

Accounting Standards Board

ASB publishes Discussion Paper 'Heritage Assets: can accounting do better'

ASB PN 283

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The Accounting Standards Board (ASB) published today a [Discussion Paper 'Heritage Assets: can accounting do better?'](#) setting out proposals to improve the consistency and transparency of the financial reporting of heritage assets. The proposals will be relevant to entities such as museums holding collections of art, antiques and books and also entities who own and manage landscape or buildings for their environmental or historical qualities.

The ASB's work in developing the proposals was led by its Committee on Accounting for Public-benefit Entities (CAPE). Introducing the Discussion Paper, CAPE Chairman Andrew Lennard said: "These proposals are intended to improve the quality of financial reporting of heritage assets, and to be practical for entities responsible for their custody. The best financial reporting requires heritage assets to be reported as assets at current value, and the Discussion Paper makes proposals to facilitate this approach. But it offers an alternative approach for those entities that face genuine difficulties in valuing their heritage assets."

The Discussion Paper proposes that entities should adopt a policy of recognising heritage assets where it is reasonably practical. Specifically, a capitalisation approach is to be required where it is practicable to obtain valuations which, when supplemented with appropriate disclosures, provide useful and relevant information sufficient to assist in an assessment of the value of heritage assets held by an entity.

However, where that it is clear that practical considerations prevent this, a 'non-capitalisation' approach should be adopted. Entities would be required to provide relevant disclosures (including the reasons why valuation is not practicable) and consistently apply a policy of reporting heritage transactions in a way that does not distort financial performance.

Example disclosures are included in the Discussion Paper to illustrate the proposals.

ASB Chairman, Ian Mackintosh, welcomed the work of CAPE in developing the proposals. "We are aware of the concerns of museums and galleries regarding the existing accounting treatment for heritage assets; reporting only recent acquisitions in the accounts gives incomplete and inconsistent information. These proposals would ensure an entity reports its heritage assets in a more consistent and transparent manner, and provide useful and relevant information."

Comments on the Discussion Paper are requested by 31 May 2006.

Notes to Editors

1. The Discussion Paper was developed by the Board's Committee on Accounting for Public-benefit Entities (CAPE) in collaboration with the International Public Sector Accounting Standards Board (IPSASB). The IPSASB plans to issue a consultation paper based largely on the proposals in the UK Discussion Paper.
2. The existing accounting treatment arising from the application of FRS 15 'Tangible Fixed Assets' is to capitalise in the balance sheet values for heritage assets acquired since 2001.
3. The ASB is an operating board of the Financial Reporting Council (FRC). The FRC is a unified, independent regulator. Its mission is to promote confidence in corporate reporting and governance. The FRC incorporates five operating boards: the ASB, the Auditing Practices Board, the Financial Reporting Review Panel, the Accountancy Discipline and Investigation Board and the Professional Oversight Board for Accountancy.
4. The role of the ASB is to issue accounting standards. The ASB collaborates with accounting standard-setters from other countries and the International Accounting Standards Board (IASB) both in order to influence the development of international standards and in order to ensure that its standards are developed with due regard to international developments.
5. The ASB has up to ten Board members, of whom two (the Chairman and the Technical Director) are full-time, and the remainder, who represent a variety of interests, are part-time.
6. The text of the Discussion Paper is available free of charge from the ASB's website at www.frc.org.uk/asb. Hard copies of the Discussion Paper are available, price £6.00 (post-free) from FRC Publications, 145 London Road, Kingston upon Thames, Surrey, KT2 6SR (020 8247 1264). Web: www.frcpublications.com.

7. All press enquiries should be addressed to Andrew Lennard, ASB Technical Director and CAPE Chairman (020 7492 2430) or Duncan Russell, Project Director (020 7492 2421).