

Brazzaville, February 28, 2025

Mr Ross Smith

Technical director

International Public Sector Accounting
Standards Board

International Federation of
Accountants

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Subject: Exposure Draft ED92, Tangible Natural Resources - Our comments

Dear Ross

The Congo Institute of Chartered Accountants (ONEC-Congo) appreciate the opportunity given by International Public Sector Accounting Standards Board (IPSASB) to comment on Exposure Draft ED92, Tangible Natural Resources (ED92).

We attach is the appendix the views of, the ONEC-Congo on the subjected matter.

We present detailed responses to the Specific Matters for Comments in the appendix.

Yours sincerely

Patrick GAMASSA

Appendix

Specific Matter for Comment 1: Scope (paragraphs 3-5):

This Exposure Draft is broadly applicable to all tangible natural resources which are not within the scope of any other existing IPSAS. (See paragraphs 3-4, BC8, and BC34.) Do you agree with the proposed scope?

If not, what alternative scoping approach would you propose and why?

As a result of the proposed scope, tangible natural resources held for conservation are one common example of items which could fall within the scope of this Exposure Draft. What other items would you anticipate being accounted for through this Exposure Draft?

This Exposure Draft includes an Alternative View regarding its scope and the definition of tangible natural resources.

Our Comment :

Nevertheless, we believe that in the case of our country, Congo, the scope of the standard should allow for the recognition of specific assets such as:

- The river: the river brings countless economic benefits to the state in several respects: navigation rights paid by river logistics companies, facilitates the interconnection between cities and the flow of passengers and agricultural products, the production of hydroelectric power, etc.
- Natural reserves: shouldn't natural reserves such as land with proven minerals, forests or rivers that capture CO₂ be included in the scope of this standard?

We would also like to add a few nuances: given the diversity of natural resources, the scope must be precise in terms of typology in order to avoid any drift in the initial valuation of these assets.

However, in the AG7, it is state that: *Some tangible natural resources held for conservation may also be considered heritage assets as specified in IPSAS 45, as these items are held for long periods and preserved for the benefit of future generations in addition to being naturally occurring tangible items that embody service potential and/or the capability to generate future economic benefits. Such tangible natural resources are within the scope of this [draft] Standard. »*

To avoid ambiguities with the IPSAS 45 and reinforce this draft standard, we suggest to include in the paragraph 5 that Heritage assets (as per IPSAS 45) which meets the definition of the Tangible natural resources, are within the scope of this [draft] Standard. This will provide more clarity between IPSAS 45 and this draft standard on this topic.

Furthermore, we consider that the draft standard will need to further clarify, beyond the exclusive approach compared to other standards, the criteria to be considered to define the tangible natural resources falling within its scope. It must also, to facilitate relevant application of the standard as well as its appropriation, provide more examples of tangible natural resources falling within the scope of the standard.

However, in the scope it is only referred to "Tangible natural resources held for conservation" which could fall within the scope of this draft standard. This seems to be in line with the alternative view AV3 suggesting that the scope of ED 92 should be limited to tangible natural resources held for conservation. Since the draft standard should be applicable to all tangible natural resources which are not within the scope of any other existing IPSAS, it will be helpful to mention in the draft standard examples for tangible natural resources may be held for purposes other than conservation which could fall within the scope of this draft standard.

Specific Matter for Comment 2: Definitions (paragraph 6):

This Exposure Draft defines a natural resource as an item which is naturally occurring and embodies service potential, the capability to generate economic benefits, or both, and a tangible natural resource as a natural resource with physical substance.

Do you agree with the proposed definitions? If not, why not?

This Exposure Draft includes an Alternative View regarding its scope and the definition of tangible natural resources.

Our Comment :

We agree with the proposed definitions. We also agree with the BC 14 explain why it more appropriate for a tangible natural resource to refer to service potential or the capability to generate economic benefits rather than broadly referring to benefits to humanity, since we have to comply our IPSAS in the IPSASB's Conceptual Framework.

Specific Matter for Comment 3: Depreciation (paragraph 23):

This Exposure Draft includes a rebuttable presumption that the tangible natural resources recognized within the scope of this [draft] Standard have indefinite useful lives on the basis that they are generally not used or consumed in the same manner as tangible assets within the scope of other IPSAS. Therefore, these tangible natural resources are not depreciated.

Do you agree with the proposed rebuttable presumption that tangible natural resources should not be depreciated? If not, why not?

Our Comment :

We agree with the proposition.

Specific Matter for Comment 4: Exemption from Certain Disclosures (paragraph 51):

As explained in paragraph BC31, this Exposure Draft exempts an entity from disclosing certain information which may lead to further degradation of tangible natural resources which are rare or endangered.

Do you agree with the proposed disclosure exemption? If not, why not?

Our Comment :

We agree with the proposition.

Specific Matter for Comment 5: Cross-References to IPSAS 45, Property, Plant, and Equipment (paragraphs 15 and 54):

This Exposure Draft includes cross-references to the guidance in IPSAS 45 on the determination of cost in an exchange transaction and the disclosure requirements for current value. This guidance was incorporated by cross-reference as the acquisition of tangible natural resources is expected to be rare in the public sector, and there is familiarity with the principles on the determination of cost, which are consistent with those found in IPSAS 45.

Do you agree that these cross-references are sufficiently clear? If not, how should the above guidance be incorporated into the Final Standard?

Our Comment :

We agree with the proposition.

Specific Matter for Comment 6: Transition (paragraph 60):

This Exposure Draft allows the application of its requirements on a modified retrospective approach, by recognizing tangible natural resources which meet the recognition criteria on the date of initial application of the [draft] Standard at their deemed cost, or on a full retrospective basis in accordance with IPSAS 3, Accounting Policies, Changes in Accounting Estimates and Errors.

Do you agree that the option to apply the proposed guidance on a modified retrospective basis will result in useful information? If not, why not?

Our Comment :

We agree with the proposition.

Specific Matter for Comment 7: Amendment to the Description of 'Heritage Asset' in IPSAS 45, Property, Plant, and Equipment (Appendix B):

The IPSASB proposes to amend the description of 'heritage asset' in IPSAS 45 so that heritage assets which are also tangible natural resources are accounted for within the scope of this [draft] Standard.

Do you agree with the proposed amendment? If not, why not?

Our Comment :

We agree with the proposition.

Specific Matter for Comment 8: Sufficiency of Proposed Implementation Guidance and Illustrative Examples:

The non-authoritative guidance in this [draft] Standard was developed for topics that are potentially complex and difficult to apply in practice, are areas of concern for constituents, or where additional non-authoritative guidance could be useful.

Do you agree that the proposed implementation guidance and illustrative examples are sufficient? If not, what other topics would be helpful and why?

Our Comment :

We agree with the proposition.

But we think that the illustrations need to be enriched still further and brought closer to the practical problems encountered by the countries and organisations that have adopted IPSAS, to talk about Africa.

Examples on :

- Forests with protected reserves: what about valuation?
- rivers with mineral reserves or peat bogs
- unused agricultural land