IPSAS 51, *TANGIBLE NATURAL RESOURCES HELD FOR CONSERVATION*

History of IPSAS Accounting Standard

This version includes amendments resulting from IPSAS Accounting Standards issued up to January 31, 2026.

IPSAS 51, *Tangible Natural Resources Held for Conservation* was issued in January 2026.

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International Public Sector Accounting Standard 51, *Tangible Natural Resources Held for Conservation*, is set out in paragraphs 1–78. All the paragraphs have equal authority. IPSAS 51 should be read in the context of its objective, the Basis for Conclusions, the *Preface to IPSAS Accounting Standards and IPSASB SRS Standards*, and *The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities*. IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors*, provides a basis for selecting and applying accounting policies in the absence of explicit guidance.

Objective

1. **The objective of this Standard is to establish 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 held for conservation.**

2. To meet the objective in paragraph 1, this Standard:

   (a) Sets out the recognition, measurement, and presentation requirements for tangible natural resources held for conservation; and

   (b) Requires an entity to provide disclosures in their financial statements that enable users to evaluate:

      (i) The nature of, and risks associated with, tangible natural resources held for conservation; and

      (ii) The effects of tangible natural resources held for conservation on the entity's financial position, financial performance, and cash flows.

Scope

3. **An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard in accounting for tangible natural resources held for conservation as defined in this Standard.**

4. **This Standard does not apply to:**

   (a) **Assets consisting of materials or supplies to be consumed in the production process or in the rendering of services, held for distribution in the ordinary course of operations or in the process of production for sale or distribution, which are within the scope of IPSAS 12, *Inventories*;**

   (b) **Assets held to earn rentals or capital appreciation, or both, which are within the scope of IPSAS 16, *Investment Property*;**

   (c) **Assets that are biological assets whose biological transformation is managed for sale, distribution, or conversion into agricultural produce, which are within the scope of IPSAS 27, *Agriculture*;**

   (d) **Service concession assets within the scope of IPSAS 32, *Service Concession Arrangements: Grantor*;**

   (e) **Leases as defined in IPSAS 43, *Leases*;**

   (f) **Assets classified as held for sale in accordance with IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations*;**

   (g) **Assets used in the production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used for more than one reporting period, which are within the scope of IPSAS 45, *Property, Plant, and Equipment*; and**

   (h) **Exploration and evaluation assets within the scope of IPSAS 50, *Exploration for and Evaluation of Mineral Resources*.**

5. **This Standard also does not apply to obligations relating to tangible natural resources held for conservation within the scope of IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets*.**

Classification as Tangible Natural Resources Held for Conservation

6. The assessment of the unit of account for a resource may impact whether an item is within the scope of this Standard, as some resources could consist of multiple units of account. Each unit of account potentially could

be accounted for separately, and its classification is considered individually based on an entity's primary intended reason for holding that individual unit of account. Only units of account which meet the definition of a tangible natural resource held for conservation in paragraph 8 are classified as such and are within the scope of this IPSAS Standard. Other units of account that are held primarily for other purposes, such as those listed in paragraph 4, are accounted for based on the guidance in other IPSAS Standards.

7. Paragraphs AG2 and AG14–AG18 provide additional guidance on the unit of account, and paragraphs AG3–AG4 provide additional guidance on the scope of this Standard.

Definitions

8. **The following terms are used in this Standard with the meanings specified:**

For the purposes of this Standard, a tangible natural resource held for conservation is a naturally occurring tangible asset that is managed to prevent its degradation.

A class of tangible natural resources held for conservation means a grouping of tangible natural resources held for conservation that are of a similar nature and are shown as a single item for the purpose of disclosure in the financial statements.

Terms defined in other IPSAS Standards are used in this Standard with the same meaning as in those Standards and are reproduced in the *Glossary of Defined Terms* published separately.

9. Paragraphs AG5–AG13 provide additional guidance on the definitions in this Standard.

Recognition

10. **A tangible natural resource held for conservation shall be recognized if, and only if:**

(a) **It is probable that service potential associated with the resource will flow to the entity;**

(b) **The entity controls the tangible natural resource held for conservation as a result of past events; and**

(c) **The tangible natural resource held for conservation can be measured reliably.**

11. An asset can be reliably measured if the variability in the range of reasonable cost or deemed cost measurements is not significant for that asset, or the probabilities of the various estimates within the range can be reasonably assessed.

12. If an entity controls a tangible natural resource held for conservation which meets the definition of an asset, but does not meet the recognition criterion in paragraph 10(c), the information required by paragraph 68 shall be disclosed in the notes to the financial statements. If subsequently, the tangible natural resource held for conservation becomes reliably measurable, the entity shall, from that date, recognize the tangible natural resource held for conservation in accordance with paragraph 10 and apply the measurement principles in this Standard. Paragraphs AG19–AG24 provide additional guidance on the recognition of tangible natural resources held for conservation.

13. The unit of account (see paragraph 6) for a tangible natural resource held for conservation should also be considered when applying the recognition criteria and principles for initial and subsequent measurement. Depending on the characteristics and risks associated with the item(s), and considering the objectives of financial reporting, it may be appropriate to (a) disaggregate significant items into separate units of account, then apply the recognition criteria and measurement principles to each individual unit, or (b) aggregate individual items into one unit of account, then apply the recognition criteria and measurement principles to the aggregate value. Paragraphs AG2 and AG14–AG18 provide additional guidance on determination of the unit of account.

Subsequent Expenditures

14. An entity recognizes subsequent expenditures on tangible natural resources held for conservation in accordance with the recognition principle in paragraph 10. Under this principle, the costs of day-to-day maintenance which do not result in incremental service potential and other activities such as research (as defined in IPSAS 31, *Intangible Assets*) regarding conservation are recognized in surplus or deficit as incurred. The costs of day-to-day maintenance may primarily consist of the costs of labor and consumables and could include, for example, when rangers are employed to protect a tangible natural resource held for conservation or when some form of chemical treatment is applied.

15. In contrast, an entity may, for example, acquire additional parcels of land to expand an existing conservation area. Under the recognition principle in paragraph 10, the entity would recognize the acquisition cost of the additional land as part of the existing conservation area, as these costs result in incremental service potential that would likely flow to the entity.

Subsequent Expenditures on Unrecognized Tangible Natural Resources Held for Conservation

16. The recognition of a subsequent expenditure as an asset is unaffected by whether or not the underlying tangible natural resource held for conservation was initially recognized. If the subsequent expenditure relates to a tangible natural resource held for conservation that was not initially recognized because its cost or deemed cost could not be measured reliably, it should nonetheless be reviewed in light of paragraph 10 to determine whether or not it should be recognized as an asset.

Measurement

Initial Measurement

17. **Where a tangible natural resource held for conservation is recognized as an asset as the result of an event that is not a transaction in an orderly market, including non-exchange transactions, the asset shall be measured initially at its deemed cost (current value). The current value of a tangible natural resource held for conservation is measured at current operational value because these assets are held for their operational capacity. An entity shall apply IPSAS 46, *Measurement*, when determining current operational value.**

18. For the purpose of this Standard, the initial measurement of a tangible natural resource held for conservation at its current operational value in accordance with the requirement of paragraph 17, does not constitute a revaluation. Accordingly, the revaluation requirements in paragraphs 26–30 and the supporting Application Guidance only apply where an entity elects to revalue a tangible natural resource held for conservation in subsequent reporting periods.

19. **A tangible natural resource held for conservation acquired through an exchange transaction shall be measured at its cost.**

Elements of Cost

20. The cost of a tangible natural resource held for conservation acquired in an exchange transaction comprises:

    (a) Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and

    (b) Any costs directly attributable to bringing the asset to the location and condition to be conserved as intended by management.

21. Examples of directly attributable costs are:

    (a) Costs of employee benefits (as defined in IPSAS 39, *Employee Benefits*) arising directly from the acquisition, development (including rehabilitation) of the tangible natural resource held for conservation;

    (b) Costs of site preparation;

    (c) Initial delivery and handling costs; and

    (d) Professional fees.

22. Recognition of costs in the carrying amount of a tangible natural resource held for conservation ceases when the item is in the location and condition necessary for it to be capable of being conserved in the manner intended by management.

23. Paragraphs AG30–AG33 provide additional guidance on the measurement of deferred consideration and on the acquisition of a tangible natural resource held for conservation in exchange for non-monetary assets.

Subsequent Measurement

24. **After initial recognition, an entity shall apply the measurement requirements from IPSAS 46 by choosing either the historical cost model or the current value model as its accounting policy. An entity shall apply the chosen policy to an entire class of tangible natural resources held for conservation. If, after initial measurement, the current value of a tangible natural resource held for conservation cannot be reliably measured on a continuing basis, an entity shall apply the historical cost model to that resource. If the current value subsequently becomes reliably measurable and the entity chooses to apply the current value model, the change in accounting policy shall be dealt with as a revaluation in accordance with this Standard.**

Historical Cost Model

25. **Where an entity subsequently chooses to measure a tangible natural resource held for conservation, which was initially measured at its cost or deemed cost, at its historical cost, the resource shall be carried at that cost or deemed cost less any accumulated depreciation (if applicable) and any accumulated impairment losses.**

Current Value Model

26. **Where an entity chooses to measure a tangible natural resource held for conservation after initial recognition using the current value model, and its current value can be measured reliably, it shall be carried at a revalued amount, being its current operational value at the date of revaluation, less any subsequent accumulated depreciation (if applicable) and subsequent accumulated impairment losses.**

27. **Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using current operational value at the reporting date. The accounting treatment for revaluations is set out in paragraphs 28–30.**

28. **If the carrying amount of a class of tangible natural resources held for conservation is increased as a result of revaluation, the increase shall be credited directly to revaluation surplus. However, the increase shall be recognized in surplus or deficit to the extent that it reverses a revaluation decrease of the same class of tangible natural resources held for conservation previously recognized in surplus or deficit.**

29. **If the carrying amount of a class of tangible natural resources held for conservation is decreased as a result of a revaluation, the decrease shall be recognized in surplus or deficit. However, the decrease shall be debited directly to revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that class of tangible natural resources held for conservation.**

30. **Revaluation increases and decreases relating to individual assets within a class of tangible natural resources held for conservation must be offset against one another within that class but must not be offset in respect of assets in different classes of tangible natural resources held for conservation.**

Depreciation

31. **An entity shall assess whether the useful life of a tangible natural resource held for conservation is finite or indefinite, and if finite, the length of that useful life. There is a rebuttable presumption that tangible natural resources held for conservation have indefinite useful lives, as these resources are typically not used or consumed like tangible assets within the scope of other IPSAS Standards.**

32. A tangible natural resource held for conservation with a finite useful life is depreciated, while a tangible natural resource held for conservation with an indefinite useful life is not depreciated. Paragraphs AG36–AG39 provide additional guidance on the assessment of whether a tangible natural resource held for conservation has an indefinite or finite useful life.

Assets with Indefinite Useful Lives

33. The term “indefinite” does not mean “infinite.” The useful life of tangible natural resources held for conservation should reflect evidence on factors that could affect the useful life at the time of estimating the asset’s useful life. Projections of those factors and the estimated useful life should be realistic rather than optimistic or pessimistic, which means they should be supported by objective evidence and generate relevant and faithfully representative measures of asset value and depreciation, rather than optimistic or pessimistic projections of those factors. For example, the conclusion that the useful life of a tangible natural resource held for conservation is indefinite should not depend on planned future expenditure in excess of that required to maintain the asset at its current condition.

Assets with Finite Useful Lives

34. **A tangible natural resource held for conservation shall be regarded as having a finite useful life when, based on an analysis of all the relevant factors, there is clearly a foreseeable limit to the period over which the asset is expected to provide service potential to the entity.**

35. The useful life of a tangible natural resource held for conservation may be very long or even indefinite. Uncertainty about an asset’s useful life when it is very long does not justify choosing a life that is unrealistically short.

36. **The depreciation charge for each period shall be recognized in surplus or deficit.**

37. **The depreciable amount of a tangible natural resource held for conservation shall be allocated on a systematic basis over its useful life.**

38. **The residual value, if appropriate, and the useful life of an asset shall be reviewed at least at each annual reporting date and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in accounting estimate in accordance with IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors*.**

39. **The depreciation method shall reflect the pattern in which the asset is expected to provide service potential to the entity.**

40. **The depreciation method applied to an asset shall be reviewed at least at each annual reporting date, and if there has been a significant change in the pattern in which the asset is expected to provide service potential to the entity, the method shall be changed to reflect the changed pattern. Such a change shall be accounted for as a change in accounting estimate in accordance with IPSAS 3.**

Impairment

41. **To determine whether a tangible natural resource held for conservation is impaired, an entity applies IPSAS 21, *Impairment of Non-Cash-Generating Assets*. IPSAS 21 explains how an entity reviews the carrying amount of its assets, how it determines the recoverable service amount of an asset, and when it recognizes, or reverses the recognition of, an impairment loss.**

42. An entity is required to review tangible natural resources held for conservation with an indefinite useful life annually for indications of impairment in accordance with IPSAS 21.

Derecognition

43. **The carrying amount of a tangible natural resource held for conservation, or a part thereof, shall be derecognized:**

    (a) **On disposal;**

    (b) **When the entity ceases to control the resource; or**

    (c) **When no service potential is expected from the resource.**

44. **The gain or loss arising from the derecognition of a tangible natural resource held for conservation shall be included in surplus or deficit when the item is derecognized.**

45. **The gain or loss arising from the derecognition of a tangible natural resource held for conservation shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.**

46. The consideration receivable on disposal of tangible natural resources held for conservation is recognized initially at its fair value. If payment for the item is deferred, the consideration received is recognized initially at the cash price equivalent. The difference between the nominal amount of the consideration and the cash price equivalent is recognized as interest revenue in accordance with IPSAS 47, *Revenue*, reflecting the effective yield on the receivable.

Reclassification

47. If a tangible natural resource, or a specific part of that asset, is no longer primarily held for conservation, that asset or its specific part shall be reclassified based on its new primary intended use. Similarly, if the primary reason for holding a tangible natural resource within the scope of another IPSAS Standard has been changed to conservation, that asset shall be reclassified as a tangible natural resource held for conservation within the scope of this Standard.

