

**Attention to:**

**The International Public Sector Accounting Standards Board ( IPSAS )**

After greeting,

Reference to your announcement of receiving comments on Consultation Paper, Natural Resources project, After reviewing the project prepared by you, I am agree with the most of IPASAS preliminary view, but I would like to allow me to shed light on some observations that could contribute to bring this project out in the best way, which are as follows:

**1-** Under the submitted project, natural resources are recognized as one of the items in the financial statements as an asset, but after several conditions are met, including that the natural resource is in its natural state.

**Question: What is meant by its natural state?**

Bearing in mind that the natural resource in order to benefit from it may require its transportation, packaging, storage and processing so that it is a product similar to what is sold in the markets and can be evaluated on the basis of the market selling price, and until these operations are completed it may be necessary to deal with the natural resource, which may change the situation in which it is somewhat, **does this lead to the non-recognition of natural resources accounting?**

**What is the position of the accounting recognition of the costs of those operations that took place on the natural material so that it can be evaluated for sale in the market?**

**2-** You mentioned in the project that, natural resources will be recognized as an asset, when the conditions for defining the asset are met, and which are described in the conceptual framework of the International Public Sector Accounting Standards.

**But there is no mention of any type of asset, will it be recognized as a current asset or as a non-current asset?**

I think that it should be recognized as a current asset, due to the availability of the conditions for recognizing the current asset.

**3- You did not mention The other account of the process of recognizing natural resources as an asset**

CR. / Assets (**natural resources**)

DR. /.....?

I think that, the capital account of the government entity should be this account, with the need for the value of this recognition to appear in the general government accounts, So, the above double entry will be

CR. / Assets (**natural resources**)

DR. / capital

**4-** considering the acceptance of the recognition of natural resources as an asset, **The project did not clarify all the accounting operations related to natural resources as an asset such as ( the process of consumption, re-evaluation, depreciation and exclusion)**

**5- What is the accounting position of the land that had natural resources before and after its depletion?**

Those were the basic comments on your project related to the accounting for natural resources, And it's my pleasure to inform you that, I am currently conducting a scientific research related to the development of the conceptual framework for international accounting standards in the public sector ( IPSAS) and the impact of this development on achieving the accounting for natural resources, and I am fully prepared to provide you with the results of this research when finished in order to be an objective contribution to the Reaching your project to the final optimal picture to achieve accounting for natural resources to provide the financial information required by policy makers of national economy.

Best Regards

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