

Meeting: International Public Sector Accounting Standards Board

Meeting Location: Virtual Meeting

Meeting Date: June 23–26, 2020

Agenda Item 10

For:

Approval

Discussion

Information

HERITAGE

Project summary	Provide guidance on accounting for heritage.	
Meeting objectives	Topic	Agenda Item
Project management	Heritage: Project Roadmap	10.1.1
	Instructions up to Previous Meeting	10.1.2
	Decisions up to Previous Meeting	10.1.3
Decisions required at this meeting	Overview of ED76/IPSAS 17	10.2.1
	IPSAS 17's Heritage Scope Exclusion	10.2.2
	Cross Cutting Issue - Control	10.2.3
Other supporting items	Revisions to Heritage Project Roadmap	10.3.1

**HERITAGE:
PROJECT ROADMAP¹**

Meeting	Completed Actions or Discussions / Planned Actions or Discussions:
December 2020	1. Approve ED76/IPSAS 17, <i>Property, Plant and Equipment</i> .
September 2020	1. Discuss remaining heritage issues for ED 76/IPSAS 17 2. Review and approve text to address heritage-related issues
June 2020	1. Approve revisions to remove IPSAS 17's heritage scope exclusion clause. 2. Approve heritage characteristics that have accounting challenges 3. Approve guidance to address control over property, plant and equipment items that are heritage items.
March 2020	Provide instructions on the following issues: 1. Recognition of heritage assets: used for heritage/non-heritage purposes 2. Heritage items as assets: Existence of control 3. Depreciation of heritage assets 4. Impairment of heritage assets
December 2019	[No IPSASB discussion of Heritage at this meeting.]
September 2019	1. Review plan to address heritage financial reporting issues. 2. Consider four issues (as per the plan).
June 2019	1. Explored the operational/non-operational distinction. 2. Considered issues raised (in CP and responses to the CP) and proposals provided on where each belongs (recognition, measurement, or presentation), using a table format for this classification.
March 2019	1. Overview of project's progress to date, and the relationship between the Heritage project and the Public Sector Measurement project. 2. Provide direction on topics on which the Heritage Task Force should develop recommendations for consideration at subsequent meetings. 3. Comments on recognition of heritage assets (as input to Task Force development of recommendations for June.)
March – December 2018	[No IPSASB discussion of Heritage during 2018.]
December 2017	1. Review of responses to the CP, <i>Financial Reporting for Heritage</i> . 2. Discussion (during the work plan discussion) of the relationship between the Heritage and the Public Sector Measurement projects.

¹ This roadmap has been revised since March 2020. A version that has track changes to show revisions is provided in 10.3.1.

Agenda Item 10.1.1

Meeting	Completed Actions or Discussions / Planned Actions or Discussions:
Earlier meetings	<ol style="list-style-type: none"><li data-bbox="505 268 1446 338">1. The IPSASB approved the Consultation Paper (CP), <i>Financial Reporting for Heritage in the Public Sector</i>, at its March 2017 meeting.<li data-bbox="505 344 1463 508">2. The IPSASB's first project discussion was in September 2015. At subsequent IPSASB meetings the IPSASB discussed issues raised by financial reporting for heritage; identified its preliminary views on such issues and specific matters for comment on which to request constituents' views; and reviewed draft consultation paper chapters.

INSTRUCTIONS UP TO PREVIOUS MEETING

Meeting	Instruction	Actioned
March 2020	1. Update the Heritage Roadmap in mark-up for approval by the Board.	10.3.1
	2. Provide joint paper (heritage and infrastructure) on the definition/description issue, which includes whether it should be in core text or other authoritative guidance, and potential need for entities to disclose how they identify their heritage/infrastructure assets.	In progress
	3. Provide recommended text for IPSASB to approve to remove IPSAS 17's heritage scope exclusion clause.	Actioned BC11 ²
	4. The issue of holding assets for "heritage purposes" and "non-heritage purposes" should be further explored; and, heritage issues are concerned with measurement and not recognition.	In progress
	5. Draft IPSAS 17 <i>Basis for Conclusions</i> text to explain the IPSASB's decision that heritage items are a subset of PP&E and therefore are assets, as well as all the other Decisions above.	Actioned BC9. (BCs for other decisions are in 10.1.3.)
	6. Develop illustrative examples on whether heritage items are resources when: (a) not on display to the public; (b) do not contribute to entity's objectives; and/or (c) not an asset, because not a resource from entity's perspective.	In progress
	7. Draft Basis for Conclusions text to explain that heritage items do not result in a liability (for future preservation and/or maintenance) and consider location (in IPSAS 17 or IPSAS 19).	BC41
	8. Develop generic core text and application guidance to address control in IPSAS 17.	Actioned 10.2.3
	9. Revise illustrative examples on control and develop further examples, including examples that address existence of restrictions and different situations related to whether the entity can dispose of the heritage item.	In progress