48. Up to the date of reclassification, an entity continues to account for the asset using the IPSAS Standard that was applicable before the change in classification and considers whether the change is an indication of impairment in accordance with IPSAS 21, *Impairment of Non-Cash-Generating Assets*, or IPSAS 26, *Impairment of Cash-Generating Assets*.

49. Upon a reclassification of an asset or its specific part (along with its revaluation surplus if applicable and identifiable), the net carrying amount of the asset or its specific part immediately before reclassification shall be its cost for subsequent accounting (including subsequent measurement and if applicable, derecognition) in accordance with the IPSAS Standard applicable to the reclassified asset.

50. An entity shall reclassify a tangible natural resource held for conservation or a part of that resource as an asset (or disposal group) held for sale within the scope of IPSAS 44 if it meets the classification criteria specified in paragraphs 11–19 of IPSAS 44.

Presentation

Display

51. **Consistent with the requirements in paragraph 88 of IPSAS 1, *Presentation of Financial Statements*, an entity shall display tangible natural resources held for conservation as a separate line item in the statement of financial position.**

Disclosure

52. **The objective of the disclosure requirements is for the entity to disclose sufficient information to enable users of the financial statements to evaluate:**

    (a) **The nature of, and risks associated with, tangible natural resources held for conservation within the scope of this Standard; and**

    (b) **The effects of tangible natural resources held for conservation on the entity's financial position, financial performance, and cash flows.**

53. Information regarding tangible natural resources held for conservation which meet the definition of an asset must be disclosed in the financial statements, even when the asset is not recognized. (See paragraphs 68–71)

Disclosures for Recognized Tangible Natural Resources Held for Conservation

54. **For recognized tangible natural resources held for conservation, an entity shall disclose the following:**

    (a) **A narrative description of the recognized tangible natural resource held for conservation, including:**

        (i) **The nature or type of the resource;**

        (ii) **Information regarding the location and quantity of the resource;**

        (iii) **If applicable, the significant judgments applied to determine the various units of account of a tangible natural resource held for conservation;**

        (iv) **The significance of the tangible natural resource held for conservation in relation to achieving the entity's objectives, including how it is expected to provide service potential; and**

        (v) **The significant judgments applied to determine that the tangible natural resource held for conservation meets the asset recognition criteria;**

    (b) **The measurement model and basis used for determining the gross carrying amount;**

    (c) **If applicable, why the asset is depreciable, the depreciation method used, the residual value, if applicable, the useful lives or the depreciation rates used, and the gross carrying amount and the accumulated depreciation at the beginning and end of the period; and**

    (d) **A reconciliation of the carrying amount at the beginning and end of the period, showing:**

        (i) **Any additions;**

(ii) **Assets classified as held for sale or included in a disposal group classified as held for sale in accordance with IPSAS 44 and other disposals;**

(iii) **Increases and decreases resulting from revaluations under paragraphs 27–30 and from impairment losses (if any) recognized or reversed directly in net assets/equity in accordance with IPSAS 21;**

(iv) **If applicable, depreciation;**

(v) **Impairment losses recognized in surplus or deficit in accordance with IPSAS 21;**

(vi) **Impairment losses reversed in surplus or deficit in accordance with IPSAS 21; and**

(vii) **Other relevant changes, such as increases and decreases resulting from reclassifications under paragraph 47.**

55. **The financial statements shall also disclose for each class of recognized tangible natural resources held for conservation in the financial statements:**

(a) **The existence and amounts of restrictions on title, legal, or similar limits on the use of the resources due to environmental or other regulatory requirements;**

(b) **The existence and amounts of tangible natural resources held for conservation pledged as securities for liabilities; and**

(c) **The existence of other stewardship responsibilities.**

56. In accordance with IPSAS 3, an entity discloses the nature and effect of a change in an accounting estimate that has an effect in the current period or is expected to have an effect in subsequent periods. For recognized tangible natural resources held for conservation, such disclosure may arise from changes in estimates with respect to:

(a) Residual values, if applicable;

(b) Useful lives; and

(c) Depreciation methods.

57. **If a class of recognized tangible natural resources held for conservation is stated at revalued amounts, the following shall be disclosed:**

(a) **The effective date of the revaluation;**

(b) **Whether an independent valuer was involved;**

(c) **The revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to owners;**

(d) **The sum of all revaluation surpluses for individual tangible natural resources held for conservation within that class; and**

(e) **The sum of all revaluation deficits for individual tangible natural resources held for conservation within that class.**

58. In accordance with IPSAS 21, an entity discloses information on impaired tangible natural resources held for conservation in addition to the information required by paragraphs 54(d)(iii) and 54(d)(v) –54(d)(vi).

59. Where applicable, entities are encouraged, but not required, to disclose the gross carrying amount of any fully depreciated tangible natural resource held for conservation, as users of the financial statements may find such information relevant to their needs.

60. In rare cases, the disclosure of information regarding the location, quantity, and carrying amount of a rare or endangered tangible natural resource held for conservation may lead to further endangerment or degradation. In these cases, an entity need not disclose such information, but shall disclose the general nature of the resource, together with the fact that, and the reason why, the information has not been disclosed. Paragraphs AG42–AG43 provide additional guidance on rare or endangered resources.

Current Value Measurement

61. As noted in paragraph 24, the initial measurement of a recognized tangible natural resource held for conservation at its deemed cost does not require the entity to choose the current value model for its accounting policy for subsequent measurement. Where it does so, the requirements of paragraph 62 are applicable for recognized tangible natural resources held for conservation which are subsequently measured using the current value model.

62. **An entity shall disclose information that helps users of its financial statements assess both of the following:**

    (a) **For tangible natural resources held for conservation that are measured at current operational value in the statement of financial position after initial recognition, the measurement techniques and inputs used to develop those measurements; and**

    (b) **For current operational value measurements estimated using significant unobservable inputs, the effect of the measurements on surplus or deficit or net assets/equity for the period.**

63. To meet the objectives in paragraph 62, an entity shall consider all of the following:

    (a) The level of detail necessary to satisfy the disclosure requirements;

    (b) How much emphasis to place on each of the various requirements;

    (c) How much aggregation or disaggregation to undertake; and

    (d) Whether users of financial statements need additional information to evaluate the quantitative information disclosed.

    If the disclosures provided in accordance with this Standard are insufficient to meet the objectives in paragraph 62, an entity shall disclose additional information necessary to meet those objectives.

64. To meet the objectives in paragraph 62, an entity shall disclose, at a minimum, the following information for each class of tangible natural resources held for conservation measured at current operational value in the statement of financial position after initial recognition:

    (a) The current operational value measurement at the end of the reporting period;

    (b) Whether the current operational value measurements are estimated using observable or unobservable inputs;

    (c) For current operational value estimated using significant unobservable inputs, a description of the measurement technique(s) and the inputs used in the current operational value measurement (e.g., a cost approach or a market approach). If there has been a change in measurement technique (e.g., changing from a cost approach to a market approach), the entity shall disclose that change and the reason(s) for making it. For current operational value measurements estimated using significant unobservable inputs, an entity shall provide quantitative information about the significant unobservable inputs used in the current operational value measurement. An entity is not required to create quantitative information to comply with this disclosure requirement if quantitative unobservable inputs are not developed by the entity when measuring current operational value (e.g., when an entity uses prices from prior transactions or third-party pricing information without adjustment). However, when

providing this disclosure an entity cannot ignore quantitative unobservable inputs that are significant to the current operational value measurement and are reasonably available to the entity;

(d) For current operational value measurements estimated using significant unobservable inputs, a reconciliation from the opening balances to the closing balances, disclosing separately changes during the period attributable to the following:

(i) Total gains or losses for the period recognized in surplus or deficit, and the line item(s) in surplus or deficit in which those gains or losses are recognized;

(ii) Total gains or losses for the period recognized in net assets/equity, and the line item(s) in net assets/equity in which those gains or losses are recognized; and

(iii) Purchases and sales (each of those types of changes disclosed separately).

(e) For current operational value estimated using significant unobservable inputs, the amount of the total gains or losses for the period in paragraph 64(d)(i) included in surplus or deficit that is attributable to the change in unrealized gains or losses relating to those tangible natural resources held for conservation held at the end of the reporting period, and the line item(s) in surplus or deficit in which those unrealized gains or losses are recognized;

(f) For current operational value measurements estimated using significant unobservable inputs, a description of the valuation processes used by the entity (including, for example, how an entity decides its valuation policies and procedures and analyses changes in current operational value measurements from period to period); and

(g) For current operational value measurements estimated using significant unobservable inputs a narrative description of the sensitivity of the current operational value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower current operational value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the current operational value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the current operational value measurement. To comply with that disclosure requirement, the narrative description of the sensitivity to changes in unobservable inputs shall include, at a minimum, the unobservable inputs disclosed when complying with paragraph 64(c).

Paragraphs 65–66 provide information on determining the appropriate classes of tangible natural resources held for conservation for current value measurement disclosures.

65. For the purposes of current value measurement disclosures, an entity may decide that a greater disaggregation of the classes of tangible natural resources held for conservation (see paragraph 8) is required on the basis of the extent to which the current operational value uses observable or unobservable inputs. For example, assets whose current operational value can only be measured using significant unobservable inputs are likely to be subject to different risks compared to assets that can be measured using observable inputs. Such differences in risk may warrant disaggregation of these assets into different classes.

66. The number of classes may need to be greater for current operational value measurements estimated using significant unobservable inputs, because those measurements have a greater degree of uncertainty and subjectivity. Determining appropriate classes of tangible natural resources held for conservation for which disclosures about current operational value measurements should be provided requires judgment. For example, a class of tangible natural resources held for conservation may often require greater disaggregation than the line items presented in the statement of financial position. However, an entity shall provide the information sufficient to permit reconciliation to the line items presented in the statement of financial position.

67. An entity shall present the quantitative current operational value measurement disclosures required by this Standard in a tabular format unless another format is more appropriate.

Disclosure of Unrecognized Tangible Natural Resources Held for Conservation

68. **Where a tangible natural resource held for conservation meets the definition of an asset but is not recognized in the financial statements because, at initial measurement, its cost or deemed cost cannot be measured reliably, the entity shall disclose:**

    (a) **Qualitative information regarding the resource such as the nature or type of resource, its location, and if available, its quantity;**

    (b) **The difficulties in obtaining a reliable measurement that prevented recognition; and**

    (c) **The significance of the unrecognized tangible natural resource held for conservation in relation to delivery of the entity's objectives.**

69. Similar to paragraph 60, in rare cases, the disclosure of information regarding the location and quantity of a rare or endangered unrecognized tangible natural resource held for conservation may lead to further endangerment or degradation. In these cases, an entity need not disclose such information but shall disclose the general nature of the resource held, together with the fact that, and the reason why, certain information has not been disclosed. Paragraphs AG42–AG43 provide additional guidance on rare or endangered resources.

70. Where subsequent expenditures on unrecognized tangible natural resources held for conservation are recognized, the disclosure requirements in paragraphs 54–67 will apply.

71. Where an entity acts as a steward of an unrecognized tangible natural resource held for conservation, the entity shall explain in the Notes to the Financial Statements the nature of its stewardship rights and responsibilities, including the legislation or similar means that establishes the stewardship arrangement over the resource.

Effective Date and Transition

Effective Date

72. **An entity shall apply this Standard for annual financial statements covering periods beginning on or after January 1, 2028. Earlier application is permitted. If an entity applies this Standard for a period beginning before January 1, 2028, it shall disclose that fact.**

73. When an entity adopts accrual basis IPSAS Standards, as defined in IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards*, for financial reporting purposes subsequent to this effective date, this Standard applies to the entity's annual financial statements covering periods beginning on or after the date of adoption of IPSAS Standards.

Transition

74. **An entity shall apply this Standard using one of the following two methods:**

    (a) **Using a modified retrospective approach by recognizing the tangible natural resources held for conservation which meet the asset recognition criteria on the date of initial application of this Standard at their deemed costs (current operational values) as at the date of initial application. The entity shall recognize the cumulative effect of initially applying this Standard as an adjustment to the opening balance of accumulated surplus or deficit (or other component of net assets/equity, as appropriate) of the annual reporting period that includes the date of initial application. Under this transition method, an entity need not consider tangible natural**

resources held for conservation which had previously met the recognition criteria but were derecognized prior to the date of initial application; or

(b) **Retrospectively in accordance with IPSAS 3.**

75. For the purposes of the requirements in paragraph 74, the date of initial application is the start of the reporting period in which an entity first applies this Standard.

76. If the current operational value of a tangible natural resource held for conservation cannot be reliably measured upon the initial application of this Standard, the requirements in paragraph 12 are applicable and only disclosures are required upon initial application. If the tangible natural resource held for conservation becomes reliably measurable subsequent to initial application, the entity shall, from that date, recognize the tangible natural resource held for conservation in accordance with paragraph 10 and apply the measurement principles in this Standard.

77. If the application of this Standard results in the reclassification of an asset that was previously within the scope of another IPSAS Standard, the asset shall be reclassified as a tangible natural resource held for conservation at its carrying amount (along with any revaluation surplus, if applicable and identifiable) on the date of initial application of this Standard, and the entity shall apply the subsequent measurement requirements in paragraphs 24–42. An entity shall also consider whether or not the disclosure requirements in paragraphs 55(b) and 60 are applicable.

78. If an entity elects to apply this Standard using the modified retrospective approach in accordance with paragraph 74(a), the entity shall disclose this fact.

Appendix A

Application Guidance

This Appendix is an integral part of IPSAS 51.

Introduction

AG1. This application guidance is organized into the following categories:

(a) Scope (paragraphs AG2–AG4);

(b) Definitions (paragraphs AG5–AG13);

(c) Recognition (paragraphs AG14–AG24);

(d) Measurement (paragraphs AG25–AG39); and

(e) Presentation (paragraphs AG40–AG43).

