



**ANALYSIS AND RESPONSES TO VERBAL COMMENT
RECEIVED ON**

**POST-IMPLEMENTATION REVIEW OF THE STANDARD OF
GRAP ON *HERITAGE ASSETS* (GRAP 103)**

(ED 180)

RESPONSES TO THE VERBAL COMMENT RECEIVED ON EXPOSURE DRAFT 180 ON POST-IMPLEMENTATION REVIEW OF THE STANDARD OF GRAP ON HERITAGE ASSETS (GRAP 103)

The Accounting Standards Board (Board) approved an Exposure Draft requesting stakeholders to participate in the *Post-implementation Review of the Standard of GRAP on Heritage Assets* (ED 180) in December 2019. A Notice was published in the Government Gazette on 31 January 2020 (Notice 42980). The comment period closed on 15 September 2020.

To maximise participation in the review, the Secretariat undertook a number of consultations with preparers, auditors, consultants and other interested parties by way of roundtable and other discussions. The results of these consultations are summarised in this document and are analysed based on the questions outlined in the questionnaires published by the Board. The responses to the questions have been separated into two parts:

- Part I outlines the analysis of the responses received by preparers of the financial statements; and
- Part II outlines the analysis of the responses received by users of the financial statements.

The summary of written comment received on ED 180 is included in a separate analysis.

VERBAL COMMENT RECEIVED ON ED 180 POST-IMPLEMENTATION REVIEW OF THE STANDARD OF GRAP ON HERITAGE ASSETS (GRAP 103)

PREPARERS:

No.	Name/Organisation	Response as preparer and/or user
1.	Western Cape Municipal Working Committee	Preparers
2.	Department of Arts and Culture (DAC) and Museums under its control	Preparers
3.	Parliament and Provincial Legislatures	Preparers
4.	Public Sector Accounting Forum: Auditors and technical consultants	Preparers and users
5.	CIGFARO/SALGA Joint workshop for preparers	Preparers
6.	Northern Cape Provincial Accountant General	Preparers
7.	Valuation professionals (meeting #1)	Preparers
8.	Valuation professionals (meeting #2)	Preparers
9.	Public Sector Accounting Forum: Preparers	Preparers
10.	Provincial Treasury Eastern Cape	Preparers and users
11.	Provincial museums public entities in KwaZulu Natal	Preparers
12.	Gauteng Public Entities, Waterboards, TVET Colleges and DHET	Preparers
13.	SANPARKS and Iziko museum	Preparers
14.	South African Heritage Resources Agency (SAHRA)	User
15.	Department of Arts and Culture	User

**PART I – SUMMARY AND ANALYSIS OF COMMENT RECEIVED
ON THE POST-IMPLEMENTATION REVIEW OF GRAP 103:
PREPARER’S PERSPECTIVE**