² All paragraph references for the instructions and decisions refer to ED76/IPSAS 17, which is in agenda item 8.3.1.

	10. Revise text to address criteria to identify the situations when particular heritage assets could have zero depreciation (IPSAS 17's core text and related guidance).	In progress
	11. Provide specific proposals on impairment guidance, including impact on IPSAS 17 and/or the Impairment IPSASs (21 and 26).	In progress
	12. Develop draft text on Heritage item criteria, adopting same approach as for Infrastructure Assets.	Actioned Agenda item 9.2.3
December 2019	1. Use same approach and same format as those for Infrastructure to develop Heritage agenda papers and draft guidance.	Actioned
	2. For March agenda papers, revise December's conclusions and draft guidance to align with changes to the flowchart, as approved during the board's discussion of Infrastructure.	Actioned
September 2019	1. Revise order of issues as follows: heritage usage; ownership/stewardship; depreciation/impairment; and then subsequent expenditure.	Actioned
	2. Provide evaluation of the adequacy of IPSAS 17's guidance for each issue.	Actioned
	3. Provide recommendations on need for guidance with text drafted.	Actioned
	4. Provide draft Bases for Conclusions text.	Actioned
	5. Provide exposition for each issue from a heritage point of view (Log heritage-specific issues.)	Actioned
June 2019	1. Consolidate analysis of stakeholder responses under generic headings presented at the IPSASB meeting; analyze them according to recognition, measurement and presentation; and consider whether additions or amendments will be required to guidance and which IPSAS/ED Measurement will be impacted.	Actioned
	2. Provide plan with order and timing for delivery of guidance/solution on the issues.	Actioned
	3. Provide first issues for discussion in September.	Actioned

DECISIONS UP TO PREVIOUS MEETING

Meeting	Decision	BC Reference
March 2020	<ol style="list-style-type: none"> 1. Heritage items that satisfy the definition of PP&E should be recognized as assets when they meet the IPSAS 17 recognition criteria. 2. June 2019's previously tentative decisions are confirmed. 3. IPSAS 17's depreciation requirements apply to heritage assets, although in certain circumstances due to the nature of a heritage asset or the preservation approach adopted, depreciation could be zero. If this approach was adopted, it would need to be subject to regular impairment reviews. 4. Heritage assets can be impaired and should be subject to normal impairment reviews. 	<p>BC9</p> <p>[See June 2019 row.]</p> <p>BC38</p> <p>BC42</p>
December 2019	No decisions	Not applicable.
September 2019	No decisions	Not applicable.
June 2019	<p>Tentative (then confirmed in March 2020):</p> <ol style="list-style-type: none"> 1. No separate heritage standard. 2. No definition of heritage assets. 3. Operational/non-operational approach not to be taken forward, but "heritage purposes" and "non-heritage purposes" approach should be further explored. 4. Heritage issues are concerned with measurement and not recognition. 	<p>BC10</p> <p>BC14</p> <p>BC21-BC22</p> <p>BC12</p>
March 2019	<ol style="list-style-type: none"> 1. Focus on information in the financial statements; recognition and measurement specific to heritage assets. 	BC43

Overview of Q2 2020 Infrastructure and Heritage Issues

Purpose

1. To summarize the issues addressed during Q2 2020 across the Infrastructure Assets and Heritage Assets projects.

Background

2. In March 2020 the Board agreed to implement a coordinated approach to develop EDs for:
 - (a) Measurement;
 - (b) Property, Plant and Equipment (Updated IPSAS 17); and
 - (c) Conceptual Framework – Limited-Scope Update
3. The Board instructed staff to coordinate the development of the related EDs and manage cross-cutting issues.

Analysis

4. The following table summarizes where issues addressed in Q2 2020 related to the Heritage and Infrastructure projects are in the suite of agenda papers.