Scope (paragraphs 3–7)

Unit of Account and Scope

AG2. The assessment of the unit of account may impact whether an item is within the scope of this Standard, as a resource could consist of multiple units of account that are each within the scope of different Standards. Because of the potentially significant difference in accounting outcomes, the determination of the appropriate unit of account is critical when accounting for tangible natural resources, including those held for conservation. In these situations, the scoping requirements in paragraphs 3–7 should be applied to each unit of account, and only the unit(s) of account which meets the definition of a tangible natural resource held for conservation is within the scope of this Standard. Once an entity has determined that a unit of account is within the scope of this Standard, paragraph 13 requires the entity to apply the recognition and measurement guidance to each unit of account.

Other Scope Considerations

AG3. This Standard applies to all tangible natural resources held for conservation, and paragraph 4 provides additional clarification on assets that are not within the scope of this Standard. An entity may hold a tangible natural resource for multiple benefits, such as providing ecological and societal value, for public enjoyment, or for cultural reasons, and the conservation of these resources maintains these benefits for current and future generations. In situations where an entity holds a tangible natural resource for multiple objectives, the entity considers all relevant facts and circumstances to determine if the tangible natural resource is held primarily for conservation or for another purpose such as the production or supply of goods or services.

AG4. To be within the scope of this Standard, a tangible asset must have both of the following two key characteristics:

(a) The tangible asset must be naturally occurring; and

(b) It must be held primarily for conservation (see paragraphs AG6–AG13).

Some tangible assets may have certain aspects which overlap with these characteristics. For example, some heritage assets within the scope of IPSAS 45 could be preserved for the benefit of present or future generations because of their rarity and/or significance in relation, but not limited, to their archeological, cultural, or historical features. Such heritage assets are not within the scope of this Standard, as they are not naturally occurring and therefore do not have all of the necessary characteristics to meet the definition of a

tangible natural resource held for conservation. Similarly, other tangible assets such as land are naturally occurring, but if the land is not held primarily for conservation, it is also not within the scope of this Standard.

Definitions (paragraphs 8–9)

AG5. Naturally occurring items are the living and non-living components of the Earth, together constituting the biophysical and geophysical environment, which came into existence in nature.

AG6. Conservation is the act of managing and protecting a tangible natural resource from degradation and is sometimes referred to as preservation. Generally, both conservation and preservation refer to the same concept, but for the purposes of this Standard, the term conservation is used.

AG7. In practice, the activities which constitute conservation vary significantly depending on the resource that is being conserved and the objective of the conservation effort. In some situations, conservation could be limited to restricting access to a resource. In other situations where a resource requires rehabilitation, conservation could involve actively managing the growth or restoration of the resource.

AG8. Tangible natural resources held for conservation, rather than for their use or for disposal, may be recognized as assets because of the service potential provided in achieving the objectives of a public sector entity. For example, a government or public sector entity could have an objective to conserve a tangible natural resource, as the resource is perceived to provide cultural or ecological value to its citizens in current and future generations. The cultural or ecological value resulting from achieving the public sector entity's objective represents service potential which could give rise to an asset.

AG9. An entity may demonstrate that a tangible natural resource held for conservation embodies service potential when there is a plan detailing how the conservation of the item is expected to achieve the entity's objectives, the entity's ability and intent to carry out the plan, and if necessary, how the entity will obtain the resources necessary to carry out this plan. Tangible natural resources held for conservation which embody service potential, are controlled by the entity as a result of past events and can be measured reliably shall be recognized as an asset within the scope of this Standard.

AG10. In the context of conservation, degradation generally refers to the reduction in the overall service potential embodied in a tangible natural resource held for conservation. Degradation can result from events leading to a decline in the quantity and/or quality of a tangible natural resource held for conservation, and could include:

(a) Depletion due to the active use or consumption of an asset, even if the use or consumption is carried out by a third party;

(b) Destruction of the asset, such as forest fires resulting from deliberate or accidental human action; and

(c) Other events that could result in the decline in the quantity and/or quality of the asset, such as pollution.

AG11. Some events may appear to lead to a decline in the quantity and/or quality of a resource when viewed in isolation but generally do not constitute degradation when considered in the context of the natural processes that are applicable to the tangible natural resource held for conservation. For example, the natural death of individual living resources due to age or disease within an increasing population is generally not considered degradation.

AG12. In some situations, preventing the degradation of a resource could result in an increase in its service potential due to the resource's natural growth. While an increase in service potential is a possible result of conservation, such an increase is not a necessary requirement for conservation within the context of this Standard.

AG13. Some tangible natural resources held for conservation may be prone to uncontrollable events, such as frequent earthquakes or floods, which could lead to their degradation. For these resources, conservation

activities may be limited to the mitigation of the potential degradation to these resources, as it is unlikely that the entity will be able to completely prevent the degradation of the resource from these events.

Recognition (paragraphs 10–13)

Unit of Account

AG14. This Standard does not prescribe a unit of account for a tangible natural resource held for conservation. However, the identification of a unit of account should be based on what the entity judges to be the most useful and relevant to users of the financial statements and achieves the qualitative characteristics of financial reporting while taking into account the constraints, such as materiality and cost-benefit considerations.

AG15. The following factors can indicate that separate tangible natural resources held for conservation may be aggregated into one single unit of account:

(a) The items are subject to similar risks, despite having some different physical characteristics;

(b) The items are managed together in aggregate and likely subject of the same transactions;

(c) The items are unlikely or unable to separately provide service potential to the entity; and

(d) The items can be measured together as a group and the entity is unable to measure the items individually.

AG16. For example, there may be different natural resources held for conservation, such as a rare natural forest and multiple wild animal species in a large reserve area which is being conserved on an integrated basis. Activities such as controlling access into the reserve and monitoring the biodiversity within the area could be performed on a reserve-wide basis with the different species of plants and animals within the reserve not being managed individually. Although the land, forest and animal species have different physical characteristics, the variety of conservation activities on different items in the reserve are designed to ensure that all biodiversity will flourish as a single unit. In this case, it may be appropriate to account for the various tangible natural resources within the reserve, including the land, as a single unit of account.

AG17. In contrast, the following factors can indicate that significant parts of a tangible natural resource held for conservation may constitute separate units of account:

(a) The parts are separately identifiable and measurable; and

(b) The parts are material in relation to the overall asset.

For example, if a specific part of a tangible natural resource held for conservation has a finite useful life while the rest of the resource has an indefinite useful life, the specific part could constitute a separate unit of account. See paragraph AG39.

AG18. The determination of the unit of account may also impact the subsequent measurement of a tangible natural resource held for conservation. When a tangible natural resource held for conservation consists of multiple units of account, and the cost or current value of each unit is significant in relation to the total cost or current value of the resource, each unit of account shall be measured separately. Therefore, subsequent measurement considerations need to be carefully considered by the entity when making the initial judgment about the appropriate unit of account for financial reporting purposes.

Application of the Recognition Criteria

AG19. The recognition of a tangible natural resource held for conservation as an asset involves an assessment of any uncertainties related to the existence and measurement of the item. For some naturally occurring items, until the item is extracted, there will be uncertainty over the existence, quantity and quality of the item in a given location. This impacts the assessment of whether the item is a recognizable asset because an item

that is subjected to existence uncertainty may not be considered a resource until this uncertainty has been resolved.

AG20. An entity evaluates all costs related to a tangible natural resource held for conservation at the time they are incurred using the recognition principle in paragraph 10. These costs include costs incurred initially to acquire the resource.

Control as a Result of Past Events

AG21. An entity can obtain control of a resource through an event that is not a transaction in an orderly market, which could include non-exchange transactions or the exercise of sovereign powers, or through exchange transactions, such as a purchase from a third party. The exercise of sovereign power creates an asset only when the entity has a right to receive resources, and it can control those resources. For example, a government entity may be required to pass legislation and establish a legal framework to implement programs to conserve a tangible natural resource before being able to conclude that these resources can be controlled.

AG22. In assessing whether it presently controls a tangible natural resource held for conservation, an entity assesses whether one or more of the following indicators of control exist:

(a) Legal ownership;

(b) Access to the resource, or the ability to deny or restrict others to access the resource;

(c) The means to ensure that the entity can achieve its objectives with the resource; or

(d) The existence of an enforceable right to service potential arising from the resource.

Assessments of control involve judgment, and control may exist when only some of these indicators are satisfied. Conversely, control may not exist even when most of these indicators are met.

AG23. No one indicator is more important than another indicator. Legal ownership is only one indicator demonstrating control of a tangible natural resource held for conservation. An entity may demonstrate that it controls the resource even when there is no legal ownership because it can direct the conservation of the resource and obtain its service potential. Conversely, an entity may have legal ownership but no rights to the service potential. In such circumstances, an entity considers substance over form in determining whether or not it controls the asset.

Changes in the Ability to Reliably Measure a Resource due to Changes in Facts and Circumstances

AG24. When a tangible natural resource held for conservation becomes reliably measurable due to changes in facts and circumstances, an entity applies the guidance on changes in accounting estimates in IPSAS 3.

Measurement (paragraphs 17–42)

Application of the Current Value Model

AG25. The frequency of revaluations depends upon the changes in current values of the tangible natural resources held for conservation being revalued. When the current value of a revalued asset differs materially from its carrying amount, a further revaluation is necessary. Some tangible natural resources held for conservation may experience significant and volatile changes in current value, thus necessitating annual revaluation. Such frequent revaluations are unnecessary for other tangible natural resources held for conservation. For example, a mature tangible natural resource held for conservation with only insignificant annual changes in current value may only require a revaluation every three or five years.

AG26. When a tangible natural resource held for conservation is revalued, the carrying amount of that asset is adjusted to the revalued amount. At the date of revaluation, the asset is treated in one of the following ways:

(a) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated proportionately to the change in carrying amount. The accumulated depreciation (if applicable) at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or

(b) The accumulated depreciation is eliminated against the gross carrying amount of the asset.

The amount of the adjustment of accumulated depreciation (if applicable) and accumulated impairment losses forms part of the increase or decrease in carrying amount that is accounted for in accordance with paragraphs 28 and 29.

AG27. A class of tangible natural resources held for conservation is a group of assets of a similar nature or subject to similar conservation activities. The following are examples of separate classes:

(a) Conservation areas consisting of land, wildlife, habitat areas, and bodies of water which are all subjected to the same management activities;

(b) Certain species of animals subject to a specific conservation program; and

(c) Forests in designated areas.

AG28. The items within a class of tangible natural resources held for conservation are revalued simultaneously in order to avoid selective revaluation of assets and the reporting of amounts in the financial statements that are a mixture of costs and values at different dates. However, a class of assets may be revalued on a rolling basis provided revaluation of the class of assets is completed within a short period and provided the revaluations are kept up to date.

AG29. Some or all of the revaluation surplus included in net assets/equity in respect of tangible natural resources held for conservation may be transferred directly to accumulated surpluses or deficits when the assets are derecognized. This may involve transferring some or the whole of the surplus when the assets within the class of tangible natural resources held for conservation to which the surplus relates are derecognized. However, if depreciation is applicable, some of the surplus may be transferred as the assets are depreciated. In such a case, the amount of surplus transferred would be the difference between depreciation, based on the revalued carrying amount of the assets, and depreciation based on the assets' original cost. Transfers from revaluation surplus to accumulated surpluses or deficits are not made through surplus or deficit.

Deferred Consideration

AG30. The cost of a tangible natural resource held for conservation for an item referred to in paragraph 19 is the cash price equivalent at initial recognition. If payment is deferred and the time value of money is material, the difference between the cash price equivalent and the total payment is recognized as interest over the period of credit, unless such interest is recognized in the carrying amount of the item in accordance with the allowed alternative treatment in IPSAS 5, *Borrowing Costs*.

Exchange of Assets

AG31. One or more tangible natural resources held for conservation may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets. The following discussion refers simply to an exchange of one non-monetary asset for another, but it also applies to all exchanges described in the preceding sentence. The cost of such a tangible natural resource held for conservation is measured at its current value (see paragraph AG33) unless: 1) the exchange lacks commercial substance;

or 2) the current value of neither the asset received nor the asset given up is reliably measurable. (See paragraph 11.) The acquired item is measured in this way even if an entity cannot immediately derecognize the asset given up. If the acquired item is not measured at current value, its cost is measured at the carrying amount of the asset given up.

AG32. An entity determines whether an exchange transaction has commercial substance by considering the extent to which the net future cash flows and/or service potential from the exchanged assets are expected to change as a result of the transaction. An exchange transaction has commercial substance if:

(a) The configuration (risk, timing, and amount) of the service potential of the asset received differs from the configuration of the cash flows or service potential of the asset transferred; or

(b) The portion of the entity's operations affected by the transaction changes as a result of the exchange; and

(c) The difference in (a) or (b) is significant relative to the current value of the assets exchanged.

For the purpose of determining the portion of the entity's operations affected by the transaction, as in paragraph AG32(b), the entity calculates the present value of the expected cash flows (or post-tax cash flows when tax applies) to arise from the continuing use of an asset and from its expected disposal. The result of these analyses may be clear without an entity having to perform detailed calculations.

AG33. For a tangible natural resource held for conservation acquired through a non-monetary exchange transaction, if an entity is able to measure reliably the current operational value of either the asset received or the current value of the asset given up, then the current value of the asset given up is used to measure the cost of the asset received unless the current operational value of the asset received is more clearly evident.

Depreciation

AG34. Although there is a rebuttable presumption that the tangible natural resources held for conservation within the scope of this Standard have indefinite useful lives, a tangible natural resource held for conservation may still have a finite useful life based on an analysis of all relevant factors. In such cases, a significant part of the tangible natural resource held for conservation may have a useful life and a depreciation method that are the same as the useful life and the depreciation method of another significant part of that same resource. Such parts may be grouped in determining the depreciation charge.

AG35. To the extent that an entity depreciates separately some parts of a tangible natural resource held for conservation, it also separately considers depreciation for the remainder of the resource unless the remainder consists of the parts that are individually not significant. If an entity has varying expectations for these parts, approximation techniques may be necessary to depreciate the remainder in a manner that faithfully represents the useful lives of its parts. In some situations, an entity may conclude that the remainder of the resource has an indefinite useful life and is, therefore, not depreciated.

Finite and Indefinite Useful Lives

AG36. Many tangible natural resources held for conservation have indefinite useful lives. For example, although a conserved geological feature is subject to erosion over time, the applicable geological time scale is so long that there is no foreseeable limit to the period over which the asset is expected to provide service potential.