SUMMARY AND ANALYSIS OF COMMENT RECEIVED ON THE POST – IMPLEMENTATION REVIEW – PREPARER’S PERSPECTIVE

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
SPECIFIC MATTERS FOR COMMENT						
Classification of heritage assets as a separate asset category						
<u>Question P1</u>						
What challenges, if any, do you experience to:						
(a) assess if an asset meets the definition of a heritage asset; and						
(b) distinguish heritage assets from other categories of assets such as investment property, property, plant and equipment, etc.?						
Please describe these challenges, and indicate how, in your view, they could be resolved.						
1.	Western Cape Municipal Working Committee					
1.1	<p>The assessment of whether an asset meets the definition of a heritage asset was questioned.</p> <p>An entity may conclude that an asset meets the definition of a heritage asset for the current generation and based on their expectations for future generations. Future generations may however, at a point in time, reject what is currently assessed to be a heritage asset as they may have no interest to preserve that asset any longer.</p>	<p>Noted. An entity should apply the definition of a heritage asset based on how it is currently used, and based on whether (a) the asset has cultural, environmental, historical, natural, scientific, technological or artistic significance; and (b) an entity intends to hold the asset indefinitely and preserve it for the benefit of present and future generations.</p> <p>If, at a future point in time, the objective for holding the heritage asset changes, the</p>		<p>Develop a FAQ explaining the application of the definition of a heritage asset in assessing whether the asset should be accounted for in terms of GRAP 103.</p>	<p>Recommend to OAG to update the GRAP Accounting Guideline to explain the application of the definition of a heritage asset.</p>	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
	It was questioned how the likelihood of an asset being rejected as a heritage asset by future generations impacts the entity's current assessment of whether the definition of a heritage asset is met.	<p>entity needs to reconsider the definition of a heritage asset, and if appropriate, re-categorise the asset.</p> <p>The Board agreed to clarify this principle in a Frequently Asked Question (FAQ). In addition, the Board agreed that a recommendation should be made to the OAG to update the GRAP Accounting Guideline to explain the application of the definition of a heritage asset.</p>				
1.2	<p>In determining whether an asset meets the definition of a heritage asset, management needs to assess its intention to hold the asset indefinitely and preserve it for the benefit of present and future generations; and whether the asset has cultural, environmental, historical, natural, scientific, technological or artistic significance.</p> <p>Additional guidance on "intent" could be useful to ensure the consistent application of the principles in GRAP 103.</p>	<p>Noted. An entity should apply the definition of a heritage asset based on how it is currently used, and based on whether (a) the asset has cultural, environmental, historical, natural, scientific, technological or artistic significance; and (b) an entity intends to hold the asset indefinitely and preserve it for the benefit of present and future generations.</p> <p>The Board agreed that a FAQ should be developed to explain the application of the definition of a heritage asset - refer to the response to comment 1.1.</p>		Refer to the action to comment 1.1.	Refer to the action to comment 1.1.	

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			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
2.	Department of Arts and Culture and Museums					
2.1	<p>A number of participants noted that they are not qualified to assess if an item meets the definition of a heritage asset and therefore relied on experts to make this assessment.</p> <p>Some entities applied the classification developed by the South African Heritage Resources Agency (SAHRA) to determine if an item meets the definition of a heritage asset. Entities find this guidance, which is based on the legislative requirements for an item</p>	<p>Noted. The Board agreed to engage with the Department of Arts and Culture (DAC) to develop simplified guidance that can be applied by employees that are not that familiar with the principles in GRAP 103. The guidance could, among others, clarify when the definition of a heritage asset in GRAP 103 is met.</p> <p>Noted. The Board agreed to review the definition of a heritage asset in GRAP 103 to consider how it can be enhanced to align it with the legislative description of when an item meets the requirements to be classified as a heritage resource in the National Heritage Resources Act. Accounting for heritage assets aims to reflect how an entity uses its assets.</p> <p>The Standards of GRAP also require entities to account for all material assets. Therefore, some items may be accounted for as a heritage asset in the</p>	Review the definition of a heritage asset to consider if it can be enhanced to better align it with the legislative description of a heritage resource.		Recommend to the OAG to update the GRAP Accounting Guideline with any amendments to GRAP 103.	<p>Liaise with the relevant stakeholders to develop simplified guidance.</p> <p>Recommend to the OAG to update the guidance in the GRAP Accounting Guideline.</p>