Issues Paper	Theme of Paper	Agenda Paper
Characteristics of Infrastructure Assets Staff presenter – Amon Dhliwayo	Characteristics	Agenda Item 9.2.2
Characteristics of Heritage Assets Staff presenter – Gwenda Jensen		Agenda Item 9.2.3
Location of Infrastructure and Heritage Assets Guidance Staff presenter – Eileen Zhou		Agenda Item 9.2.4
IPSAS 17's Heritage Scope Exclusion Staff presenter – Gwenda Jensen	Scope	Agenda Item 10.2.2
Cross-Cutting Issue - Control Staff presenter – Amon Dhliwayo	Control	Agenda Item 10.2.3

IPSAS 17's Heritage Assets Scope Exclusion

Question

1. Does the IPSASB agree with the revisions to IPSAS 17, *Property, Plant and Equipment*, to remove the heritage assets scope exclusion.

Recommendation

2. Staff recommends that the IPSASB approve the revisions to IPSAS 17, in [Appendix 10.2.2A](#).

Background

3. Presently, IPSAS 17 excludes heritage assets from its scope, although it allows that entities may choose to apply IPSAS 17 when accounting for their heritage assets.
4. The IPSASB approved its Heritage project in 2015, and issued a Consultation Paper (CP), *Financial Reporting for Heritage in the Public Sector*, in 2017. After reviewing responses to the CP and further consideration of the issues raised, the IPSASB decided that heritage assets are property, plant, and equipment.
5. In March 2020, the IPSASB instructed staff to provide recommended text, for the IPSASB's approval, to remove IPSAS 17's heritage assets scope exclusion clause. These revisions will then be exposed in ED76/IPSAS 17, with other revisions to IPSAS 17 that arise from the Heritage, Infrastructure, and Measurement projects.

Analysis

6. The proposed revisions to IPSAS 17's core text remove the Standard's scope exclusion for heritage assets. They also recommend:
 - (a) Including specific mention of heritage assets in the list of types of property, plant and equipment. (See proposed paragraph 5(d).)
 - (b) Deletion of paragraphs 9 and 12. (These two paragraphs become redundant once heritage assets are within IPSAS 17's scope.)

Decisions Required

7. Does the IPSASB agree with the recommendation to approve the revisions to IPSAS 17, in [Appendix 10.2.2A](#).

Appendix 10.2.2A Revisions- Remove IPSAS 17's Heritage Scope Exclusion Clause

Scope

2. An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard in accounting for property, plant, and equipment, ~~except:~~

~~(a) When a different accounting treatment has been adopted in accordance with another IPSAS, and~~

~~(b) In respect of heritage assets. However, the disclosure requirements of paragraphs 88, 89, and 92 apply to those heritage assets that are recognized.~~

3. [Deleted]

4. [Deleted]

5. This Standard applies to property, plant, and equipment including:

(a) Weapons systems;

(b) Infrastructure assets; ~~and~~

(c) Service concession arrangement assets after initial recognition and measurement in accordance with IPSAS 32, *Service Concession Arrangements: Grantor*; and

(d) Heritage assets.

The transitional provisions in paragraphs 95 to 104 provide relief from the requirement to recognize all property, plant, and equipment during the five-year transitional period.

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

Heritage Assets

9. ~~This Standard does not require an entity to recognize heritage assets that would otherwise meet the definition of, and recognition criteria for, property, plant, and equipment. If an entity does recognize 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.~~

10. Some assets are described as heritage assets because of their cultural, environmental, or historical significance. Examples of heritage assets include historical buildings and monuments, archaeological sites, conservation areas and

12. ~~The disclosure requirements in paragraphs 88-94 require entities to make disclosures about recognized assets. Therefore, entities that recognize heritage assets are required to disclose in respect of those assets such matters as, for example:~~
- ~~(a) The measurement basis used;~~
 - ~~(b) The depreciation method used, if any;~~
 - ~~(c) The gross carrying amount;~~
 - ~~(d) The accumulated depreciation 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.~~

Cross Cutting Issue - Control

Question

1. Does the IPSASB agree with the additional control guidance developed for inclusion in ED 76?

Recommendation

2. The Cross-Cutting Task Force recommends additional control guidance should be developed as follows:
 - (a) Core Text – to expand the definition of property, plant, and equipment with the term “controlled by an entity” and include the principle of control;
 - (b) Application Guidance (AG) – to articulate, expand and clarify the general principles of control; and
 - (c) Basis for Conclusions (BC) – to reflect IPSASB decision to add control guidance.

