

4.10 Heritage Assets

4.10.1 Introduction

- 4.10.1.1 There are no IFRSs or IPSASs that deal with tangible heritage assets. Authorities shall account for tangible heritage assets in accordance with *FRS 30 Heritage Assets*, except where interpretations or adaptations to fit the public sector are detailed in the Code. References in *FRS 30* to UK accounting standards shall be taken to refer to the equivalent IFRS or IPSAS.
- 4.10.1.2 Authorities shall account for intangible heritage assets in accordance with *IPSAS 31 Intangible Assets*, except where interpretations or adaptations to fit the public sector are detailed in the Code.

Interpretation for the Public Sector Context

- 4.10.1.3 *IPSAS 31* encourages but does not require entities to recognise intangible heritage assets in the Balance Sheet. The Code requires authorities to recognise intangible heritage assets where the authority has information on the cost or value of an intangible heritage asset.

4.10.2 Accounting Requirements

Definitions

- 4.10.2.1 *Heritage assets* are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. They are held by the reporting entity in pursuit of its overall objectives in relation to the maintenance of the heritage. Heritage assets include historical buildings, archaeological sites, military and scientific equipment of historical importance, civic regalia, museum and gallery collections and works of art. Community assets (including parks (excluding archaeological sites); cemeteries and crematoria (land only); and allotments where there are restrictions on alternative uses) are not heritage assets, but are accounted for as property, plant and equipment (see paragraph 4.1.2.2 of the Code).
- 4.10.2.2 A *tangible heritage asset* is a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.
- 4.10.2.3 An *intangible heritage asset* is an intangible asset with cultural, environmental, or historical significance. Examples of intangible heritage assets include recordings of significant historical events.
- 4.10.2.4 The term *heritage asset* is used in this section of the Code to refer to both tangible heritage assets and intangible heritage assets.

Recognition and Measurement

- 4.10.2.5 Where an authority has information on the cost or value of a heritage asset, the authority shall recognise the asset in accordance with section 4.1 of the Code (in respect of tangible heritage assets) or section 4.5 of the Code (in respect of intangible heritage assets).

- 4.10.2.6 Where assets have previously been capitalised or are recently purchased, information on their cost or value will be available. Where this information is not available, and cannot be obtained at a cost which is commensurate with the benefits to users of the financial statements, the assets will not be recognised in the balance sheet. Disclosure shall be made in respect of heritage assets not recognised in the balance sheet in accordance with section 4.10.4 of the Code.
- 4.10.2.7 Operational heritage assets (ie those that, in addition to being held for their heritage characteristics, are also used by the authority for other activities or to provide other services) shall be valued in the same way as other assets of that general type (buildings, for example).
- 4.10.2.8 Heritage assets (other than operational heritage assets) shall normally be measured at fair value. Where, exceptionally, it is not practicable to obtain a fair value, heritage assets shall be measured at historical cost (less any accumulated depreciation, amortisation and impairment losses).
- 4.10.2.9 Valuations may be made by any method that is appropriate and relevant. There is no requirement for valuations to be carried out or verified by external valuers, nor is there any prescribed minimum period between valuations. However, where heritage assets are measured at fair value, the carrying amount shall be reviewed with sufficient frequency to ensure the valuations remain current.

Depreciation, Amortisation and Impairment

- 4.10.2.10 Depreciation or amortisation is not required on heritage assets which have indefinite lives.
- 4.10.2.11 The carrying amount of an asset shall be reviewed where there is evidence of impairment, for example, where it has suffered physical deterioration or breakage or new doubts arise as to its authenticity. Any impairment recognised shall be dealt with under the recognition and measurement requirements of section 4.7 of the Code.

Donations

- 4.10.2.12 The receipt of donations of heritage assets shall be accounted for in line with the requirements for donated assets in section 2.3 of the Code. Where exceptionally, it is not practicable to obtain a valuation for a donated heritage asset, the disclosures required by paragraph 4.10.4.6 apply.

4.10.3 Statutory Accounting Requirements

- 4.10.3.1 The statutory accounting requirements set out in sections 2.3, 4.1, 4.5 and 4.7 of the Code apply equally to heritage assets as to other assets.

4.10.4 Disclosure Requirements

- 4.10.4.1 The following disclosures apply to all heritage assets:
- a) An authority's financial statements shall contain an indication of the nature and scale of heritage assets held by the authority.