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
	to be a heritage resource, more specific.	financial statements, even though the legislative assessment has not yet been completed, or the item does not meet the legislative description of a heritage resource. As a result, entities should not only rely on the legislative designation of items in accounting for heritage assets but should apply substance over form and consider the definition of a heritage asset in GRAP 103 to determine if the asset should be accounted for as a heritage asset.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
2.2	<p>The guidance in GRAP 103 to assess if an item meets the definition of a heritage asset, could be improved as it currently leads to different interpretations among entities and/or auditors. For example, the following could be clarified:</p> <ul style="list-style-type: none"> • Just because a heritage asset is not kept in a museum does not mean that it does not meet the definition of a heritage asset. • Entities do not always consider the reason for holding the item, i.e. their intent. Some entities only assess the age of the item to conclude whether the definition of a heritage asset is met. 	<p>Noted. An entity should apply the definition of a heritage asset based on how the asset is currently used, considering whether (a) the asset has cultural, environmental, historical, natural, scientific, technological or artistic significance; and (b) an entity intends to hold the asset indefinitely and preserve it for the benefit of present and future generations.</p> <p>The Board agreed that the application of the definition of a heritage asset should be clarified through a FAQ. The examples will be used in developing the FAQ to explain the application of the definition of a heritage asset.</p> <p>In addition, the Board agreed that a recommendation should be made to the OAG to update the GRAP Accounting Guideline to explain the application of the definition of a heritage asset.</p>		Develop a FAQ explaining the application of the definition of a heritage asset.	Recommend to the OAG to update the GRAP Accounting Guideline to explain the application of the definition of a heritage asset.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
2.3	<p>The legislative guidance of when an item is regarded to be a heritage asset is much clearer than in GRAP 103. The guidance in GRAP 103 should be better aligned with the legislative requirements to ensure consistency.</p> <p>Others noted that they have adopted an approach to rather comply with the principles in GRAP 103 than with legislative requirements in so far as it relates to meeting the definition of a heritage asset.</p> <p>It was proposed that GRAP 103 should clarify whether entities should first apply the principles in GRAP 103, and then the legislative requirements to decide whether an item should be accounted for as a heritage asset, or whether the approach should be the other way around.</p>	<p>Noted. The Board agreed to review the definition of a heritage asset in GRAP 103 to consider if it can be enhanced to align it with the legislative description of a heritage resource in the National Heritage Resources Act – refer to the response to comment 2.1.</p>	<p>Refer to the action to comment 2.1.</p>		<p>Refer to the action to comment 2.1.</p>	<p>Refer to the action to comment 2.1.</p>

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2.4	<p>Practical questions were raised on whether the definition of a heritage asset is met in the following instances:</p> <ul style="list-style-type: none"> • a replica of an original heritage asset held by the entity; • a heritage asset, for example an insect, that is taken apart for research purposes; and • objects that are received by the entity which still need to be accessioned. These items are identified and/or received almost annually, and some are held for longer than a year before the accession is completed. 	<p>Noted. There is an existing FAQs that explains the accounting for (a) replicas, duplicates of an original statue, sculpture, monument or similar structure; and (b) specimens collected for research.</p> <p>In addition, the Board agreed to further amend this FAQ to explain that items held for research and/or items that still need to be tested evaluated to conclude if they are heritage assets, can only be accounted for if the definition of an asset is met.</p>				Amend the existing FAQ on specimens collected for research to explain that items held for research and/or items that still needs to be evaluated to conclude if they are heritage assets, can only be accounted for if the definition of an asset is met.
3.	Parliament and Provincial legislatures					
3.1	The responsibility to assess if an asset meets the definition of a heritage asset was outsourced to experts. For any new assets acquired, or for assets through donations, a similar approach will be followed every three years.	Noted. Refer to the response to comment 2.1.				Refer to the action to comment 2.1.