AG37. With some exceptions, land that is held for conservation has an indefinite useful life and therefore is not depreciated. One example of land with a finite useful life is when land is being encroached by rising sea levels and the entity expects that, within a finite period of time, the land will no longer be available due to either a severe and continual risk of flooding or actual submersion beneath the water.

AG38. Depending on the factors associated with the loss or displacement of land held for conservation, an entity may need to consider the appropriateness of depreciating land in future reporting periods and should continue to assess for impairment in accordance with the requirements of this Standard and IPSAS 21. Where land held for conservation is being lost or displaced as a result of, for example, unexpected coastline erosion, and such a loss was not contemplated in the assessment of useful life, the entity will need to apply:

(a) The derecognition requirements in paragraphs 43–46 of this Standard; or

(b) The impairment requirements in IPSAS 21.

AG39. When a tangible natural resource held for conservation consists of living resources, an entity will need to consider factors such as the characteristics and risks associated with the resource and its unit of account when determining whether the resource has an indefinite or finite useful life. Although individual organisms generally have a finite life, living resources are typically conserved at a population-wide level, so a stable or increasing population would generally support an indefinite useful life. Conversely, if a species is endangered and its overall population is declining over time, a finite life may be appropriate.

Presentation (paragraphs 51–71)

Disclosure of Unrecognized Tangible Natural Resources when Cost or Current Value Cannot be Measured Reliably

AG40. The disclosures required by paragraph 68 for unrecognized tangible natural resources held for conservation should ensure that, when read in the context of information about recognized tangible natural resources, the financial statements provide useful and relevant information about the entity's overall holding of tangible natural resources held for conservation, and thereby support users' evaluation of the entity's finances, including its net financial position, and understanding of its ability to deliver services.

AG41. These disclosures may be presented in aggregate for groups or classes of tangible natural resources held for conservation, provided this aggregation does not obscure significant information.

Additional Guidance on Rare or Endangered Tangible Natural Resources Held for Conservation

AG42. Endangered tangible natural resources held for conservation are resources which are seriously at risk of extinction, while rare tangible natural resources held for conservation refer to resources which are uncommon, scarce or infrequently encountered. While not automatically endangered, rare species of living resources are typically more vulnerable to extinction due to their limited numbers.

AG43. An entity assesses whether a resource is considered rare or endangered based on all relevant facts and circumstances, such as the known quantities of the resource or a population's vulnerabilities to risk factors such as disease or habitat loss. In practice, the assessment could also be based on designations determined by third parties such as international organizations or government organizations.

Appendix B

Amendments to Other IPSAS Standards

Amendments to IPSAS 1, *Presentation of Financial Statements*

Paragraphs 88(ba), 107(ca), and 153T are added, and paragraphs 92 and 134 are amended. New text is underlined, and deleted text is struck through.

Information to be Presented on the Face of the Statement of Financial Position

…

88. **As a minimum, the face of the statement of financial position shall include line items that present the following amounts:**

…

(ba) **Tangible natural resources held for conservation;**

…

92. The use of different measurement models for different classes of assets suggests that their nature or function differs and, therefore, ~~that~~ they should be presented as separate line items. For example, different classes of property, plant, and equipment can be carried at cost or revalued amounts in accordance with IPSAS 45. Similarly, different classes of tangible natural resources held for conservation can be carried at historical cost or current value in accordance with IPSAS 51, *Tangible Natural Resources Held for Conservation*.

…

Information to be Presented either on the Face of the Statement of Financial Performance or in the Notes

…

107. Circumstances that would give rise to the separate disclosure of items of revenue and expense include:

…

(ca) Disposals of tangible natural resources held for conservation;

…

Disclosure of Accounting Policies

…

134. In deciding whether a particular accounting policy should be disclosed, management considers whether disclosure would assist users in understanding how transactions, other events, and conditions are reflected in the reported financial performance and financial position. Disclosure of particular accounting policies is especially useful to users when those policies are selected from alternatives allowed in IPSASs. An example is disclosure of whether an entity applies the ~~fair~~ current value or historical cost model to its investment property (see IPSAS 16, *Investment Property*.) Some IPSASs specifically require disclosure of particular accounting policies, including choices made by management between different policies allowed in those Standards. For example, IPSAS 45 and IPSAS 51 require disclosure of the measurement bases used for classes of property, plant, and equipment or classes of tangible natural resources held for conservation. IPSAS 5, *Borrowing Costs*, requires disclosure of whether borrowing costs are recognized immediately as an expense, or capitalized as part of the cost of qualifying assets.

Effective Date

…

153T. **Paragraphs 88(ba) and 107(ca) were added, and paragraphs 92 and 134 were amended by IPSAS 51, *Tangible Natural Resources Held for Conservation*, issued in January 2026. An entity shall apply this amendment for annual financial statements covering periods beginning on or after January 1, 2028. Earlier application is permitted. If an entity applies the amendments for a period beginning before January 1, 2028, it shall disclose that fact and apply IPSAS 51 at the same time.**

…

Amendments to IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors*

Paragraph 59J is added and paragraph 22 is amended. New text is underlined, and deleted text is struck through.

…

22. **The initial application of a policy to revalue assets in accordance with IPSAS 31, *Intangible Assets*, ~~or~~ IPSAS 45, *Property, Plant, and Equipment*, or IPSAS 51, *Tangible Natural Resources Held for Conservation*, is a change in accounting policy to be dealt with as a revaluation in accordance with IPSAS 31, ~~or~~ IPSAS 45, or IPSAS 51, rather than in accordance with this Standard.**

…

Effective Date

…

59J. **Paragraph 22 was amended by IPSAS 51, *Tangible Natural Resources Held for Conservation*, issued in January 2026. An entity shall apply this amendment for annual financial statements covering periods beginning on or after January 1, 2028. Earlier application is permitted. If an entity applies the amendments for a period beginning before January 1, 2028, it shall disclose that fact and apply IPSAS 51 at the same time.**

…

Amendments to IPSAS 12, *Inventories*

Paragraph 51K is added and paragraph 4 is amended. New text is underlined, and deleted text is struck through.

…

4. ~~[Deleted]~~This Standard does not apply to tangible natural resources held for conservation within the scope of IPSAS 51, *Tangible Natural Resources Held for Conservation*.

…

Effective Date

…

51K. **Paragraph 4 was added by IPSAS 51, *Tangible Natural Resources Held for Conservation*, issued in January 2026. An entity shall apply this amendment for annual financial statements covering periods beginning on or after January 1, 2028. Earlier application is permitted. If an entity applies the amendments for a period beginning before January 1, 2028, it shall disclose that fact and apply IPSAS 51 at the same time.**

…

Amendments to IPSAS 16, *Investment Property*

Paragraphs 6(c) and 101M are added. New text is underlined.

…

6. This Standard does not apply to:

…

(c) Tangible natural resources held for conservation within the scope of IPSAS 51, *Tangible Natural Resources Held for Conservation*.

…

Effective Date

…

101M. **Paragraph 6(c) was added by IPSAS 51, *Tangible Natural Resources Held for Conservation*, issued in January 2026. An entity shall apply this amendment for annual financial statements covering periods beginning on or after January 1, 2028. Earlier application is permitted. If an entity applies the amendments for a period beginning before January 1, 2028, it shall disclose that fact and apply IPSAS 51 at the same time.**

…

Amendments to IPSAS 27, *Agriculture*

Paragraphs 3(e) and 56L are added. New text is underlined.

…

3. This Standard does not apply to:

…

(e) Tangible natural resources held for conservation within the scope of IPSAS 51, *Tangible Natural Resources Held for Conservation*.

…

Effective Date

…

56L. **Paragraph 3(e) was added by IPSAS 51, *Tangible Natural Resources Held for Conservation*, issued in January 2026. An entity shall apply this amendment for annual financial statements covering periods beginning on or after January 1, 2028. Earlier application is permitted. If an entity applies the amendments for a period beginning before January 1, 2028, it shall disclose that fact and apply IPSAS 51 at the same time.**

…

Amendments to IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSAS)*

Paragraphs 62D, 62E, and 154R are added. New text is underlined.

…

Exemptions that Affect Fair Presentation and Compliance with Accrual Basis IPSAS during the Period of Transition

…

IPSAS 51, *Tangible Natural Resources Held for Conservation*

62D. **Where a first-time adopter takes advantage of the exemption in paragraph 36 which allows a three-year transitional relief period to not recognize assets, it is not required to apply the requirements related to tangible natural resources held for conservation until the exemption that provided the relief has expired, and/or when the relevant assets are recognized in accordance with the applicable IPSAS Standard (whichever is earlier).**

62E. This Standard allows a first-time adopter a period of up to three years from the date of adoption of IPSAS Standards to recognize assets in accordance with IPSAS 12, 16, 27, and 45. During this period, a first-time adopter may need to consider the recognition requirements of those IPSAS Standards at the same time as considering the recognition of tangible natural resources held for conservation in IPSAS 51. Where a first-time adopter takes advantage of the exemption in this Standard, it is not required to recognize tangible natural resources until the exemptions that provided relief have expired, and/or when the relevant assets are recognized in accordance with the applicable IPSAS Standard (whichever is earlier).

…

Effective Date

…

154R. **Paragraphs 62D and 62E were added by IPSAS 51, *Tangible Natural Resources Held for Conservation*, issued in January 2026. An entity shall apply this amendment for annual financial statements covering periods beginning on or after January 1, 2028. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2028, it shall disclose that fact and apply IPSAS 51 at the same time.**

…

Amendments to IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards* — Issued in November 2025

Paragraphs 36A, AG54(m), AG56(j), and AG61 are added. New text is underlined.

…

Effective Date

…

36A. **Paragraphs AG54(m), AG56(j) and AG61 were added by IPSAS 51, *Tangible Natural Resources Held for Conservation*, issued in January 2026. An entity shall apply this amendment for annual financial statements covering periods beginning on or after January 1, 2028. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2028, it shall disclose that fact and apply IPSAS 51 at the same time.**

…

IPSAS 51, *Tangible Natural Resources Held for Conservation*

…

AG54. The following Standards are relevant:

…

(k) IPSAS 45, *Property, Plant, and Equipment*; ~~and~~

(l) IPSAS 50, *Exploration for and Evaluation of Mineral Resources*~~.~~; and

(m) IPSAS 51, *Tangible Natural Resources Held for Conservation*.

…

AG56. Where a first time adopter has not recognized the following non-financial assets under its previous basis of accounting, it may take advantage of the transition period and may recognize and/or measure them in accordance with the requirements of IPSAS Standards for reporting periods from any date within the transition period:

(i) Exploration and evaluation assets (see IPSAS 50, *Exploration for and Evaluation of Mineral Resources*)~~.~~; and

(j) Tangible natural resources held for conservation (see IPSAS 51, *Tangible Natural Resources Held for Conservation*.)

AG61. **This IPSAS Standard allows a first-time adopter a period of up to three years from the date of adoption of IPSAS Standards to recognize non-financial assets in accordance with IPSAS 12, 16, 27, and 45. During this period, a first-time adopter may need to consider the recognition requirements of those IPSAS Standards at the same time as considering the recognition of tangible natural resources in IPSAS 51. Where a first-time adopter takes advantage of the exemption in this Standard, it is not required to recognize tangible natural resources held for conservation until the exemptions that provided relief have expired, and/or when the relevant assets are recognized in accordance with the applicable IPSAS Standard (whichever is earlier).**

…

Amendments to IPSAS 45, *Property, Plant, and Equipment*

Paragraphs 3(e) and AG2 are amended, and paragraph 85E is added. New text is underlined, and deleted text is struck through.

3. This Standard does not apply to:

…

(c) Property, plant, and equipment classified as held for sale in accordance with IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations*; ~~and~~

(d) The recognition and measurement of exploration and evaluation assets (see IPSAS 50, *Exploration for and Evaluation of Mineral Resources*)~~.~~; and

(e) Tangible natural resources held for conservation within the scope of IPSAS 51, *Tangible Natural Resources Held for Conservation*.

…

Effective Date

…

85E. **Paragraphs 3(e) and AG2 were amended by IPSAS 51, *Tangible Natural Resources Held for Conservation*, issued in January 2026. An entity shall apply these amendments for annual financial**

statements covering periods beginning on or after January 1, 2028. Earlier application is permitted. If an entity applies the amendments for a period beginning before January 1, 2028, it shall disclose that fact and apply IPSAS 51 at the same time.

…

Heritage Assets

…

AG2. Some property, plant, and equipment are described as heritage assets 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. Entities usually intend to hold heritage assets for long periods and preserve them for the benefit of present and future generations. Examples of heritage assets include historic buildings, monuments, museum collections, and works of art.

…

Basis for Conclusions

…

Definition of Property, Plant, and Equipment

…

Characteristics of Heritage and Infrastructure Assets

…

BC20A. During the development of IPSAS 51, *Tangible Natural Resources Held for Conservation*, the IPSASB decided to amend the description of heritage assets to better distinguish between heritage assets which are not naturally occurring and naturally occurring heritage assets held for conservation. As a result, the description of heritage assets in paragraph AG2 was amended to remove the references to environmental and natural features.

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, IPSAS 51.

Introduction

BC1. In March 2020, the IPSASB approved the project brief for the Natural Resources project due to the significance of natural resources in many jurisdictions, the growing public concerns for sustainable management of the natural environment, and the lack of explicit accounting guidance on natural resources. The aim of the project was to develop IPSAS Standards guidance relating to the recognition, measurement, display, and disclosure of tangible natural resources by public sector entities in their general purpose financial statements (GPFS). As the project was a financial reporting project, the project brief stated that any resulting IPSAS Standards guidance would be developed in accordance with the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities (the Conceptual Framework).

BC2. In May 2022, the IPSASB issued the Consultation Paper (CP), *Natural Resources*. The CP discussed the application of the principles in the Conceptual Framework to the accounting for natural resources and set out a number of the IPSASB's overarching preliminary views, as well as preliminary views specific to subsoil resources, water, and living resources. The CP also highlighted the challenges with the recognition of unextracted subsoil resources as assets within the Conceptual Framework and clarified that recognition is not achievable due to their inherent existence uncertainty.