Additional non-authoritative Implementation Guidance and Illustrative Examples on the general control principles of property, plant, and equipment are not necessary because the authoritative guidance added in the core text and application guidance are sufficient.

Refer to [Appendix 10.2.3](#) for the additional control guidance proposed by the Cross-Cutting Task Force.

Background

3. At its March 2020 meeting, the IPSASB agreed that control is a cross cutting issue that impacts property, plant, and equipment including heritage assets and infrastructure assets.
4. The IPSASB instructed staff to develop generic core text and application guidance to address the general control issues that impact property, plant, and equipment in IPSAS 17, *Property, Plant, and Equipment* guided by The *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities* (the Conceptual Framework).
5. In many cases in the public sector, there is uncertainty about whether an entity controls an item of property, plant, and equipment. This is for two reasons:
 - (a) **No guidance in IPSAS 17.** There is no guidance in IPSAS 17¹ on how control should be determined. Assessment of control of an asset is considered in determining whether the item satisfies the definition of an asset; and
 - (b) **Public sector differences.** In the public sector there are several complex transactions specific to heritage assets and infrastructure assets where determining whether an entity controls an item of property, plant, and equipment is challenging. These situations are unique to the public sector. Providing more guidance is in the public interest to enhance consistency (since this paper addresses the general control guidance for property, plant, and equipment, a separate

¹ Whilst the Conceptual Framework and IPSAS 1, *Presentation of Financial Statements* define an asset and provides control guidance, the concepts in the Conceptual Framework do not establish or override the authoritative requirements in IPSAS 17 and the concepts in IPSAS 1 are general in nature. Therefore, control guidance is required in IPSAS 17

paper will address the specific control issues applicable to heritage assets and infrastructure assets and propose illustrative examples and implementation guidance).

Analysis

6. At its March 2020 meeting, the IPSASB agreed general core text and application guidance of control of property, plant, and equipment is necessary. The Cross Cutting-Task Force recommended this approach because:
 - (a) The control guidance in the Conceptual Framework does not establish or override the authoritative requirements in IPSAS 17;
 - (b) IPSAS 1 provides general concepts, that is, the Standard only defines an asset;
 - (c) Consistent with the approach followed in developing IPSAS 41, *Financial Instruments*, authoritative guidance is necessary where no principles exist; and
 - (d) IPSAS 31, *Intangible Assets* includes authoritative control guidance. A similar approach when drafting additional guidance in IPSAS 17 is necessary.

7. However, the concept of control cannot be included as a recognition requirement in IPSAS 17 because:
 - (a) **Control is not a recognition criterion.** Control of a resource is one of the characteristics of an asset. Assets are defined in IPSAS 1² and the Conceptual Framework³.
 - (b) **Property, plant, and equipment is currently not defined as an asset.** The definition⁴ of property, plant, and equipment in IPSAS 17 refers to *'tangible items'* with no reference to an asset. A consequence is that, if property, plant, and equipment is not controlled, it is not an asset. However, this is not clear in IPSAS 17.

This has caused confusion in practice. Strictly applying the definition of property, plant, and equipment in IPSAS 17 may lead one to recognize an item that does not meet the definition of an asset in the Conceptual Framework or IPSAS 1.

8. To appropriately include the concept of control in IPSAS 17, the term “controlled by an entity” should be added to the definition of property, plant, and equipment. This is because whether an asset is

² IPSAS 1 definition of asset is *resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity*. Asset definition per the Conceptual Framework is *resource presently controlled by the entity as a result of a past event*.

³ There are minor differences to the definition, but both contain three common components: resource(s), control and past event. The Conceptual Framework includes service potential or the ability to generate economic benefits as part of description of the resource rather than as part of the definition.

⁴ IPSAS 17 definition of property, plant, and equipment are *tangible items that, (a) Are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and (b) Are expected to be used during more than one reporting period*.

recognized⁵ or not depends on whether it meets the definition of an element and whether it is measurable (see paragraph 6.2 of the Conceptual Framework).