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			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
4.	PSAF: Auditors and technical consultants					
4.1	Some preparers find it difficult to practically apply the requirements in GRAP 103 to determine if an asset meets the definition of heritage asset, for example the mayor's chain. Disagreements with auditors were noted around the categorisation of assets based on the application of the definition of a heritage asset in GRAP 103.	Noted. A number of issues relating to the categorisation of assets have been raised during the review. The Board agreed to clarify the application of the definition of a heritage asset through a FAQ –Recommend to the OAG to update the GRAP Accounting Guidelines to better explain the application of the definition of a heritage asset.		Refer to the action to comment 2.2.	Refer to the action to comment 2.2.	
4.2	The definition of a heritage asset as in GRAP 103 should be better aligned with the definition of a heritage items in legislation.	Noted. The Board agreed to review the definition of a heritage asset in GRAP 103 consider if it can be enhanced to better align it with the legislative description of a heritage resource in the National Heritage Resources Act - refer to the response to comment 2.1.	Refer to the action to comment 2.1.		Refer to the action to comment 2.1.	Refer to the action to comment 2.1.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
4.3	Some participants questioned why an entity should be required to account for a heritage asset in its financial statements if that asset is not deemed to be a heritage asset in terms of legislation.	<p>Noted. Accounting for heritage assets aims to reflect how an entity uses its assets. The Public Finance Management Act requires entities to account for all the assets under their control to enable users to make informed decisions and to hold entities accountable. Therefore, some items may be accounted for as a heritage asset, even though the legislative assessment has not yet been completed. As a result, entities should not only rely on the legislative designation of items in accounting for heritage assets.</p> <p>The Board agreed to review the definition of a heritage asset in GRAP 103 to consider if it can be enhanced to better align with the legislative description of a heritage resource in the National Heritage Resources Act - refer to the response to comment 2.1.</p>	Refer to the action to comment 2.1.		Refer to the action to comment 2.1.	Refer to the action to comment 2.1.

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			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
5.	CIGFARO/SALGA Joint workshop					
5.1	<p>Entities account for items as heritage assets when they are designated as such in terms of legislation.</p> <p>The definition of a heritage asset is also applied to assess if other items should be accounted for as a heritage asset, even though they may not be designated in terms of legislation.</p>	<p>Noted. The Board agreed to review the definition of a heritage asset in GRAP 103 to consider if it can be enhanced to better align it with the legislative description of a heritage resource in the National Heritage Resources Act - refer to the response to comment 2.1.</p>	<p>Refer to the action to comment 2.1.</p>		<p>Refer to the action to comment 2.1</p>	<p>Refer to the action to comment 2.1.</p>
5.2	<p>The National Library is the repository of all the books that are published in South Africa.</p> <p>It was questioned whether the National Library should account for all these copies as heritage assets, even though the objective is to only preserve one copy of each publication.</p>	<p>Noted. The entity should apply the definition of a heritage asset to assess if the item should be accounted for in terms of GRAP 103, or another Standard of GRAP.</p> <p>There are existing FAQs on distinguishing heritage assets from old assets and to explain the accounting of replicas, sculptures, monuments or similar structures. The Board agreed to develop a new FAQ to clarify the application of the definition of a heritage asset - refer to the response to comment 2.2.</p>		<p>Refer to the action to comment 2.2.</p>	<p>Refer to the action to comment 2.2.</p>	

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			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
6.	Northern Cape Provincial Accountant General					
6.1	The lack of skills within the entity is a challenge to assess who controls the heritage asset.	<p>Noted. The Board agreed that a new FAQ should be developed to clarify the application of the definition of a heritage asset - refer to the response to comment 2.2.</p> <p>In addition, the Board agreed to make a recommendation to the relevant stakeholders, such as the DAC to develop simplified guidance that can be applied by employees that are not that familiar accounting principles in GRAP 103.</p>		Refer to the action to comment 2.2.	Refer to the action to comment 2.2.	Liaise with the relevant stakeholders to develop simplified guidance on how to apply the principles in GRAP 103.
6.2	<p>Some assets are designated in legislation as a heritage item, but when assessed by valuers to determine a value for recognition purposes, the valuers concluded that the asset should not have been classified as a heritage asset in terms of legislation.</p> <p>Guidance should be provided on whether heritage assets designated as such in terms of legislation,</p>	<p>Noted. The comment will be addressed with the relevant stakeholders, such as the South African Heritage Resource Agency (SAHRA) to propose that they communicate the process on de-accessioning heritage items to stakeholders.</p> <p>Noted. There is an existing FAQ on whether all assets that are designated as a heritage asset by legislation should be</p>				Liaise with the relevant stakeholders to provide guidance to entities.