Development of Exposure Draft 92, *Tangible Natural Resources*

BC3. Respondents to the CP generally agreed with the IPSASB's preliminary views. The IPSASB received comments from indigenous groups indicating that based on indigenous traditions and practices, it may be difficult for any entity to demonstrate control over natural resources. Many respondents also acknowledged that natural resources are likely to only meet the asset recognition criteria in very limited circumstances, while others suggested that it may be more appropriate to report information on natural resources in the broader general purpose financial reports (GPFRs) due to the expected difficulties in recognition.

BC4. In response to this feedback, the IPSASB noted that from a financial reporting perspective, control over natural resources, and the broader issue of whether natural resources can be recognized, should be considered on a case-by-case basis using the recognition and measurement principles in the Conceptual Framework. Based on this reasoning and considering the original aim of the project, the IPSASB decided in March 2023 to proceed with developing Exposure Draft (ED) 92 to provide financial reporting guidance on natural resources in the context of the principles in the Conceptual Framework. The IPSASB also noted that the development of such financial reporting guidance in an IPSAS Standard does not preclude the Board from developing non-financial reporting guidance on natural resources in the future.

Focus on Tangible Items

BC5. When the IPSASB developed the project brief and the CP, the IPSASB decided to limit the scope of the project to tangible items for the following reasons:

(a) The feedback from constituents indicated that the development of guidance for tangible natural resources, such as subsoil resources, water, and living resources, was a greater priority than the development of guidance for natural resources without physical substance, i.e., intangible natural resources, such as the electromagnetic spectrum;

(b) The IPSASB decided that focusing on tangible natural resources alone in this project would be a more efficient use of its staff resources; and

(c) The development of guidance for intangible natural resources would be better accomplished if it was part of a more comprehensive update of the accounting guidance for intangible assets.

BC6. The IPSASB noted that the above reasons continued to be valid when it developed ED 92. As a result, the IPSASB decided to limit the focus of the ED to tangible natural resources and named the ED, "[draft] IPSAS [X], (ED 92), *Tangible Natural Resources*".

Location of Guidance and Objective of IPSAS 51

BC7. Due to the similarities between the proposed guidance on the recognition and measurement of natural resources and the potential relevance of guidance regarding assets within the scope of existing IPSAS, the IPSASB considered whether the guidance proposed in ED 92 should be located in a standalone IPSAS Standard or as amendments to existing IPSAS Standards. Having considered the topics that might need to be covered such as assets held for conservation purposes, the IPSASB decided that the proposed guidance on natural resources should be located in a standalone IPSAS Standard in order to address the challenges around recognition of such assets explicitly, for public interest reasons, as well as highlighting the importance of the topic in the public sector and providing guidance in a single place in order to facilitate implementation by preparers.

BC8. Respondents to ED 92 generally agreed with locating the guidance on tangible natural resources within a standalone IPSAS Standard or did not raise any concerns which were not previously considered by the IPSASB. As a result, the IPSASB decided to proceed with the development of guidance in a standalone IPSAS Standard.

Scope (paragraphs 3–7)

Scope of ED 92, Tangible Natural Resources

BC9. When ED 92 was developed, the IPSASB noted that some items which could be considered tangible natural resources may have a primary intended use within the scope of another existing IPSAS Standard. The IPSASB therefore decided to exclude such items from the scope of this Standard to avoid duplication of guidance. Based on this scoping approach, ED 92 was developed as a residual standard that applies to any items meeting the definition of tangible natural resources which are not within the scope of existing IPSAS Standards.

BC10. The IPSASB also discussed whether ED 92 should include guidance on the accounting and disclosure of natural resource-related obligations and decided that these obligations would be within the scope of IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets*. As a result, the IPSASB decided that no additional guidance on such obligations would be provided in ED 92.

Scope of IPSAS 51, Tangible Natural Resources Held for Conservation

BC11. Respondents to ED 92 generally disagreed with the proposed residual scoping approach and noted that, consistent with an alternative view included in ED 92, they could not identify any tangible natural resources which were not already within the scope of existing IPSAS Standards other than those held for conservation. As a result, the IPSASB decided to clarify the scope to focus on conservation and named the final IPSAS Standard, "IPSAS 51, *Tangible Natural Resources Held for Conservation*." Based on this clarified scope, the flow chart in ED 92 regarding the proposed residual scoping approach and applicability of guidance was removed, as it was no longer necessary.

Definitions (paragraphs 8–9)

Development of the Definitions in the Consultation Paper and ED 92

BC12. When the IPSASB developed the CP, it had proposed to describe a 'natural resource' as an item which is: (a) a resource as described in the IPSASB's Conceptual Framework; (b) naturally occurring; and (c) in its natural state. While the IPSASB noted that the requirement to be in its natural state was necessary to delineate between natural and other resources, respondents to the CP noted that the general description would be difficult to implement due to a lack of clarity on what is in its natural state and what is considered naturally occurring.

BC13. In response to constituents' concerns, the IPSASB decided to develop a definition of 'tangible natural resource' in ED 92 using a top-down approach, starting with the broader concept of 'nature' as defined in other internationally relevant reporting frameworks such as the Taskforce on Nature-related Financial Disclosures (TNFD) Framework and the United Nations System of Environmental-Economic Accounting (2012) (UN SEEA) Central Framework.

BC14. These frameworks envisioned nature as a collection of 'environmental assets,' which, at the time ED 92 was developed, were defined as the naturally occurring living and non-living components of the Earth, together constituting the biophysical environment, which may provide benefits to humanity.

BC15. The IPSASB noted that the term 'environmental assets' embodies the same key characteristics of 'natural resources' as described in the CP. However, this term could not be incorporated as it was into the IPSAS Standards, as the term 'asset' already has a specific definition in the IPSASB's Conceptual Framework that is not consistent with how it is defined and used in the TNFD or UN SEEA frameworks.

BC16. Furthermore, the concept of providing benefits to humanity is similar to the concept of providing service potential or the capability to generate economic benefits in the IPSASB's Conceptual Framework. However, because the objective of financial reporting using IPSAS Standards is to provide information about an individual entity for accountability and decision-making purposes, the IPSASB decided it would be more appropriate for a tangible natural resource to refer to service potential or the capability to generate economic benefits rather than broadly referring to benefits to humanity.

BC17. Finally, because ED 92 focuses on tangible items only, using the term 'tangible natural resources' rather than 'environmental assets' is another way to highlight the differences from the concepts in the TNFD Framework and the UN SEEA Central Framework. This differentiation will avoid unintended interactions between tangible natural resources in financial reporting under IPSAS Standards and the reporting of naturally occurring items in the sustainability and statistical reporting context. The guidance from the other internationally relevant reporting frameworks could however still be relevant in considering the financial reporting treatment of items that these frameworks classify under the land, freshwater and ocean realms.

BC18. As a result, the IPSASB developed the definition of 'tangible natural resources' in paragraph 6 of ED 92 based on the term 'environmental assets' from the TNFD Framework and UN SEEA Central Framework but modified the definition to reflect the conventional nomenclature and objectives of financial reporting under IPSAS Standards.

Revisions to Definitions in IPSAS 51

BC19. Due to the clarification of scope as explained in paragraph BC11, the IPSASB decided to further revise the definitions in IPSAS 51 to be consistent with the clarified scope. The IPSASB noted that the definition of a tangible natural resource held for conservation would need to capture the following characteristics:

(a) The item is naturally occurring;

(b) The item is a resource which embodies service potential;

(c) The item has physical substance; and

(d) The item is held for conservation, which means it is managed to prevent its degradation.

BC20. Based on these characteristics, and to be consistent with the definitions in other IPSAS Standards, the IPSASB developed the definition in paragraph 8 of IPSAS 51 by referring to naturally occurring tangible assets which are managed to prevent their degradation. As a result of the new definition, the standalone definitions of ‘natural resource’ and ‘tangible natural resource’ were no longer needed and therefore were removed.

Recognition (paragraphs 10–13)

BC21. When the IPSASB developed the CP, it included preliminary views indicating that the recognition of tangible natural resources, especially subsoil resources, as assets in GPFS would be challenging due to the definition of an asset, and the asset recognition criteria in the Conceptual Framework, as well as limitations in the technologies currently used to identify, quantify, and establish the existence of certain tangible natural resources.

BC22. To operationalize the application of the asset recognition criteria from the Conceptual Framework to tangible natural resources held for conservation, the IPSASB looked to the recognition criteria in the IPSAS Standards for other tangible assets, such as IPSAS 12, *Inventories*, IPSAS 16, *Investment Property*, IPSAS 27, *Agriculture*, and IPSAS 45, *Property, Plant, and Equipment*. The IPSASB noted that most of these standards shared similar recognition criteria regarding the probable flow of future economic benefits or service potential to the entity and the ability to reliably measure the asset. These two criteria were used as a starting point to develop the recognition criteria in paragraph 10 of this Standard.

BC23. The IPSASB initially considered whether the first recognition criterion should include both economic benefits and service potential to be consistent with the recognition of tangible assets in other IPSAS Standards. However, after the clarification of scope as explained in paragraph BC11, the IPSASB decided that tangible natural resources held for conservation are only held for their operational capacity, as their conservation would only provide service potential to an entity. Other tangible natural resources which are held for their capacity to generate economic benefits, or both economic benefits and service potential, would likely be within the scope of other IPSAS Standards.

BC24. The IPSASB also noted that unlike property, plant, and equipment, investment property, or inventories where the determination of control is relatively straightforward when an entity incurs cost to acquire, develop, or construct the asset, the assessment of control for tangible natural resources held for conservation is more complex and will require the application of judgment to facts and circumstances specific to each resource. As a result, the IPSASB also included the demonstration of control from past events as an explicit recognition criterion for tangible natural resources held for conservation.

BC25. The IPSASB considered using the term “natural assets” to refer to tangible natural resources which have met the asset recognition criteria. However, this term was already used in the GPFRs of various public sector entities to broadly refer to items which include tangible natural resources held for conservation, infrastructure developed from tangible natural resources, or ecosystems. The IPSASB also considered using the term “tangible natural resource assets” but noted that some tangible natural resources held for conservation may meet the definition of an asset and remain unrecognized as they cannot be measured reliably. As a result, where guidance distinguishes between tangible natural resources held for conservation that are recognized from those that are not, such as in the disclosure requirements, this Standard refers to the items which meet the asset recognition criteria as ’recognized tangible natural resources held for conservation’.

Subsequent Expenditures on Unrecognized Tangible Natural Resources

BC26. The IPSASB noted that, in IPSAS 45, the accounting for subsequent expenditures on heritage property, plant, and equipment is driven by whether the subsequent expenditure meets the recognition principles in IPSAS 45, and that this assessment is unaffected by whether or not the underlying heritage property, plant, and equipment was initially recognized. The IPSASB applied the same principle to subsequent expenditures relating to unrecognized tangible natural resources held for conservation in general and developed the guidance in paragraph 16.

Measurement (paragraphs 17–42)

BC27. To operationalize the principles from IPSAS 46, *Measurement*, and to be consistent with the standards on other tangible assets such as IPSAS 45, the IPSASB proposed that the measurement of a tangible natural resource held for conservation at initial recognition should be determined based on whether or not control of the asset was obtained as the result of an event that is a transaction in an orderly market. Tangible natural resources held for conservation which were recognized as the result of an event that is not a transaction in an orderly market, which could include a non-exchange transaction, would be recognized at their deemed cost (current value). In contrast, resources recognized as the result of an exchange transaction in an orderly market would be recognized at cost.

BC28. The IPSASB noted that it is more likely for a tangible natural resource held for conservation to be recognized from an event that is not a transaction in an orderly market, such as non-exchange transactions or the exercise of sovereign powers. In such cases, as there will be no direct cost information available, such assets will need to be initially measured at deemed cost. While the acquisition of tangible natural resources held for conservation in an exchange transaction is possible, such transactions are expected to be rare in the public sector. Based on these observations, the measurement guidance was drafted in a different order to focus on the initial measurement of events which are not a transaction in an orderly market.

BC29. For subsequent measurement of tangible natural resources held for conservation, the IPSASB decided to leverage the subsequent measurement guidance from IPSAS 45 and allow an entity to subsequently measure the asset using either the historical cost model or a current value model, independently of whether it was initially measured at cost or deemed cost.

BC30. The IPSASB noted that a tangible natural resource held for conservation will be held for its operational capacity. While the conservation of a tangible natural resource may indirectly result in economic benefits to a jurisdiction in the form of increased tourism or donations, the intent of the conservation effort is not to directly generate future economic benefits, such as a financial return. As a result, IPSAS 51 requires the current value of a tangible natural resource held for conservation to be measured at its current operational value.

Depreciation

BC31. The IPSASB noted that the tangible natural resources held for conservation are not typically used or consumed in a manner similar to tangible assets within the scope of other IPSAS Standards. As a result, the IPSASB decided to include a rebuttable presumption that tangible natural resources held for conservation generally have an indefinite useful life and are typically not depreciated. The IPSASB developed guidance on the assessment of whether a tangible natural resource held for conservation has an indefinite or finite life, as well as guidance on the depreciation of a resource that clearly has a finite useful life, based on guidance from IPSAS 45, tailored for conservation.

Derecognition (paragraphs 43–46)

BC32. The IPSASB decided to leverage the guidance from IPSAS 45 when developing the guidance on the derecognition of tangible natural resources held for conservation. The IPSASB also considered whether specific guidance on the sale and leaseback of tangible natural resources held for conservation should be developed but noted that such scenarios are expected to be exceptionally rare in practice. Furthermore, entities can leverage the general guidance on sale and leaseback transactions from IPSAS 43, *Leases*, if such situations do occur, so no specific guidance was needed.

Reclassification (paragraphs 47–50)

BC33. A public sector entity's primary reason for holding a tangible natural resource held for conservation may change due to, for example, management decisions or changes in facts and circumstances. The IPSASB developed guidance on the reclassification of an asset into and out of the scope of IPSAS 51 based on the principles on reclassifications in IPSAS 16—i.e., account for the asset using the previous IPSAS Standard up until the reclassification, then upon reclassification, account for the asset using the IPSAS Standard applicable to the reclassified asset at its then carrying amount.