9. To supplement the control principle that is being proposed, incorporating control requirements in the application guidance will further support stakeholders when evaluating whether they control an item of property, plant, and equipment. This approach is consistent with IPSAS 41 where a principle is developed in the core guidance when no principle exists – as is the case with control in IPSAS 17. The principle is further expanded in the application guidance and non-authoritative guidance is developed as necessary. Since this paper addresses the general control guidance for property, plant, and equipment, a separate paper will address the specific control issues applicable to heritage assets and infrastructure assets and propose illustrative examples and implementation guidance.
10. The Cross-Cutting Task Force developed additional general authoritative control guidance in the application guidance sections in [Appendix 10.2.3](#).

Decisions Required

11. Does the IPSASB agree with the Cross-Cutting Task Force recommendation in paragraph 2?

⁵ IPSAS 17 states that *the cost of an item of property, plant and equipment shall be recognized as an asset if, (a) It is probable that future economic benefits and service potential associated with the item will flow to the entity; and (b) The cost of the item can be measured reliably.*

Appendix 10.2.3: Additional Core and Application Guidance

1. The following table proposes text to be included in ED 76, *Property, Plant and Equipment*.
2. New text is underlined, and deleted text is struck through.

Guidance Type	Format	Text
Core Text	Generic principles (not specific to a transaction)	<p>...</p> <p>Definitions</p> <p>7. The following terms are used in this Standard with the meanings specified:</p> <p>...</p> <p>Property, plant, and equipment are tangible items that: <u>are controlled by an entity and:</u></p> <p>(a) Are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and</p> <p>(b) Are expected to be used during more than one reporting period.</p> <p>...</p>
Application Guidance	Expand principles (generally with reference to transactions to clarify)	<p><i>This Appendix is an integral part of the [draft] (ED 76).</i></p> <p>...</p> <p><u>Definitions</u></p> <p><u>Control</u></p> <p><u>AG3. In many cases in the public sector, there is uncertainty about the existence of an asset. Uncertainty about the existence of an asset is addressed by considering whether an item satisfies all the characteristics of an asset. An item of property, plant and equipment is recognized when it satisfies all the following characteristics:</u></p> <p><u>(a) Resource.</u> A resource provides benefits to an entity in the form of service potential or the ability to generate economic benefits. The service potential or ability to generate economic benefits can arise directly from the resource itself or from the rights to use the resource. Service potential is the capacity of an asset to provide services that contribute to achieving an entity's objectives. Economic benefits reflect the ability of an asset to generate net cash inflows;</p> <p><u>(b) Control.</u> An entity must have control of the resource (see paragraphs AG4-AG6); and</p>

Guidance Type	Format	Text
		<p style="margin-left: 40px;">(c) Past Event. <u>The definition of an asset requires that a resource that an entity presently controls must have arisen from a past transaction or other past event.</u></p> <p>AG4. <u>Control is an essential characteristic of an asset because the presence of control facilitates the association of an asset with a specific entity. An entity controls the resource if it has the ability to use the resource or direct other parties on its use so as to derive the benefit of the service potential or economic benefits embodied in the resource in the achievement of its service delivery or other objectives. Control includes the ability to prevent other parties from directing the use of the resource and from obtaining the benefit of the service potential or economic benefits embodied in the resource.</u></p> <p>AG5. <u>In assessing whether it presently controls a resource, an entity assesses whether one or more of the following indicators of control exists:</u></p> <p style="margin-left: 40px;">(a) <u>Legal ownership;</u></p> <p style="margin-left: 40px;">(b) <u>Access to the resource, or the ability to deny or restrict others to access the resource;</u></p> <p style="margin-left: 40px;">(c) <u>The means to ensure that the resource is used to achieve its objectives; or</u></p> <p style="margin-left: 40px;">(d) <u>The existence of enforceable right to service potential or the ability to generate economic benefits arising from the resource.</u></p> <p>AG6. <u>These indicators have no hierarchy. Legal ownership is only one indicator of demonstrating control of a resource. An entity may demonstrate that it controls the resource even when there is no legal ownership. The entity may have the ability to direct the use of the resource and obtain the benefits of the service potential or economic benefits that may flow from it. There may be instances where an entity's rights to service potential or the ability to generate future economic benefits may exist without legal ownership of the underlying resource. An entity may also have legal ownership without rights to service potential or ability to generate future economic benefits. In such circumstances an entity considers the substance</u></p>

