Agenda Item 7: Heritage

Gwenda Jensen

IPSASB Consultative Advisory Group Meeting
Toronto, Canada
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Overview

1. Introduction: Responses to Heritage Consultation Paper (CP)
2. Meaning of heritage
3. Presentation of heritage-related information
4. Responses on other issues
1. Introduction: Responses to Heritage CP

• Good number of responses:
  – 40 responses received (recent average is 30)

• Good mixture of responses, including from:
  – Heritage specialists, valuers, academics, international organizations
  – Those that apply IPSAS or IPSAS-similar accruals
  – Different recognition and measurement approaches
1. Responses received: Geographical Breakdown

- Europe, 30%
- Australasia and the Pacific, 20%
- Asia, 10%
- North America, 13%
- Latin America and the Caribbean, 2%
- Africa and the Middle East, 12%
- International, 13%

RESPONDENTS BY REGION
1. Responses received: Functional Breakdown

**Standard Setter/Standards Advisory Body**
- 20%

**Member/Regional body**
- 32%

**Preparer**
- 15%

**Audit Office**
- 5%

**Other**
- 28%
1. Responses received: Linguistic Breakdown

**RESPONDENTS BY LANGUAGE**

- **English Speaking**: 32%
- **Non-English Speaking**: 30%
- **Combination**: 38%
2. Meaning of Heritage

*Description*: Heritage items are intended to be held indefinitely and preserved for the benefit of present and future generations because of their rarity and/or significance in relation, but not limited, to their archeological, architectural, agricultural, artistic, cultural, environmental, historical, natural, scientific or technological features.

*Natural heritage*: Natural heritage covers areas and features, but excludes living plants and organisms that occupy or visit those areas and features.
2. Meaning of Heritage

• Description of heritage items:
  – 55% of responses agreed, but
  – Issues for both agree and disagree (see agenda item 7.1)

• Natural heritage excludes living plants and organisms
  – 60% disagreed, only 28% agreed
  – Main reason to disagree: Living things can be heritage items
Question for CAG

What advice does the CAG have to address issues raised by respondents on:

- Description of heritage items; and
- Meaning of natural heritage?
3. Presentation of Heritage-related Information

• 57% agreed with the IPSASB’s preliminary view that:
  
  Information about heritage should be presented in line with existing IPSASB pronouncements

• But 61% of “agrees” identified additional, heritage-related information to present:
  – Additional disclosures
  – Heritage line item on face of the statement of financial position
  – Heritage-specific report or schedule
3. Presentation of Heritage-related Information

• Some respondents:
  – *Heritage information should not be viewed exclusively in terms of the financial statements*
  
  – *Non-financial information, outside of the financial statements, has a role to play in communicating the value of heritage, from the community’s perspective*
What are CAG members’ views on issues raised by respondents with respect to presentation of heritage-related information?
4. Responses on other issues

- Heritage items as assets:
  - Preliminary view: *Special characteristics of heritage items do not prevent them being assets*
  - 80% agreed

- Heritage-related obligations:
  - Preliminary view: *Special characteristics of heritage items do not (of themselves) result in a present obligation*
  - 77% agreed
4. Responses on other issues: Recognition

- 77% agreed that heritage assets should be recognized, if meet recognition criteria, but
  - 35% of this support agreed that some or all heritage assets should be measured using 1 currency unit
  - 67% of all respondents state there are heritage-related situations where heritage assets should *not* be recognized and/or measured
4. Responses on other issues: Measurement

- Only 35% agreed that:
  - In many cases can assign monetary value to heritage assets, and
  - Appropriate measurement bases are historical cost, market value & replacement cost

- Only 37% agreed that subsequent measurement:
  - Will need to address value changes from subsequent expenditure, consumption, impairment and revaluation
  - Can be approached in broadly same way as for non-heritage assets
Question for CAG

What are CAG members’ views on responses on:

a) Heritage items as assets
b) Heritage-related obligations
c) Recognition and measurement of heritage assets
In 2018, Public Sector Measurement project will consider:

- Heritage measurement issues, including
- Application guidance for IPSAS 17, *Property, Plant and Equipment*