BC34. Revaluation surpluses may arise when an entity applies the current value model in IPSAS 45 or IPSAS 51. The guidance on reclassification noted that revaluation surpluses are only reclassified if they are applicable and identifiable. When the current value model is applied to assets within the scope of IPSAS 45 and IPSAS 51, revaluation increases and decreases relating to individual assets within a class of assets must be offset against one another within that class, and an entity is required to disclose the sum of all revaluation surpluses or revaluation deficits for individual assets within the class. If a specific part of an asset is reclassified, the revaluation surplus or deficit associated with that specific part may not be identifiable.

Presentation (paragraphs 51–71)

BC35. The IPSASB decided to incorporate the disclosure proposals for recognized tangible natural resources from the CP, which are broadly consistent with the disclosure requirements from IPSAS 45.

BC36. In addition, when the IPSASB developed the CP, it had also proposed the following financial statement disclosures for unrecognized natural resources to address both the accountability and decision making objectives for financial reporting in the public sector:

(a) Qualitative disclosures for a natural resource which meets the definition of an asset but could not be recognized due to the inability to measure the resource reliably. These disclosures focused on explaining the difficulties in obtaining a reliable measurement and the significance of the natural resource to the delivery of the entity's objectives;

(b) Qualitative disclosures regarding its responsibilities relating to a natural resource, regardless of whether the resource is recognized; and

(c) Qualitative disclosures on unrecognized natural resources that do not meet the definition of an asset but are important to an understanding of the entity's finances or delivery of services.

BC37. The IPSASB decided to retain the proposed disclosures noted in paragraph BC36(a), as the required information is expected to be readily available to an entity. The proposed disclosure in paragraph BC36(b) was also retained, as it relates to potential obligations which are similar in nature to contingent liabilities or potential obligations from pledges, rather than the underlying unrecognized tangible natural resource held for conservation.

BC38. Respondents to the CP were particularly concerned by the requirements in paragraph BC36(c) and noted that such disclosures in the financial statements would likely not be auditable. As a result, the IPSASB decided to clarify that only information regarding tangible natural resources held for conservation that meet

the definition of an asset is to be disclosed in the financial statements. Items which do not meet the definition of an asset are not covered by any requirements within this Standard.

BC39. The IPSASB also noted that for tangible natural resources held for conservation which are subject to depreciation, due to uncertainties in the estimation of their useful lives and residual values, there could be situations where such resources continue to meet the asset recognition criteria but are fully depreciated. Similar to fully depreciated property, plant, and equipment, paragraph 59 was added to encourage entities to disclose the gross carrying amount of any fully depreciated tangible natural resources held for conservation.

Disclosure of Information Regarding Rare or Endangered Tangible Natural Resources

BC40. In some situations, the disclosure of information regarding rare or endangered tangible natural resources held for conservation, regardless of whether they are recognized, may lead to their further endangerment or degradation. For example, disclosing information on the quantity and location of endangered species may lead to their illegal poaching. To address this concern, the IPSASB decided to allow an entity to limit the disclosure of such information. This approach is similar to IPSAS 19, which has an exemption from disclosing information which may prejudice an entity's position in a dispute with other parties.

BC41. The IPSASB noted that it may be difficult for an entity to determine whether a resource is rare or endangered. As a result, the IPSASB provided guidance on what is considered rare or endangered and noted that in practice, the determination of whether a resource is rare or endangered could be based on designations made by third parties such as international organizations or government entities.

Effective Date and Transition (paragraphs 72–78)

BC42. The IPSASB noted that full retrospective application of this Standard might lead to some scenarios where an entity would need to account for tangible natural resources held for conservation which have been derecognized prior to the date of initial application. To provide transitional relief, the IPSASB decided that an entity could elect to apply this Standard using a modified retrospective approach and only recognize tangible natural resources held for conservation which meet the asset recognition criteria on the date of initial application. The IPSASB also considered allowing a prospective transition approach but noted that as many tangible natural resources held for conservation would have been controlled by an entity in historical periods, a large percentage of these resources would not be recognized if a prospective approach was used. As a result, only the full retrospective or modified retrospective approaches were included in this Standard.

BC43. In response to feedback on ED 92, the IPSASB also clarified that if a tangible natural resource held for conservation cannot be recognized because its current value cannot be reliably measured upon the initial application of this Standard, the guidance in paragraphs 12 and 68 is applicable and only disclosures are required until the resource becomes reliably measurable.

BC44. The IPSASB initially considered whether this Standard should be applied together with IPSAS 50, *Exploration for and Evaluation of Mineral Resources*, and *Stripping Costs in the Production Phase of a Surface Mine (Amendments to IPSAS 12)*. However, as the guidance in these pronouncements is not related from a technical perspective and their application would not impact the implementation of this Standard, the IPSASB decided it was unnecessary to require the application of this Standard at the same time as the application of IPSAS 50 and the amendments to IPSAS 12.

Application Guidance (Appendix A)

Tangible Natural Resources Held for Conservation

BC45. Based on the clarified scope as explained in paragraph BC11, the IPSASB decided to provide additional application guidance to explain the concept of conservation and that whether a tangible natural resource is within the scope of this Standard will depend on an entity's primary intended purpose of holding the resource.

The IPSASB also decided to clarify in the application guidance that the terms conservation and preservation generally refer to the same concept but for the purposes of this Standard, the term conservation is used.

BC46. The IPSASB also observed that some heritage assets as described in IPSAS 45 could have similar characteristics as tangible natural resources held for conservation. While the accounting for heritage assets within the scope of IPSAS 45 and tangible natural resources held for conservation is similar, to help distinguish between these assets, the description of heritage assets in IPSAS 45 was amended to remove references to environmental and natural features. Paragraph AG4 was also developed to clarify that although certain heritage assets may have some of the characteristics of a tangible natural resource held for conservation, they are not within the scope of this Standard as they do not fully embody all of the characteristics required to meet the definition of a tangible natural resource held for conservation (i.e., they are not both naturally occurring and held primarily for conservation).

Identification of Potential Tangible Natural Resources

BC47. In response to the CP, some constituents raised concerns regarding whether it was necessary to perform a detailed exercise to create an inventory of all naturally occurring items in a jurisdiction in order to identify all potential tangible natural resources held for conservation. These respondents noted that such an exercise would be extremely costly, even if the resulting recognition, measurement, display, and disclosure impact in the GPFS will be minimal. When this Standard was developed, the IPSASB noted that the definition of tangible natural resources held for conservation in paragraph 8, along with the related application guidance in paragraph AG11 of the Standard, would limit the potential tangible natural resources held for conservation to naturally occurring items that are subject to a detailed management plan demonstrating how such items would provide service potential for the entity. In addition, Section B.1 of the Implementation Guidance was developed to explain how an entity can effectively identify all potential tangible natural resources held for conservation without individually considering each naturally occurring item in the jurisdiction.

Recognition upon Changes in Facts and Circumstances

BC48. The IPSASB noted that a tangible natural resource held for conservation which was initially not recognized as it could not be reliably measured could subsequently become measurable due to changes in facts and circumstances. The IPSASB considered developing guidance specific to such changes but noted that no additional guidance was required, as such scenarios are already addressed by IPSAS 3, *Accounting Policies, Changes in Accounting Estimates, and Errors*. As a result, the IPSASB decided to only include application guidance signposting to IPSAS 3 when such changes in facts and circumstances occur.

Amendments to Other IPSAS Standards (Appendix B)

BC49. Based on the guidance in this Standard, the IPSASB decided to amend certain presentation requirements in IPSAS 1, *Presentation of Financial Statements*, the scope of IPSAS 12, IPSAS 16, IPSAS 27, and IPSAS 45, as well as certain exemptions in IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards*. These amendments relate to the presentation of tangible natural resources held for conservation as a separate line item in the statement of financial position, excluding tangible natural resources held for conservation within the scope of this Standard from the scope of IPSAS 12, IPSAS 16, IPSAS 27, and IPSAS 45, and exemptions regarding the recognition and measurement of tangible natural resources held for conservation in an entity's transitional IPSAS financial statements. The guidance in IPSAS 3 regarding the initial application of a policy to revalue assets in accordance with IPSAS 31, *Intangible Assets*, or IPSAS 45 was also amended to apply to revaluation of assets within the scope of IPSAS 51.

Implementation Guidance and Illustrative Examples

BC50. The IPSASB decided to add implementation guidance and illustrative examples to IPSAS 51 for topics that are complex and potentially difficult to apply in practice, are an area of concern for constituents, or would benefit from additional non-authoritative guidance.

Implementation Guidance

This guidance accompanies, but is not part of, IPSAS 51.

Section A: Scope

A.1 Determination of Whether an Item Falls Within the Scope of IPSAS 51 (Paragraphs 3–7 and AG3–AG4)

When is a tangible natural resource within the scope of IPSAS 51 and how is conservation different from the uses of tangible assets within the scope of other IPSAS?

IG1. IPSAS 51 defines a tangible natural resource held for conservation as a naturally occurring tangible asset that is managed to prevent its degradation, and an item which meets this definition is accounted for within the scope of the Standard. The determination of which IPSAS Standard is applicable is based on the entity's primary intended purpose for holding the item, which is consistent with the scoping assessment in all other IPSAS Standards on tangible assets.

IG2. Conservation is distinct from the uses of tangible assets within the scope of other IPSAS, as these other Standards typically address the immediate or near-term use of an asset to provide service potential or economic benefits to the entity. In addition, these other uses often lead to the consumption of an asset, whereas conservation usually involves avoiding or limiting the use of a resource in a way which leads to its consumption.

How would an entity determine if a tangible natural resource is held for conservation?

IG3. There may be situations where clear legislation is in place requiring the conservation of a tangible natural resource by restricting its use. In other situations, it may not be clear whether a tangible natural resource is held primarily for conservation purposes, requiring an entity to exercise judgment to determine its primary intended purpose for holding the resource. For example, an entity may have the intention to conserve a tangible natural resource without any legislation in place to restrict access to the resource or its use. In these situations, the tangible natural resources may be primarily held for conservation purposes but could also be used to provide ancillary services.

IG4. Without clear legislation, it may be necessary to analyze the details of the relevant conservation program to determine whether a tangible natural resource is held primarily for conservation. Some factors to consider include:

(a) The intended purpose of the conservation program: The specification to protect a particular resource, such as a particular species or group of species, is a strong indicator that the tangible natural resource is held for conservation. In contrast, programs which are more concerned with enhancing or promoting the use of a resource, such as the maintenance of green spaces to attract more visitors, may indicate that conservation is not the primary objective;

(b) The nature and intent of program activities: Conservation activities will vary depending on the facts and circumstances for each resource. For some mature tangible natural resources, a conservation program may simply focus on limiting the impact of human activities on the resource. In other situations, an entity may need to perform activities such as providing feed or treatment for diseases to actively prevent the degradation of a resource. Regardless of the specific activities, those which are performed to maintain the state of a tangible natural resource are indicative of conservation; and

(c) The existence of a significant profit element: Some tangible natural resources held for conservation may be used to earn ancillary revenues to partially recover the costs of maintaining the resource. However, in some situations, a tangible natural resource may be managed to earn a profit. A program

which primarily focuses on the generation of revenues or profits may indicate that the tangible natural resources are part of plant, property, and equipment or inventory rather than held for conservation.

How would an entity assess if a resource that is held for multiple reasons is within scope of IPSAS 51?

IG5. In practice, some resources are held for multiple reasons or uses, and the determination of whether an asset is primarily held for conservation requires judgment, considering the relevant facts and circumstances specific to the use or reason for holding each asset.

IG6. In some situations, specific parts of a resource may be held for different purposes. These specific parts are different units of account, which are assessed individually to determine if they are within the scope of IPSAS 51. Such a situation could occur if, for example, a part of a forest is managed and harvested for agricultural purposes while another part of the same forest is held for conservation.

IG7. In other situations, the entire asset could be held for different uses or purposes, and the entity will need to apply judgment to develop a systematic or logical way to assess which use or reason for holding the asset is more significant. For example, an entity may hold land that is subject to a conservation program, to conserve the land's natural features for ecological reasons. The land is accessible to the public via a large network of hiking tracks to allow the public to experience the natural features of the conserved land. If the entity determines that the land is a single unit of account, the entity would need to apply judgment to determine whether the primary purpose for holding the land is conservation, and therefore within the scope of IPSAS 51. There may be different methods to support the determination of the land's primary purpose.

A.2 Unextracted Subsoil Resources (Paragraphs 3–7, and AG19)

Can unextracted subsoil resources be within the scope of IPSAS 51 and be recognized as assets in the financial statements?

IG8. Generally, no. Unextracted subsoil resources, such as minerals or petroleum deposits, are typically extracted for the future economic benefits from their use or sale, rather than held for the service potential from their conservation. As a result, these resources are not within the scope of IPSAS 51.

IG9. Furthermore, as noted in paragraph AG19, for some naturally occurring items, there will be uncertainty over the existence, quantity, and quality of the item until it is extracted, and this uncertainty impacts whether the item can be considered a resource. Because unextracted subsoil items are usually located deep underground, an entity is unlikely to be able to establish, using currently available scientific know-how and technological means, the existence, quantities, and quality of these items with the degree of certainty needed for asset recognition prior to their extraction.

Section B: Definitions

B.1 Identification of Tangible Natural Resources Held for Conservation (Paragraphs 8 and AG9)

Does an entity applying IPSAS 51 need to consider whether all tangible naturally occurring items within its jurisdiction are tangible natural resources held for conservation?

IG10. No. To meet the definition of a tangible natural resource held for conservation in paragraph 8 of IPSAS 51, a naturally occurring item must be a tangible asset and be subjected to conservation activities. It is unlikely that all tangible naturally occurring items within a jurisdiction would meet the definition of an asset, as they are unlikely to be resources if they are not actively managed or conserved. As explained in paragraph AG9 of IPSAS 51, this criterion is typically satisfied when an entity has a plan demonstrating how the naturally occurring item can provide service potential or generate economic benefits, the entity's ability and intent to carry out the plan, and whether the entity will obtain the resources necessary to carry out this plan. Therefore, one acceptable approach to ensure that the analysis of potential tangible natural resources held for

conservation is complete is to consider programs relating to the conservation of naturally occurring items. By focusing on such programs, an entity is not required to individually analyze each naturally occurring item within its jurisdiction. Some tangible natural resources may be subject to other programs which do not relate to conservation. Such programs could indicate that these resources are within the scope of other IPSAS Standards.