Guidance Type	Format	Text
		<p><u>over legal form in determining whether it controls an asset. An entity is more likely to demonstrate control if it satisfies most of these indicators.</u></p> <p>...</p>
Basis for Conclusions	Reflect IPSASB decisions	<p><i>This Basis for Conclusions accompanies, but is not part of, [draft] (ED 76).</i></p> <p>...</p> <p><u>Definitions</u></p> <p><u>Control</u></p> <p><u>BC13. In determining whether an element should be recognized there are two types of uncertainty that need to be considered. The first is existence uncertainty—whether the definition of an element has been satisfied. The second is measurement uncertainty—whether the element can be measured in a manner that achieves the qualitative characteristics. Measurement uncertainty is considered if it is determined that the definition of an element has been met.</u></p> <p><u>BC14. The IPSASB acknowledged that in many cases in the public sector, there is uncertainty about the existence of an asset. The uncertainty about the existence of an asset is specific to certain characteristics of an asset – in particular whether an entity controls the resource in the underlying asset.</u></p> <p><u>BC15. An asset is defined in IPSAS 1, <i>Presentation of Financial Statements</i> and <i>The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities</i> (the Conceptual Framework) with minor differences. Both definitions contain three common components: resource(s), control and past event.</u></p> <p><u>BC16. Whilst, the Conceptual Framework and IPSAS 1 define an asset and provide control guidance, the Conceptual Framework does not establish or override the authoritative requirements in IPSAS 17 and IPSAS 1 provides general concepts. The definition of property, plant, and equipment in IPSAS 17 refers to ‘tangible items’ and the word item occurs elsewhere in the standard. A tangible item is an asset of the reporting entity if it meets the</u></p>

Guidance Type	Format	Text
		<p><u>definition of an asset in IPSAS 1 or the Conceptual Framework. A consequence is that, if property, plant, and equipment is not controlled, it is not an asset. However, this was not clear in IPSAS 17.</u></p> <p><u>BC17. If the item does not meet the asset definition in IPSAS 1 or the Conceptual Framework, then the recognition criteria would not be applied. IPSAS 17 only provided guidance on when to recognize an asset but did not provide guidance on what constitutes control of an asset.</u></p> <p><u>BC18. As a result of the lack of control guidance, the IPSASB acknowledged that there is diversity in practice as stakeholders are uncertain on how to identify the reporting entity that controls an asset when the following unique circumstances relating to heritage assets and infrastructure assets are encountered in the public sector:</u></p> <p><u>(a) It is challenging to determine when an entity controls land under or over infrastructure assets in the public sector because in many jurisdictions:</u></p> <p style="padding-left: 20px;"><u>(i) An entity may have legal ownership of land under or over infrastructure assets, and another entity may be granted the right to use the asset (this could include the entity operating the asset in a lease or service concession arrangement);</u></p> <p style="padding-left: 20px;"><u>(ii) Land under or over infrastructure assets that is legally owned by one entity may be transferred to other government entities and departments. There could be delays in transfer of legal title; and</u></p> <p style="padding-left: 20px;"><u>(iii) An entity may have legal ownership of land under or over infrastructure assets, but another entity may be the custodian of that land;</u></p> <p><u>(b) It may be challenging to determine whether an entity controls infrastructure assets in instances where land easements including</u></p>

Guidance Type	Format	Text
		<p><u>right-of-way and access rights are granted over the land owned by another party. The easement holder will then construct or operate infrastructure assets for transportation, electrical transmission lines and oil and gas pipelines. The land may or may not revert to its original owners;</u></p> <p><u>(c) Different entities may jointly control assets. For example, infrastructure assets may be jointly controlled by two or more public sector entities;</u></p> <p><u>(d) Assets may cross jurisdictions. For example, infrastructure assets such as dams and bridges that cross more than one jurisdiction may be operated by more than one jurisdiction; and</u></p> <p><u>(e) It may be challenging to determine whether an entity controls heritage assets because there are often restrictions on the use of heritage items, and these assets may be held in trust and not owned. Some entities may manage heritage items from a stewardship/custodial perspective.</u></p> <p><u>BC19. The IPSASB considered the view that it may not be necessary to add control guidance in IPSAS 17 because the Standard is aligned with IAS 16, <i>Property, Plant, and Equipment</i> and that guidance on control is available in other IPSAS such as IPSAS 1 and IPSAS 31, <i>Intangible Assets</i> and other IPSAS literature such as the Conceptual Framework.</u></p> <p><u>BC20. The IPSASB decided to add authoritative guidance on control of general property, plant, and equipment including heritage assets and infrastructure assets because:</u></p> <p><u>(a) The control guidance in the Conceptual Framework does not establish or override the authoritative requirements in IPSAS 17;</u></p> <p><u>(b) IPSAS 1 provides general concepts; and</u></p> <p><u>(c) IPSAS 31 includes authoritative control guidance. A similar approach when drafting</u></p>

