



## Exposure Draft (ED) 92, *Tangible Natural Resources*

This summary provides an overview of ED 92, *Tangible Natural Resources*

**Project Objective:**

The objective of this ED is to propose guidance on the recognition, measurement, display and disclosure of tangible natural resources.

**Project Stage:**

The International Public Sector Accounting Standards Board® (IPSASB®) issued ED 92 in October 2024.

The IPSASB seeks feedback on ED 92 to guide it in developing a final International Public Sector Accounting Standard® (IPSAS®) on the accounting for tangible natural resources.

**Comment Deadline**

ED 92 is open for public comment through February 28, 2025.

**How To Respond:**

Respondents are asked to submit their comments electronically through the IPSASB website, using the [“Submit a Comment”](#) link. Please submit comments in both a PDF and Word file. Comments must be received in English to be considered. All comments will be considered a matter of public record and will ultimately be posted on the website.

## Project Overview

ED 92 fills an important gap in the IPSASB's literature. The proposed accounting for tangible natural resources is expected to improve financial reporting and encourage better financial management and policy decisions.

### **Why the IPSASB Undertook this Project**

Natural resources are prevalent in many jurisdictions and could make up a significant proportion of a country's financial position. Prior to the development of ED 92, there was no explicit guidance on natural resources in IPSAS or any other international accounting framework, so these resources were typically not reported in the general-purpose financial statements. As a result, governments often have little idea of their monetary value prior to granting the right to exploit or extract these resources to third parties. The development of guidance on natural resources will result in better information on these resources in the financial statements and encourage better fiscal and environmental decisions for many governments.

During the IPSASB's strategy consultation in 2018, constituents strongly supported the development of financial reporting guidance on natural resources. In response to this feedback, the IPSASB began the natural resources project in March 2020.

### **Natural Resources Project**

ED 92 is the primary component of the IPSASB's broader Natural Resources project. The ED proposes a definition of tangible natural resources, as well as guidance on their recognition, measurement, display and disclosure in the general purpose financial statements.

In addition to ED 92, an IFRS alignment component comprising of IPSAS 50, *Exploration for and Evaluation of Mineral Resources*, and *Stripping Costs in the Production Phase of a Surface Mine (Amendments to IPSAS 12)*, was also undertaken. Given the more straightforward nature of the alignment component, the IPSASB approved the two alignment pronouncements in September 2024 in conjunction with the approval of ED 92. These two pronouncements provide guidance on extractive activities and are aligned with their accounting in the private sector.

## Key Proposals in ED 92

ED 92 proposes guidance on the recognition, measurement, display and disclosure of tangible natural resources.

### Proposed Definition and Scope

ED 92 defines natural resources as naturally occurring items which embody service potential, the capability to generate future economic benefits, or both. Tangible natural resources are natural resources with physical substance.

The proposed definition was purposely broad. As a result, some tangible natural resources may be within the scope of the following IPSAS based on their primary intended use:

- IPSAS 12, *Inventories*;
- IPSAS 16, *Investment Property*;
- IPSAS 27, *Agriculture*; or
- IPSAS 45, *Property, Plant, and Equipment*.

ED 92 is applicable to all items which meet the definition of tangible natural resources but are **not** within the scope of these existing IPSAS.

A tangible natural resource held for conservation is one common example of an item which could be within the scope of ED 92.

### Proposed Recognition Criteria

Under ED 92, a tangible natural resource is recognized as an asset if the item:

- Embodies future economic benefits or service potential;
- Is controlled as the result of past events; and
- Can be measured reliably.

### Proposed Measurement Guidance

The proposed initial measurement of a tangible natural resource is driven by whether control of the item was obtained in a transaction in an orderly market:

- If control was obtained in a transaction in an orderly market, the tangible natural resource is recorded at cost; or
- If control was obtained in a transaction or event is not part of an orderly market (e.g., a non-exchange transaction or the exercise of sovereign rights), the item is measured at deemed cost.

After initial measurement, an entity can choose to measure a class of tangible natural resources at historical cost or current value.

## Next Steps

The deadline for comments is February 28, 2025.

During the comment period, the IPSASB members, technical advisors and/or staff are available to discuss the proposals with a wide range of parties.



## How Can I Comment on the Proposals?

The ED includes eight Specific Matters for Comment (SMCs) on which the IPSASB is seeking views. The SMCs cover a variety of topics, including scope, definitions, transitional provisions, and sufficiency of non-authoritative guidance.

Respondents may choose to answer all the SMCs or just a selected few. The IPSASB welcomes comments on any other matters within the scope of the project that respondents think it should consider in forming its views.

Respondents are asked to submit their comments electronically through the [“Submit a Comment”](#) link. Please submit comments in both a PDF and a Word file. Comments must be received in English to be considered.

All Comments will be considered a matter of public record and will be posted on the IPSASB website.

The IPSASB will carefully consider all feedback and discuss responses at its public meetings after the comment period has ended.

## Stay Informed

The IPSASB’s website will indicate the meetings at which feedback on the ED will be discussed. The dates and the locations of the 2024 meetings are available at:

<https://www.ipsasb.org/meetings>

To stay up to date about the Natural Resources project, please visit:

<https://www.ipsasb.org/consultations-projects/natural-resources>