Section C: Recognition

C.1 Determination of Control (Paragraphs AG21–AG23)

What key considerations should an entity evaluate when assessing whether they control certain types of tangible natural resources held for conservation such as water and living resources?

IG11. In general, the control of a tangible natural resource held for conservation can be assessed based on the indicators listed in paragraph AG22 of IPSAS 51. Sometimes, a tangible natural resource held for conservation may consist of multiple units of account due to the different characteristics and risks associated with the specific parts of the resource. In such cases, the assessment of control is performed separately for each unit of account.

IG12. For a tangible natural resource held for conservation, the indicators of control are often directly impacted by the nature of the resource, as well as laws and regulations that are specific to the resource. The following discussion highlights some of the more prevalent factors that should be considered when assessing control over water and living resources held for conservation:

Water

IG13. Generally, the physical movement of free-flowing water such as oceans, seas, lakes, and rivers cannot feasibly be controlled. Therefore, it is unlikely that an entity is able to demonstrate control over these bodies of water.

IG14. Water that is physically housed in a managed environment could potentially be controlled. For example, some underground aquifers located in a jurisdiction can act as naturally occurring reservoirs holding ground water. An entity could demonstrate control over the water in such aquifers when:

(a) The entity has legal ownership of the aquifer and its contents in accordance with the applicable laws and regulations, and such legal ownership confers enforceable rights to the service potential embodied in the water;

(b) The entity has the means to manage the volume of water actively to ensure that it is available for meeting the entity’s conservation objectives. This is typically achieved by having an appropriate structure to house the water and control its flow; and

(c) The entity can restrict others from accessing the water. Such restrictions can consist of physical barriers such as fences, legislative mechanisms which legally prohibit other parties from access, the use of security personnel to prevent unauthorized access to the water, or a combination of the above.

Living Resources

IG15. Depending on the applicable laws and regulations, a public sector entity may have legal ownership of the living resources located within its jurisdiction, and such legal ownership could lead to an enforceable right to the service potential embodied in the resources. However, this assessment is not always straightforward. An entity may have difficulties demonstrating control over living resources that can move about, such as fish and animals, without some means to limit their movement to an area that is controlled by the entity. For example, even with physical barriers in place, it may not be feasible to effectively control the movements of certain animals. Since these animals can freely roam out of the areas controlled by an entity into neighboring

jurisdictions, it would be difficult for any entity to assert control. In contrast, it is generally easier to demonstrate control over plants, as these resources cannot relocate on their own.

IG16. Control over living resources also requires the ability to prevent others from accessing the resource. Like water, restricting access to living resources can be implemented through physical means such as barriers and fences, legislation prohibiting the use of the living resource, using security personnel to guard the living resources, or a combination of the above.

IG17. An entity's ability to direct the conservation of a living resource in a manner it sees fit is a strong indicator of control. In the most extreme case, the unfettered ability to sell a living resource held for conservation for cash or other resources would be a strong indicator of control over the resource. Similarly, the ability to freely change the primary intended use of a living resource held for conservation (e.g., from conservation to one's own use or for sale) is another strong indicator of control. However, in these scenarios, an entity should carefully consider whether these living resources are within the scope of IPSAS 51, as items that are used in production or held for sale are likely considered inventory within the scope of IPSAS 12 or biological assets within the scope of IPSAS 27.

C.2 Subsequent Expenditures Incurred to Conserve a Tangible Natural Resource (Paragraphs 10 and 14–16)

How should an entity account for subsequent expenditures incurred to conserve a tangible natural resource?

IG18. The recognition principle in paragraph 10 of IPSAS 51 is applicable to the expenditures incurred for the conservation of tangible natural resources. The resulting accounting is consistent with the accounting for subsequent expenditures relating to property, plant, and equipment in IPSAS 45:

(a) Expenditures which are incurred to maintain the current state of a tangible natural resource held for conservation are similar to maintenance expenses for property, plant, and equipment. These expenditures are recognized as expenses in surplus or deficit as incurred; and

(b) Expenditures that result in incremental service potential are recognized as an asset based on the recognition principle in paragraph 10. Depending on the nature of the expenditure and the appropriate unit of account, these expenditures could result in an increase in the carrying amount of an existing tangible natural resource held for conservation, similar to additions in IPSAS 45, or the recognition of a separate asset. For example, an entity that has impaired the carrying amount of a habitat asset because of physical damage may subsequently restore it by reintroducing native flora and fauna, then managing their growth until the habitat is comparable to a condition had the damage not occurred. As these restoration activities would result in an increase in the service potential of the habitat back to the levels before the impairment, the cost of introducing the flora and fauna and managing their growth would be capitalized.

C.3 Change in the Primary Reason for Holding an Asset (Paragraphs 47–50)

How would an entity account for land that is subject to "rewilding"?

IG19. "Rewilding" is the act of limiting human influence in an area with the aim of restoring the naturally occurring processes and biodiversity in that environment. In general, a change in an entity's primary intended reason for holding a tangible natural resource may lead to a change in which IPSAS Standard is applicable to the resource. See paragraphs 47–50 on Reclassification for details. In the context of rewilding land for the purpose of conservation, such a change may occur when there is evidence that an entity has ceased to use the land as an investment property or property, plant, and equipment. A change in use may be evidenced by events such as ending the occupation or use of the land, termination of a lease of the property to another party, or the removal of structures on the land.

IG20. Consistent with the guidance in paragraph 49, the net carrying amount of the land then becomes the carrying amount of the tangible natural resource held for conservation within the scope of IPSAS 51 upon the change in use.

IG21. As noted in paragraph 48 of IPSAS 51, the entity should also consider if the change in use meets one of the indicators of impairment in IPSAS 21, *Impairment of Non-Cash-Generating Assets*, or IPSAS 26, *Impairment of Cash-Generating Assets*.

C.4 Reassessment of the Unit of Account Due to Changes in Facts and Circumstances (Paragraphs AG2–AG4)

Could a change in the primary reason for holding an asset or changes in other facts and circumstances result in a reassessment of the unit of account?

IG22. Yes. As noted in Implementation Guidance C.3, a change in primary reason for holding an asset could result in a reclassification and, depending on whether the reclassification applies to the entire resource or a specific part of the resource, such a change could result in the need to reassess the unit of account for both the part of the resource with the change and the remaining portion of the resource.

IG23. For example, an entity obtains control of a conservation area in a non-exchange transaction. This conservation area consists of land and a native forest within the location, which are accounted for as two units of account—one for the land and another for the native forest. As the entity holds the area primarily for conservation, the two assets were initially measured at their current operational values. The entity has also decided to subsequently measure these assets at their current operational values, as using the current value model would result in more useful information for users of the financial statements.

IG24. Sometime later, approximately a quarter of the conservation area was destroyed in a forest fire. As a result of the significant physical damage to the forest, the entity applied IPSAS 21 and impaired the unit of account consisting of the native forest to its recoverable service amount.

IG25. The entity also determined that it is not feasible to restore the areas that have been damaged and made a formal decision to use this situation to clear the burned area and use the vacant land for the construction of administrative buildings. The entity determined that this significant change in the use of the vacant land did not result in an impairment loss, as the change in use would not have an adverse effect on the entity's land assets.

IG26. Due to the vacant land's new primary intended use as property, plant and equipment, that portion of the land is no longer part of the same unit of account as the land held for conservation. As a result, the entity applies the guidance on reclassification in paragraphs 47–50 of IPSAS 51 to reclassify the vacant land to an asset within the scope of IPSAS 45.

Section D: Measurement

D.1 Determination of Current Operational Value (Paragraphs 17, 26–30, and AG25–AG29)

How would an entity determine the current operational value for a tangible natural resource held for conservation?

IG27. In general, current operational value (COV) can be measured using a market approach or a cost approach. The use of a market approach does not necessarily result in a fair value measurement, as market prices can be used to estimate an asset's entry price.

IG28. For tangible natural resources held for conservation, which are held for their operational capacity, an active market with transactions involving an identical asset may not be available. However, an entity could still apply the market approach by using the price from an orderly transaction involving a similar asset. For example, an entity holding a forest for conservation may estimate its COV using an appraisal value of a similar land

and adjusting the value for specific differences in characteristics that may impact its service potential, such as differences in the size of the forested area or restrictions in how the forested area can be used.

IG29. If an active market for similar assets does not exist, an entity could also estimate COV using a cost approach by estimating the cost of developing a similar asset. Continuing with the forest example, the entity could estimate the forest's COV by accumulating the estimated costs of acquiring, planting, and growing saplings into mature trees, as well as the value of the land if it is not a separate unit of account.

D.2 Inability to Reliably Measure Current Value (Paragraph 11)

When may an entity conclude that the current value of a tangible natural resource held for conservation cannot be reliably measured?

IG30. The use of estimates is an essential part of the accrual basis of accounting, and there will often be uncertainty associated with the measurement of a tangible natural resource held for conservation. In some situations, the level of uncertainty in an estimate is so large that the relevance and faithful representativeness of a measure is questionable, even if disclosures are provided to explain the estimation techniques applied by the entity. Under these circumstances, the current value of the tangible natural resource held for conservation cannot be reliably measured.

IG31. The following factors may indicate that a tangible natural resource held for conservation cannot be reliably measured:

(a) There is a significantly wide range of values that could be reasonable;

(b) There is no reasonable way to assess the probabilities of various estimates; or

(c) There is no reasonable methodology or observable input available to measure the resource.

D.3 Exchange of Assets

How should an entity measure a tangible natural resource held for conservation acquired through a non-monetary transaction such as an exchange of assets?

IG32. As required by paragraphs AG31–AG33 of IPSAS 51, a tangible natural resource held for conservation that is acquired in a non-monetary transaction is typically measured at the current value of the asset(s) given up at the time of acquisition if it can be reliably measured. If the current operational value of the acquired tangible natural resource held for conservation is more evident, the acquired resource is measured at this current operational value. Such a situation could occur if, for example, an entity gives up a specialized asset that does not have an active market in exchange for a tangible natural resource held for conservation that is commonly purchased for conservation purposes.

IG33. There are two exceptions to the requirement to measure a tangible natural resource held for conservation acquired through a non-monetary transaction at current value:

(a) If both the current operational value of the tangible natural resource held for conservation acquired and the current value of the asset(s) given up cannot be reliably measured, the acquired resource is measured at the carrying amount of the asset(s) given up; and

(b) If the exchange transaction lacks commercial substance, the acquired resource is also measured at the carrying amount of the asset(s) given up.

IG34. Paragraph AG32 provides guidance on how to determine if an exchange transaction has commercial substance. Generally, an exchange transaction has commercial substance if:

(a) The configuration (risk, timing, and amount) of the service potential of the acquired tangible natural resource held for conservation is different from the configuration of the cash flows or service potential

of the asset(s) given up, and this difference is significant relative to the current value of the asset(s) given up; or

(b) The net change in the entity's operations resulting from the exchange is significant relative to the current value of the asset(s) given up.

IG35. Due to the specialized nature of tangible natural resources held for conservation, it may be evident that the acquisition of such an asset in a non-monetary exchange of assets has commercial substance without the need to perform a detailed numerical analysis. For example, if an entity gives up inventory to acquire a tangible natural resource held for conservation, the fact that items which were mainly held for their future economic benefits through sale were exchanged for a resource which is not expected to generate future cash flows could be sufficient to indicate that the transaction has commercial substance.

Section E: Display and Disclosure

E.1 Grouping of Disclosures (Paragraphs 52–71 and AG40–AG43)

Do IPSAS Standards require an entity to provide the disclosures that relate tangible natural resources held for conservation and other tangible natural resources within the scope of other IPSAS Standards in one note?

IG36. IPSAS Standards generally neither require nor prohibit an entity from grouping the disclosures of tangible natural resources within the scope of this and other IPSAS Standards into a single note. If an entity decides to group the disclosures, it needs to ensure that this grouping does not obscure the information presented. This is typically accomplished by reconciling the information disclosed in the note with the amounts that are included in the various financial statement captions which contain tangible natural resources.

IG37. The decision to group the disclosures of tangible natural resources together will depend on the entity's judgment on whether this results in more useful information for users of the financial statements compared to the potential costs of reorganizing the notes. When making this decision, the entity should consider the aggregation and disaggregation principles in IPSAS 1, *Presentation of Financial Statements*, as well as the requirements in IPSAS 18, *Segment Reporting*.

E.2 Disclosure of Stewardship Arrangements (Paragraphs 55 and 71)

What information regarding stewardship arrangements is required to be disclosed?

IG38. A public sector entity may enter into stewardship arrangements which confer certain rights and obligations related to a tangible natural resource held for conservation. Regardless of whether the related tangible natural resource held for conservation is recognized as an asset, the entity will need to consider the potential accounting and disclosure implications from the rights and obligations in its stewardship arrangements.

IG39. For example, certain treaties or legislation may grant rights to indigenous peoples to maintain and strengthen their relationship with resources that they have traditionally owned, or delegate conservation activities to a third party. Other arrangements may impose obligations or responsibilities, such as restrictions on the use of certain tangible natural resources held for conservation without the free, prior, and informed consent from indigenous peoples. These rights and obligations are required to be disclosed if their impact is material to the financial statements.

IG40. Some stewardship arrangements may also result in the recognition of an asset or liability that is outside the scope of IPSAS 51. For example, some arrangements may confer the right to a public sector entity to harvest or use a resource that is controlled by a third party, and such an arrangement may result in the recognition of an asset within the scope of IPSAS 31, *Intangible Assets*. Other arrangements may require a public sector entity to potentially provide funding or other support to a third party. For example, a public sector entity may

be required to fund the restoration of certain resources in the event of a natural disaster. Such an arrangement may result in the recognition or disclosure of an obligation as required by IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets*.

Illustrative Examples

These examples accompany, but are not part of, IPSAS 51.