Guidance Type	Format	Text
		<p style="text-align: center;"><u>additional guidance in IPSAS 17 enhances consistency.</u></p> <p><u>BC21. The IPSASB decided that the authoritative control guidance added in the core text (see paragraph 7) and application guidance (see paragraphs AG3-AG6) is sufficient to address the abovementioned issues related to heritage assets and infrastructure assets (see paragraphs BC18(a)-BC18(e)).</u></p> <p><u>BC22. The IPSASB added:</u></p> <p>(a) <u>Illustrative Examples to further illustrate the general control principles, with case facts developed from practical examples (see paragraphs IEXX-IEXX); and</u></p> <p>(b) <u>Illustrative Examples and Implementation Guidance to address the control issue when accounting for land easements which are complex and prevalent in the public sector (see paragraphs IEXX-IEXX and IGXX-IGXX).</u></p> <p style="text-align: center;">...</p>

Decisions Required

3. Does the IPSASB agree with the additional guidance recommended by the Cross-Cutting Task Force?

10.3.1 Revisions to Heritage Project Roadmap

HERITAGE: PROJECT ROADMAP

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<u>December 2020</u>	<u>1. Approve ED76/IPSAS 17. Property, Plant and Equipment.</u>
<u>September 2020</u>	<u>1. Discuss remaining heritage issues for ED 76/IPSAS 17</u> <u>2. Review and approve text to address heritage-related issues</u>
June 2020	<u>1. Approve revisions to remove IPSAS 17's heritage scope exclusion clause.</u> <u>2. Approve heritage characteristics that have accounting challenges</u> <u>3. Approve guidance to address control over property, plant and equipment items that are heritage items.</u> Review ED text that reflects IPSASB instructions from March 2020 meeting. Approve ED on financial reporting for heritage.
March 2020	<u>Provide instructions on the following issues:</u> <u>1. Recognition of heritage assets: used for heritage/non-heritage purposes</u> <u>2. Heritage items as assets: Existence of control</u> <u>3. Depreciation of heritage assets</u> <u>4. Impairment of heritage assets</u> 4. Consider two heritage financial reporting issues. 2. Consider issues raised by transition and first time adoption. Review ED text that reflects IPSASB instructions on the issues considered at the December 2019 meeting.
December 2019	<u>[No IPSASB discussion of Heritage at this meeting.]</u> 1. Consider three heritage financial reporting issues. 2. Review ED text that reflects IPSASB instructions from September meeting. 3. Consider draft ED text to address generic issue of heritage asset recognition.
September 2019	1. Review plan to address heritage financial reporting issues. 2. Consider four issues (as per the plan).
June 2019	1. Explored the operational/non-operational distinction. 2. Considered issues raised (in CP and responses to the CP) and proposals provided on where each belongs (recognition, measurement, or presentation), using a table format for this classification.
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December 2017	1. Review of responses to the CP, <i>Financial Reporting for Heritage</i> . 2. Discussion (during the work plan discussion) of the relationship between the Heritage and the Public Sector Measurement projects.

Meeting	Completed Actions or Discussions / Planned Actions or Discussions:
Earlier meetings	<ol style="list-style-type: none"><li data-bbox="480 331 1382 394">1. The IPSASB approved the Consultation Paper (CP), <i>Financial Reporting for Heritage</i>, at its March 2017 meeting.<li data-bbox="480 401 1382 552">2. The IPSASB's first project discussion was in September 2015. At subsequent IPSASB meetings the IPSASB discussed issues raised by financial reporting for heritage; identified its preliminary views on such issues and specific matters for comment on which to request constituents' views; and reviewed draft consultation paper chapters.