

February 25, 2025

Ross Smith
Program & Technical Director
International Public Sector Accounting Standards Board
227 Wellington Street
West Toronto, ON M5V 3H2
Canada

Dear Sir,

**RE: REQUEST FOR FEEDBACK COMMENTS ON INTERNATIONAL PUBLIC
SECTOR ACCOUNTING STANDARDS BOARD (IPSASB) ED 92 –TANGIBLE
NATURAL RESOURCES**

The Financial Reporting Council of Nigeria (FRC) is pleased to avail its input alongside its constituents in Nigeria on the IPSASB Exposure Draft 92 – Tangible Natural Resources.

In order to elicit comments from stakeholders, the Financial Reporting Council of Nigeria organised a webinar on February 25, 2025 where 242 registered while 97 attended. Therefore, it is the voice of the 97 participants at the webinar that is being submitted by the Financial Reporting Council of Nigeria. The Council, on behalf of the Nigerian Constituent wishes to comment on the Exposure Draft as hereunder:

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.

The Council agrees with the proposed scope that it is limited and residual. Any other Natural Resources that are not covered under any other standard falls within the scope. There should be clarity on what should constitute Tangible Natural Resources. There could also be transition to other classes of asset. Tangible Natural Resources can transit to Heritage asset or Inventory. What will happen to it at the point of transition? The Board should give clarity to enable preparers and users of financial statements to know what to do. Alternative Scope approach should use assets that are commercial or Non-Commercial use.

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?

The Council agrees with the proposed definition of Natural Resources. We which some timing should be attached when defining some resources that are seasonal and how do you define it when they are not there. Assigning timing to will also help in classifying these natural resources into Current and Non-current Assets.

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?

The Council agrees with the proposed thinking of not depreciating Tangible Natural Resources that are accounted for under the standard. It is consistent with the provision of other IPSAS. There should be room where degradation should be accounted for as our actions may cause pollution and degradation of Natural Resources.

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?

The Council agrees with the proposed Standard that certain information should not be disclosed. Some Tangible Natural Resources may have some security implications. The word Rare and Endangered resources need to be defined for clarity. IPSASB should ensure that there is a clear definition so that preparers will not hide under it not to disclose information that they ought to disclose.

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?

The Council agrees with the proposed cross referencing. We believe that the guidance can be presented as a major reference point within the final standard. This will help ensure that the core principles are clearly communicated and accessible to all users of the standard. The Standard should ensure that public sector entities fully understand the scope and nature of the information they need to disclose, particularly in relation to the determination of cost and current value.

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?

The Council agrees with the option to apply the proposed guidance on a modified retrospective basis. This approach will help ensure consistency in reporting and promote global comparability, making the information more useful for stakeholders across different industries.

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?

The Council agrees with the proposed amendment to the description of Heritage asset in IPSAS 45. The definition of materiality should be considered from both a financial and non-financial perspective. The current definition should be expanded to ensure consistency with the definitions in IFRS, enabling greater harmonization between the two standards. Alternatively, a broader definition should be adopted to acknowledge the non-financial impacts that are particularly significant for public sector entities. This would ensure that the standards reflect the full

scope of considerations relevant to public sector accounting. It should be a major line item in terms of Presentation.

SPECIFIC MATTER FOR COMMENT 8: SUFFICIENCY OF PROPOSED IMPLEMENTATION GUIDANCE AND ILLUSTRATIVE EXAMPLES:

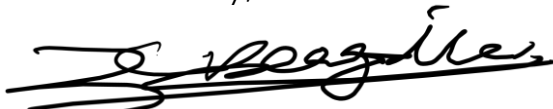
The non-authoritative guidance in this [draft] Standard was developed for topics that are potentially complex and difficult to apply in practice, are areas of concern for constituents, or where additional non-authoritative guidance could be useful.

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

The Council agrees with the proposed implementation guidance and illustrative example. However, there is a need to enhance and strengthen disclosures on the capacity of these tangible natural resources, as some of these assets have a link to sustainability reporting. Additional examples and guidelines on the estimation of deemed cost should be given as most governments in the global south do not recognize natural resources in their books. Additional illustration under the retrospective application needs to be factored in.

If you require any further information or clarification, do not hesitate to contact the Head, Directorate of Accounting Standards (Public Sector) on: ioanyahara@frcnigeria.gov.ng

Yours faithfully,



Iheanyi O. Anyahara, PhD

Coordinating Director, Directorates of Accounting Standards – Public and Private Sectors and Sustainability Reporting

For: Executive Secretary/CEO