- b) The financial statements shall set out the authority's policy for the acquisition, preservation, management and disposal of heritage assets. This shall include a description of the records maintained by the authority of its collection of heritage assets and information on the extent to which access to the assets is permitted. The information required by this paragraph may alternatively be provided in a document that is cross-referenced from the financial statements.
- c) The accounting policies adopted for an authority's holding of heritage assets shall be stated, including details of the measurement bases used.
- d) For heritage assets that are not reported in the Balance Sheet, the reasons why shall be explained and the notes to the financial statements shall explain the significance and nature of those assets that are not reported in the Balance Sheet.
- e) The disclosures relating to assets that are not reported in the Balance Sheet shall aim to ensure that, when read in the context of information about capitalised assets, the financial statements provide useful and relevant information about the authority's overall holding of heritage assets.

4.10.4.2 Where heritage assets are reported in the Balance Sheet, the following shall be disclosed:

- (i) a reconciliation of the carrying amount of heritage assets (showing separately tangible heritage assets and intangible heritage assets) at the beginning of the financial period and at the Balance Sheet date, including an analysis between those classes or groups of heritage assets that are reported at cost and those that are reported at valuation, showing:
 - (a) additions;
 - (b) disposals;
 - (c) increases or decreases resulting from revaluations;
 - (d) impairment losses recognised in Surplus or Deficit on the Provision of Services in accordance with section 4.7 of the Code;
 - (e) impairment losses reversed in Surplus or Deficit on the Provision of Services in accordance with section 4.7 of the Code;
 - (f) depreciation (where an asset does not have an indefinite life); and
 - (g) other changes.
- (ii) where assets are reported at valuation, sufficient information to assist in an understanding of the valuations being reported and their significance, including:

- (a) the date of the valuation;
- (b) the methods used to produce the valuation;
- (c) whether the valuation was carried out by external valuers and, where this is the case, the valuer's name and professional qualification, if any; and
- (d) any significant limitations on the valuation.

4.10.4.3 An example of a limitation to be disclosed under paragraph 4.10.4.2 (ii) (d) would be where an asset has a particular provenance, the effect of which is not fully captured by valuation.

4.10.4.4 Information that is available to the authority and is helpful in assessing the value of those heritage assets that are not reported in the authority's Balance Sheet shall be disclosed.

4.10.4.5 The financial statements shall contain a summary of transactions relating to heritage assets disclosing, for the accounting period and each of the previous four accounting periods:

- (a) the cost of acquisitions of heritage assets;
- (b) the value of heritage assets acquired by donation;
- (c) the carrying amount of heritage assets disposed of in the period and the proceeds received; and
- (d) any impairment recognised in the period.

This summary shall show separately transactions in assets that are reported in the Balance Sheet and those that are not.

The information required by this paragraph need not be given for any accounting period beginning before 1 April 2010 where it is not practicable to do so and a statement to the effect that it is not practicable is made.

4.10.4.6 Where, exceptionally, it is not practicable to obtain a valuation of heritage assets acquired by donation, the reasons why shall be stated. Disclosures shall also be provided on the nature and extent of significant donations of heritage assets.

4.10.4.7 The information required by paragraph 4.10.4.5 may be supplemented by disclosure of other information, for example the sources of funding for acquisition of heritage assets, or expenditure on major restoration costs, but this is not required by this manual

4.10.4.8 The disclosures required by paragraphs 4.10.4.1 to 4.10.4.7 may be presented in aggregate for groups or classes of heritage assets provided this aggregation does not obscure significant information. Separate disclosures shall be provided for those assets reported at cost and those reported at valuation, and for tangible and intangible heritage assets. Amounts in respect of assets that are not reported in the Balance Sheet shall not be aggregated with amounts for assets that are recognised at cost or valuation.

4.10.4.9 The disclosures set out in sections 4.1, 4.5 and 4.7 of the Code are not required in respect of heritage assets.

4.10.5 Statutory Disclosure Requirements

4.10.5.1 There are no statutory disclosure requirements in respect of heritage assets.

4.10.6 Changes since the 2010/11 Code

4.10.6.1 The 2010/11 Code did not include require heritage assets to be reported separately. It is therefore expected that heritage assets (other than operational heritage assets, where the accounting remains unchanged) will have been reported as part of community assets if they have been included in the Balance Sheet.

4.10.6.2 The implementation of the heritage assets requirements in the 2011/12 Code amounts to a change in accounting policy under section 3.3 of the Code. Authorities should therefore account for the change retrospectively.