



# INSTITUTE OF CHARTERED ACCOUNTANTS, GHANA

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The Technical Director  
International Public Sector Accounting Standards Board (IPSASB)  
New York

February 26, 2024

Dear Sir,

## **Exposure Draft –ED 92: Tangible Natural Resources**

We are grateful to the IPSASB for the opportunity given us to comment on the Exposure Draft (ED) on Tangible Natural Resources. We welcome the initiative of the IPSASB to propose guidance on the recognition, measurement, and presentation of tangible natural resources in the general purpose financial statements. The proposed Standard reinforces the principles that an entity shall apply to report relevant information to users of financial statements about the nature, amounts, timing, and uncertainties arising from tangible natural resources.

**Below are our comments on specific matters raised in the exposure draft:**

### **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?

#### *Comment*

*We agree that this exposure draft is to be applicable to all tangible natural resources which are not within the scope of any other existing IPSAS. This will ensure that all tangible naturally occurring resources that are held for long periods and preserved for the benefit of future generations, which in addition, embody service potential and/or the capability to generate future economic benefits, and are not covered under any other standards, are accounted for under this standard.*

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?

#### *Comment*

*Heritage assets as specified in IPSAS 45 are some of the tangible natural resources held for conservation, and may be considered under this standard.*

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

**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?

**Comment**

*We agree with the definition proposed for a natural resource. We believe that all the essential ingredients have been captured in the definition – that is, naturally occurring, embodies service potential, capability to generate economic benefits, and are tangible in nature.*

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

**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?

**Comment**

*We agree that the tangible natural resources within the scope of this Standard should not be depreciated. We agree to the proposed rebuttable presumption that recognized tangible natural resources within the scope of this [draft] Standard have indefinite useful lives, as these resources are typically not used or consumed like tangible assets within the scope of other IPSAS.*

**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?

**Comment**

*We do agree that certain information should not be disclosed. Certain critical information, when given out may lead to further degradation of tangible natural resources which are rare or*

*endangered. Such information should be shelved from the general public in order to conserve or preserve some natural resources.*

**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?

**Comment**

*We do agree that the cross-references are sufficiently clear and public sector entities may cross-reference IPSAS 45 whenever it wants to acquire tangible natural asset.*

**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?

**Comment**

*We do agree that applying the proposed guidance on a modified retrospective basis will result in useful information. The modified retrospective approach ensures that the tangible natural resources which meet the asset recognition criteria on the date of initial application of this [draft] Standard are measured at their deemed costs (current values) as at the date of initial application.*

**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?

**Comment**

*We do agree with the proposed amendment to the description of heritage assets in IPSAS 45 to distinguish between tangible natural resources which are heritage assets and other forms of heritage assets, and account for tangible natural heritage assets under this Standard whereas other heritage assets be accounted for under IPSAS 45.*

**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?

**Comment**

*We think more can be done to provide more illustrative guidelines to enable public sector entities appreciate and understand this standard and implement it effectively. More guidance is required in the recognition and measurement of tangible natural resources recognized under this standard as distinguished from those recognized under other IPSASs. Moreover, determination of deemed cost (current value) when recognizing tangible natural asset for the first time should be clearly illustrated with practical examples. The application of modified retrospective basis for recognizing and measurement of tangible natural resources needs further guidance and illustrative examples to make them simple and easy to adopt.*

**Conclusion**

We hope the IPSASB finds these comments helpful in further developing its consultations on ED-92: Tangible Natural Resources. In turn, we are committed to helping the IPSASB in whatever way possible to build upon the results of this Exposure Draft.

We look forward to strengthening the dialogue between us. Please do not hesitate to contact us should you wish to discuss any matters raised in this submission.

Yours Sincerely,



**Osei Adjaye-Gyamfi**  
**(Director, Technical and Research)**