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			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
	should be accounted for in terms of GRAP 103, even though the definition of a heritage asset was not met.	classified as a heritage asset in the entity's financial statements. In addition, the Board agreed to review the definition of a heritage asset in GRAP 103 to consider how it can be enhanced to align it with the legislative description of a heritage resource in the National Heritage Resources Act - refer to the response to comment 2.1.	Refer to the action to comment 2.1.		Refer to the action to comment 2.1.	Refer to the action to comment 2.1.
6.3	Guidance on assessing control for statutes that are placed in open public areas needs to be developed. The guidance should also address how control is impacted when the statute is move to another place or when put in storage.	Noted. The Board agreed to clarify the application of the definition of a heritage asset through a FAQ – see the response to comment 2.2.		Refer to the action to comment 2.2.	Refer to the action to comment 2.2.	
7.	Valuation professionals (meeting #1)					
7.1	There seems to be a conflict between what GRAP 103 defines as a heritage asset, and the definition in legislation. There should be consistency and closer alignment	Noted. The Board agreed to consider if the definition of a heritage asset in GRAP 103 can be enhanced to better align it with the legislative description of a heritage resource in the National Heritage Resources Act – refer	Refer to the action to comment 2.1.		Refer to the action to comment 2.1.	Refer to the action to comment 2.1.

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			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
	between the accounting and legislative requirements and definitions for heritage assets.	to the response to comment 2.1.				
7.2	<p>The process of collecting, sorting and identifying whether natural history collections should be accounted for as a heritage asset in terms of GRAP 103, takes some time. Reasons include, among others, capacity or funding constraints within the entity.</p> <p>Prior to concluding if these collections are heritage assets that should be accounted for in terms of GRAP 103, entities classify these items as 'research items'. Guidance should be provided on how to classify and account for these research items prior to completing the accessioning.</p> <p>Furthermore, entities' internal policies need to clarify that when a research item is controlled by the entity, the items should be recognised in the financial statements irrespective of whether the accession has been completed</p>	<p>Noted. The Board agreed that the existing FAQ on specimens collected for research will be amended to explain that items held for research and/or items that still need to be evaluated to conclude if they are heritage assets, can only be accounted for if the definition of an asset is met</p> <p>The Board agreed that a recommendation should be made to the OAG to amend the GRAP Accounting Guideline to emphasise that all material items under the control of the entity that meet the definition of an asset should be accounted for in terms of the Standards of GRAP.</p>			<p>Recommend to the OAG to update the GRAP Accounting Guideline to emphasise that all material items under the control of the entity should be accounted for in terms of the Standards of GRAP.</p>	<p>Refer to the action to comment 2.4.</p>

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
	to conclude if the item should be classified as a heritage asset.					
7.3	<p>Some heritage assets are leased in terms of 99-year lease agreements, but entities don't see these heritage assets as being investment property as the rent received from the lease, is not substantial. In many instances, the asset is just leased to make sure that it is protected rather than to leave the premises empty.</p> <p>Guidance on how these type of lease agreements should be accounted for, will be useful.</p>	<p>Noted. GRAP 16 on <i>Investment Property</i> explains that the existence of a lease does not in itself mean that the property is an investment property. No further action is required.</p> <p>The Board agreed to make a recommendation to the OAG to provide guidance on the accounting for heritage assets subject to lease arrangements.</p>			<p>Recommend that the OAG include guidance in the GRAP Accounting Guideline on the accounting for heritage assets subject to lease arrangements.</p>	
7.4	<p>Other challenges faced by entities to determine if the definition of a heritage asset is met, include:</p> <p>(a) whether replicas of original items should be recognised as property, plant and equipment, or as heritage assets; and</p>	<p>Noted. There is an existing FAQ that explains that replicas are created as a duplicate of the original statue, sculpture, monument or similar structure. An entity would need to assess whether such replica is itself being held for its significance and for the benefit of present and future generations.</p>				