Introduction

IE1. These examples portray hypothetical situations illustrating how an entity might apply the requirements in IPSAS 51, *Tangible Natural Resources Held for Conservation*, to particular natural resources on the basis of the limited facts presented. The analysis in each example is not intended to represent the only manner in which the requirements could be applied, nor are the examples intended to apply only to the specific sector illustrated. Although some aspects of the examples may be presented in actual fact patterns, all relevant facts and circumstances of a particular fact pattern would need to be evaluated when applying IPSAS 51.

Scope

IE2. Examples 1–2 illustrate the application of paragraphs 3–7 of IPSAS 51 on the scope of the Standard.

Example 1: Accounting for Physically Similar Assets that are Held for Different Reasons

IE3. A public sector entity controls two regions of forested land in its jurisdiction, Area A and Area B. Both regions have similar physical characteristics and were initially uncultivated forests containing the same species of flora and fauna. There is no legislation that explicitly dictates how Regions A and B are to be used, but the regions are managed in accordance with different programs that have been created by the entity.

IE4. In accordance with the entity's program, Area A is opened to visitors. The entirety of Area A has been landscaped or cleared to create hiking paths and campgrounds within the area, and the majority of the vegetation in the area has also been replaced with species that are deemed to have higher aesthetic value or are safer for visitors. Visitors can pay a nominal fee to reserve a specific campground, or they can enter and use the campgrounds that are available for free without a reservation. In addition, the entity has hired a team of security personnel to manage the campground operations.

IE5. In contrast, the entity has announced to the public that Area B is a reserve and constructed fencing to limit human access to the area. Unlike Area A, the flora and fauna in Area B have been left in their natural state. While the entity has also hired a team of security personnel to patrol Area B, this security team has been instructed to deter individuals from trespassing into the region.

IE6. The entity applies judgment to the facts presented in paragraphs IE3–IE5 and concludes that Area A and Area B appear to be held for different primary intended purposes despite the fact that both regions initially had similar physical characteristics. The entity notes that Area A is primarily managed for use by the public for camping and hiking, and the introduction of new plants to facilitate this use rather than the conservation of native species indicates that the region is not primarily held for conservation.

IE7. The entity also observes that, regardless of whether the restrictions on the access and use of Area B are self-imposed, the facts and circumstances support the conclusion that the primary reason for holding the asset is for conservation. As a result, the entity concludes that Area B is within the scope of IPSAS 51.

Example 2: Use of Natural Spaces as Infrastructure

IE8. A government entity has a "Rain Garden Program" in place to develop natural spaces in urban areas. These "rain gardens" are naturally occurring green spaces which have been augmented with planted trees and other vegetation to help reduce the risk of flooding in the area and are considered more desirable than traditional constructed infrastructure such as dikes and reservoirs.

IE9. Because these rain gardens accomplish the same objectives as constructed infrastructure, the government entity concludes that they are considered property, plant, and equipment within the scope of IPSAS 45. This

assessment is separate from the consideration of whether the land on which the rain garden is located is an asset.

IE10. In some jurisdictions, the developed natural spaces such as the rain gardens in this example may be referred to as “modified natural assets”, “enhanced natural assets”, or “green infrastructure”. Regardless, the assessment of which IPSAS Standard to apply is based on the entity’s primary intended use of the item.

Measurement

IE11. Example 3 illustrates the determination of the current operational value of a tangible natural resource held for conservation when its current operational value is required by paragraphs 17 and 26 of IPSAS 51.

Example 3: Determination of Current Operational Value

IE12. A government entity obtains control of a 5,000-hectare plot of woodlands in its jurisdiction through a non-exchange transaction and has designated the forest and the land on which it is located as a ‘Conservation Area’ that is held primarily for conservation. As the conservation of the woodlands results in meeting the entity’s social and environmental objectives, the entity has concluded that the Conservation Area meets the definition of an asset. Since the asset was obtained in a non-exchange transaction, it is initially measured at deemed cost (which is current operational value (COV) in the context of tangible natural resources held for conservation), as required by paragraph 17 of IPSAS 51.

Case A – Valuation Performed by an External Valuation Specialist Using the Market Approach

IE13. To measure the COV of the Conservation Area, the entity engaged a valuation specialist who conducted a valuation in accordance with an internationally recognized valuation framework that is commonly used for property valuation.

IE14. The valuation specialist used data from historical purchases of forests held specifically for conservation, adjusted for the following factors:

(a) Differences in the location and size of the comparable forests;

(b) Differences in the species within the conservation area and the comparable forests; and

(c) Average age of plantation.

The valuation specialist also compared the resulting estimate with the value of physically similar forests that are held for the production of timber as a high-level check for the reasonability of the estimate, taking into account the different purposes for holding the asset. Based on the above valuation approach, the specialist estimated a COV of CU28 million on the date when the entity obtained control of the Conservation Area.

IE15. The entity considers the disclosure requirements for current value measurement in paragraphs 61–67 of IPSAS 51. In addition, depending on the materiality of the Conservation Area, the valuation could be a key source of estimation uncertainty due to issues such as limited or inconsistent historical data or the subjectivity inherent in the adjustments noted in paragraph IE14. As a result, the entity also considers the disclosure requirements in paragraphs 140–148 of IPSAS 1, *Presentation of Financial Statements*.

Case B – Estimation of COV Based on the Cost to Develop a Similar Asset

IE16. Alternatively, the entity can estimate the Conservation Area’s COV based on the cost to develop a similar forest. While it may be counterintuitive to estimate the cost to develop a tangible natural resource held for conservation, IPSAS 46, *Measurement*, allows the use of the cost to develop a *similar* asset. Therefore, an estimate of COV based on the cost to develop a forest physically similar to the Conservation Area is acceptable.

IE17. Based on this approach, the entity noted that it will take approximately 20 years to grow a forest comparable to the one in the Conservation Area. In addition, the entity estimated forestation costs of CU4,000 per hectare based on the costs for site preparation, the acquisition cost of seedlings of flora to be planted, and the present value of the labor and material costs to plant and maintain the trees during their 20-year growth period. In addition, the entity estimated that the cost of a plot of land with similar physical characteristics is approximately CU1,500 per hectare. Based on these estimates of the costs per hectare, the entity estimated a COV of approximately CU27.5 million.

IE18. As noted in paragraph IE15, as the above estimation of the COV could be a key source of estimation uncertainty, the entity will need to consider the disclosure requirements in paragraphs 140–148 of IPSAS 1 in addition to the disclosure requirements for current value measurement in paragraphs 61–67 of IPSAS 51.

Disclosure of Unrecognized Tangible Natural Resources Held for Conservation

IE19. Example 4 illustrates the application of paragraphs 12 and 68 of IPSAS 51 on the disclosure of a tangible natural resource held for conservation which meets the definition of an asset but is not recognized as it cannot be reliably measured.

Example 4: Unused Publicly Owned Land

IE20. A public sector entity obtains control of a plot of land in an uninhabited area through the exercise of its sovereign powers. Due to the remote location of the land and the characteristics of its flora and fauna, the entity plans to conserve the habitats in the area and concludes that the land and its habitats (collectively, the reserve) meet the definition of a tangible natural resource held for conservation. Based on these facts, the entity concludes that the reserve is within the scope of IPSAS 51 and should be initially measured at its deemed cost (current operational value) in accordance with paragraph 17.

IE21. To determine the current operational value of the reserve, the entity retained a number of valuation specialists to assist in the estimation process. Due to the remote location of the land and the difficulties in valuing its flora and fauna, the entity and the valuation specialists agreed that there is no reasonable basis on which to measure the reserve's current operational value.

IE22. As a result, the entity concludes that the reserve is an asset that cannot be reliably measured. Therefore, the entity applies the disclosure requirements in paragraph 68 of IPSAS 51 and discloses:

(a) The location and physical characteristics of the reserve;

(b) An explanation of the difficulties in obtaining a reliable measurement of the reserve's current value; and

(c) The significance of the reserve in relation to the delivery of the entity's objectives.

Transition

IE23. Example 5 illustrates the potential similarities and differences resulting from the application of IPSAS 51 using the modified retrospective transition approach and the full retrospective approach.

Example 5: Differences Between the Modified Retrospective and Full Retrospective Transition Methods

(Note: To isolate the impact of the transitional provisions, this example assumes that other than the events or transactions specified below, there are no other transactions within the entity.)

IE24. A central government entity with a December 31 year-end applies IPSAS 51 in year 20X4. The entity has elected to use the historical cost model and concluded that the tangible natural resource held for conservation in question has an indefinite useful life, i.e., it should not be depreciated.

IE25. When the country's constitution was established many years ago, the entity obtained control over a significant tangible natural resource held for conservation in its jurisdiction (Resource A). At the time, Resource A's current value was CU50 million. However, the entity did not consider recognition of an asset, as its accounting framework at the time did not have explicit guidance on the recognition of tangible natural resources held for conservation.

Case A – The Central Government Continues to Control the Resource on the Date of Initial Application

IE26. Since 20X2, the current value of Resource A has increased to CU70 million. The entity has continued to control Resource A throughout 20X2 to 20X4.

IE27. The entity considered the transitional requirements in paragraph 74 of IPSAS 51 and noted the following:

Modified Retrospective Approach (Paragraph 74(a))

IE28. Applying the guidance in paragraph 75, the date of initial application for the modified retrospective approach is January 1, 20X4. The modified retrospective approach requires the recognition of any tangible natural resources held for conservation that are controlled by an entity on the date of initial application at their current value. The cumulative effect of initially applying IPSAS 51 is recognized as an adjustment to opening accumulated surpluses or deficits.

IE29. As a result, the entity recognizes Resource A as an asset at CU70 million on January 1, 20X4 and adjusts its opening accumulated surpluses or deficits by CU70 million.

Retrospective Application in Accordance with IPSAS 3, Accounting Policies, Changes in Accounting Estimates and Errors *(Paragraph 74(b))*

IE30. If the entity applies IPSAS 51 in accordance with IPSAS 3, it would be required to consider the initial recognition of Resource A at the time control was obtained. This approach would result in the following:

(a) Resource A would be recognized as an asset of CU50 million upon the establishment of the country's constitution; and

(b) Because the entity elected to subsequently measure tangible natural resources using the historical cost model, on the date of initial application, Resource A would not be adjusted to CU70 million. The recognized asset and the opening accumulated surpluses or deficits would remain at CU50 million.

Case B - Resource was Sold Prior to the Date of Initial Application

IE31. In this case, the example facts outlined in paragraphs IE24–IE25 continue to be applicable. However, during 20X2, the entity classified Resource A as an asset held for sale and sold it for cash consideration of CU70 million. As the resource was previously unrecognized, there was no carrying amount to offset the consideration received, and the sale resulted in a gain of CU70 million.

IE32. Prior to the application of IPSAS 51, the entity's statement of financial position as at December 31, 20X2 would have consisted of cash and accumulated surpluses or deficits of CU70 million.

IE33. The entity considered the transitional requirements in paragraph 74 of IPSAS 51.

Modified Retrospective Approach (Paragraph 74(a))

IE34. The modified retrospective approach does not require the reconsideration of any tangible natural resources held for conservation that were no longer controlled on the date of initial application (January 1, 20X4). As a result, the entity does not need to make any adjustments to its opening statement of financial position.

Retrospective Application in Accordance with IPSAS 3, Accounting Policies, Changes in Accounting Estimates and Errors *(Paragraph 74(b))*

IE35. If the entity applies IPSAS 51 in accordance with IPSAS 3, it would be required to consider the initial recognition of Resource A at the time control was obtained and its subsequent sale in year 20X2. This approach would result in the following:

(a) Resource A would have been recognized as an asset valued at CU50 million when the country's constitution was established. Since the 20X4 financial statements only include comparative information for the 20X3 year, this CU50 million adjustment will only be reflected in the 20X3 opening accumulated surpluses or deficits;

(b) In year 20X2, the sale of Resource A would have resulted in a gain of only CU20 million (CU70 million cash consideration less Resource A's carrying amount of CU50 million). Since the entity is only presenting comparative information for the 20X3 year, this CU20 million gain will only be reflected in the opening accumulated surpluses or deficits in the 20X3 financial statements; and

(c) Although the gain in year 20X2 is different from the gain recognized before the application of IPSAS 51, it should be noted that the accumulated surpluses or deficits on January 1, 20X3 continue to be CU70 million (consisting of CU50 million from the initial recognition of Resource A and the gain of CU20 million from the sale of the resource).

COMPARISON WITH GFSM 2014

The following data recognition and measurement requirements in IPSAS 51 are aligned with those in Government Finance Statistics Manual 2014 (GFSM 2014):

- Both IPSAS 51 and GFSM 2014 require the recognition and measurement of tangible natural resources held for conservation, although GFSM 2014 does not report on these separately but includes them in the appropriate category of assets.
- IPSAS 51 requires initial measurement at deemed cost or cost depending on whether recognition resulted from a transaction in an orderly market and includes an accounting policy option that allows current operational value for subsequent measurement.

The following presentation requirements in IPSAS 51 are not aligned with those in GFSM 2014 even though recognition and measurement requirements are aligned:

- IPSAS 51 provides guidance on tangible natural resources held for conservation, while GFSM 2014 provides guidance on broader types of natural resources.
- IPSAS 51 requires the presentation of increases in the carrying amount in either net assets/equity or surplus or deficit, as appropriate. GFSM 2014 requires the presentation of changes in market value as other economic flows.
- IPSAS 51 requires the presentation of tangible natural resources held for conservation as a separate line item in the statement of financial position. GFSM 2014 includes tangible natural resources held for conservation within the appropriate category of nonfinancial assets in the balance sheet.

The following recognition and measurement requirements in IPSAS 51 need additional data to be collected for GFSM 2014 reporting:

- Where entities apply cost, deemed cost, or current operational value, there will be a need to collect additional data or separately identify data in the accounting system to be used for GFSM 2014 reporting.
- Where IPSAS 51 groups natural resources for presentation purposes, further breakdown by resource type (e.g., land, mineral and energy resources, and other naturally occurring assets) may be required for GFSM 2014 reporting.
- In GFSM 2014, assets are initially and subsequently measured at market value. Where current operational value is applied, IPSAS-based values may closely approximate the market value required by GFSM 2014. However, preparers should assess whether adjustments are needed, for example, to remove ownership transfer costs or reflect exit-price assumptions where these are material.

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