into separate units of account or aggregate individual items into one unit of account based on their nature and risks, as well as the objectives for which an entity holds the items;
 - (b) Paragraphs AG17-AG21 of the Application Guidance:
 - (i) State that the identification of units of account requires judgment and provide factors that may indicate if an item should be disaggregated or aggregated;
 - (ii) Provide an example of how the management of the land, plants and animals within an area on a reservation-wide basis could result in the conclusion that these items constitute one unit of account; and
 - (iii) Explain that the determination of the unit of account may impact the subsequent measurement of a tangible natural resource and that material units of account with differing useful lives should be measured separately; and
 - (c) Question C.3 (paragraphs IG14-IG16) in the Implementation Guidance:
 - (i) States that ED 92 requires an entity to consider the issue of the unit of account based on the principles in the core text and the factors in the Application Guidance;
 - (ii) Explains that once an entity has determined the appropriate unit of account, the scoping, recognition, and measurement requirements are applied separately to each unit of account;

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- (iii) Emphasizes that the determination of the unit of account requires judgement and depends on facts and circumstances, including the entity's intended reason for holding a resource on the determination of the unit of account; and
 - (iv) Explains that some units of account may fall within the scope of another IPSAS Standard depending on their intended use.
- 6. Staff noted that the reason for not including an illustrative example as noted in paragraph 4 continues to be valid. In addition, the guidance summarized in paragraph 5 sufficiently explains how the determination of a unit of account impacts on the accounting for tangible natural resources.
- 7. Respondents broadly supported the unit of account guidance proposed in the Exposure Draft. Comments related to unit of account were limited to requests for additional clarifications (see [Agenda Item 2.2.7](#)), particularly for assets that may be within the scope of different IPSAS Standards and how units of account interacts with the rebuttable presumption for depreciation. Staff noted that these concerns are addressed in the Implementation Guidance as noted in paragraphs 5(c)(ii) and 5(c)(iv), as well as the clarifications to the Application Guidance as proposed in [Agenda Item 2.2.2](#).
- 8. As a result, staff propose that the development of additional guidance on the unit of account is not necessary.

Decision Required

- 9. Does the IPSASB agree with the staff [recommendation](#)?