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			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
	(b) how to account for research items that are widely and regularly available, or similar assets where another entity has concluded that these items meet the definition of a heritage asset.	<p>Noted. An entity should apply the definition of a heritage asset to similar assets based on how these assets are currently used by the entity. If (a) these assets have a cultural, environmental, historical, natural, scientific, technological or artistic significance; and (b) an entity intends to hold the asset indefinitely and preserve it for the benefit of present and future generations, the asset should be accounted for in terms of GRAP 103. The Board agreed to clarify the application of the definition of a heritage asset through a FAQ - refer to the response to comment 2.2.</p> <p>For research items that still need to be tested against the definition of a heritage asset in GRAP 103 to conclude if they should be accounted for as heritage assets, the Board agreed to amend the FAQ on specimens collected for research to explain that items held for research and/or items that still need to be evaluated to conclude if they are heritage assets, can only accounted for if the definition of an asset is met – refer response to comment 2.4.</p>				Refer to the action to comment 2.2 and 2.4.

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			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
8.	Valuation professionals (meeting #2)					
8.1	<p>The principles in GRAP 103 can easily be applied to material heritage assets. Entities, however, need to apply a different approach for the physical management and compilation of a complete asset register for heritage collections that comprise a number of low value items.</p> <p>Assessing whether these items meet the definition of an asset and labeling these items for inclusion in the asset register is quite challenging.</p>	<p>Noted. The Guideline on <i>The Application of Materiality to Financial Statements</i> should be considered. As the compilation of an asset register is not a Standards issue, no further action is required.</p> <p>Noted. The Board agreed to clarify the application of the definition of a heritage through a FAQ - refer to the response to comment 2.2.</p>				Refer to the action to comment 2.2.
8.2	<p>Guidance is not only required on the classification of items held for research, but also on o heritage items held for educational purposes (handling collections).</p> <p>These items may comprise originals, specifically where the entity has similar multiple assets within a collection but may also comprise a replica of the original.</p>	<p>Noted. the Board agreed to further clarify the FAQ on specimens collected for research to explain that items held for research and/or items that still need to be evaluated to conclude if they are heritage assets, can only accounted for if the definition of an asset is met – refer to the response to comment 2.4.</p>			Refer to the action to comment 2.4.	Refer to the action to comment 2.4.

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			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
8.3	<p>Some of the museums' policies of what is classified as a heritage asset are not aligned with the definition of a heritage asset in GRAP 103. Some entities deem all items within a collection as valuable, without applying the definition of a heritage asset to all the items within the collection.</p> <p>For example, the National Library, that is the national repository of published books, holds a number of collections, some with similar items within the collection. The National Library may even have similar collections. Not all the items within these collections, or the duplicate collections, meet the definition of a heritage asset in GRAP 103.</p>	<p>Noted. The Board agreed to clarify the application of the definition of a heritage through a FAQ - refer to the response to comment 2.2.</p>				<p>Refer to the action to comment 2.2.</p>

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			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
8.4	<p>The definition of a heritage asset in GRAP 103 and the description of what comprises a heritage asset in legislation should be aligned. This will ensure that all the assets classified as heritage assets in legislation are accounted for as heritage assets in terms of GRAP 103.</p> <p>The financial statements should disclose information when items designated as a heritage asset in terms of the National Heritage Resource Act are not accounted for as a heritage asset in terms of GRAP 103, and vice versa.</p>	<p>Noted. The Board agreed to review the definition of a heritage asset in GRAP 103 to consider if it can be enhanced to better align it with the legislative description of a heritage resource in the National Heritage Resources Act - refer to the response to comment 2.1.</p> <p>Noted. Providing these types of disclosures may be more suitable for reporting outside the financial statements. The Board agreed to liaise with the National Treasury to assess how this comment can be addressed in preparing other general-purpose financial reports.</p>	Refer to the action to comment 2.1.		Refer to the action to comment 2.1.	Engage with the National Treasury to assess whether and how this disclosure can be included in other reports.

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			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
9.	PSAF: Preparers					
9.1	Guidance should be provided on how to categorise items held in a store, that are not yet accessioned in deciding if they should be accounted for as an asset in terms of GRAP 103, or another Standard of GRAP. Some participants questioned whether these items should be categorised as property, plant and equipment prior to the accessioning being completed.	Noted. the Board agreed to amend the FAQ on specimens collected for research to explain that items held for research and/or items that still need to be evaluated to conclude if they are heritage assets, can only accounted for if the definition of an asset is met – refer to the response to comment 2.4.				Refer to the action to comment 2.4.
9.2	GRAP 103 should explain how a heritage asset provides service potential to better understand why a heritage asset meets the definition of an asset.	Noted. GRAP 103.08 already explains that the service potential embodied in a heritage asset arises from the benefit to hold the asset indefinitely and to preserve the specific asset for present and future generations. The matter will be highlighted to the OAG for consideration in updating the GRAP Accounting Guideline.			Recommend to the OAG that the GRAP Accounting Guideline should be updated explain how a heritage asset embodies service potential.	

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			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
9.3	<p>Heritage assets should only be accounted for in terms of GRAP 103 if the item has been designated as a heritage asset in terms of legislation. This will ensure that all the items that are designated as heritage assets in legislation, are appropriately accounted for.</p> <p>If the definition for a heritage asset in GRAP 103 is not aligned with that in legislation, an entity has a heritage asset in its financial statements that are not designated as such in terms of legislation, which may confuse users.</p>	<p>Noted. The Board agreed to review the definition of a heritage asset in GRAP 103 to consider if it can be enhanced to better align it with the legislative description of a heritage resource in the National Heritage Resources Act - refer to the response to comment 2.1.</p>	<p>Refer to the action to comment 2.1.</p>		<p>Refer to the action to comment 2.1.</p>	<p>Refer to the action to comment 2.1.</p>
9.4	<p>Similar heritage assets may have a dual objective. For example, an entity may hold a set of books with the objective to hold it indefinitely and preserve it for the benefit of present and future generations. The entity can also have a similar set of books, that are used by citizens for research, as part of the entity's day-to-day service delivery objectives.</p>	<p>Noted. The Board agreed to clarify the application of the definition of a heritage through a FAQ – refer to the response to comment 2.2.</p>		<p>Refer to the action to comment 2.2.</p>	<p>Refer to the action to comment 2.2.</p>	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
	Guidance should be provided on whether similar assets, held for different purposes, should both be accounted for as heritage assets in terms of GRAP 103 within the same entity.					
9.5	Guidance on assessing control of a heritage asset needs to be developed – specifically when a heritage asset is on loan to another entity, or when it is used by another entity.	Noted. The Board agreed to clarify the application of the definition of a heritage asset through a FAQ – see the response to comment 2.2. The FAQ will focus on the concept that the asset needs to be controlled by the entity.		Refer to the action to comment 2.2.	Refer to the action to comment 2.2.	
10.	Provincial Treasury Eastern Cape					
10.1	During the audit process, there have been different interpretations between the auditors and preparers about the categorisation of assets as heritage assets or as property, plant and equipment.	Noted. The Board agreed to clarify the application of the definition of a heritage through a FAQ - refer to the response to comment 2.2. The Board agreed to liaise with the AGSA.		Refer to the action to comment 2.2.	Refer to the action to comment 2.2.	Liaise with the AGSA.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
11.	Provincial museums and public entities in KZN					
11.1	Auditors have a different interpretation of the requirements and when the definition of a heritage asset in GRAP 103 is met. This results in audit disagreements with the entity.	Noted. The Board agreed to clarify the application of the definition of a heritage through a FAQ - refer to the response to comment 2.2. The Board agreed to liaise with the AGSA.		Refer to the action to comment 2.2.	Refer to the action to comment 2.2.	Liaise with the AGSA.
11.2	For those entities that display heritage assets in an office, for example an art collection that is used for decorative purposes in the office, challenges arise to determine if the asset continues to meet the definition of a heritage asset while on display. Some argue that, because the asset is on display in an office, it no longer meets the definition of a heritage asset as it is no longer held indefinitely or preserved for the benefit of present and future generations. This is despite measures being in place to protect and hold the asset indefinitely and	Noted. The Board agreed to clarify the application of the definition of a heritage through a FAQ - refer to the response to comment 2.2.		Refer to the action to comment 2.2.	Refer to the action to comment 2.2.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
	preserve if for present and future generations.					
11.3	<p>Financial statements should reflect the true status of an asset, and the requirements in GRAP 103 should not override the legislative requirements.</p> <p>As such, a heritage asset that is designated in legislation should automatically be categorised as a heritage asset in the financial statements. The fact that GRAP 103 currently requires an asset to be recognised when meeting the definition of a heritage assets contradicts the legislative requirement. Heritage assets should only be accounted for in terms of GRAP 103 if the asset is designated as a heritage asset in legislation.</p>	<p>Noted. The Board agreed to review the definition of a heritage asset in GRAP 103 to consider if it can be enhanced to better align it with the legislative description of a heritage resource in the National Heritage Resources Act - refer to the response to comment 2.1.</p>	Refer to action to comment 2.1.		Refer to action to comment 2.1.	Refer to action to comment 2.1.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
12.	Gauteng Public Entities, Waterboards, TVET Colleges and DHET					
12.1	<p>The definition of a heritage asset in GRAP 103 is applied to assess if the item should be categorised as a heritage asset. Legislation is not applied to decide if an item should be accounted for in terms of GRAP 103.</p> <p>An example was provided where an entity concluded that some of its heritage assets should be accounted for in terms of GRAP 17. The auditors, however, disagreed with preparers and indicated that these items should be accounted as heritage assets in terms of GRAP 103 as they were designated as heritage assets in terms of legislation.</p> <p>It is therefore proposed that the definition of a heritage asset in GRAP 103 and that it should be better aligned to avoid any uncer-</p>	<p>Noted. The Board agreed to review the definition of a heritage asset in GRAP 103 to consider if it can be enhanced to better align it with the legislative description of a heritage resource in the National Heritage Resources Act - refer to the response to comment 2.1.</p>	<p>Refer to action to comment 2.1.</p>		<p>Refer to action to comment 2.1.</p>	<p>Refer to action to comment 2.1.</p>

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
	tainty and/or disagreements with auditors.					
12.2	Government should consider a co-ordinated approach to assist entities with assessing whether the definition of a heritage asset is met, and in valuing these heritage assets. This will ensure that heritage assets are held indefinitely, preserved and accounted for in a similar manner.	Noted. As this is not within the Board's mandate, a proposal will be made to the relevant stakeholders, such as the DAC and/or SAHRA, to consider the comment.				Liaise with the relevant stakeholders to provide guidance to entities.
12.3	Challenges are experienced with old items. A preparer noted that they did not see these items as being heritage assets merely because they are old. Instead, these assets should be accounted for as property, plant and equipment.	Noted. The entity should apply the definition of a heritage asset to conclude if the item should be accounted for in terms of GRAP 103, or another Standard of GRAP. Refer to the response to comment 2.2. There is an existing FAQ on distinguishing heritage assets from old assets.		Refer to the action to comment 2.2.	Refer to the action to comment 2.2.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
12.4	It was questioned whether an item should initially be recognised at a R1 value until it has been assessed whether it meets the definition of a heritage asset in terms of GRAP 103.	<p>Noted. Before the item can be recognised at a value, it needs to meet the definition of an asset. Recognising assets at R1 is inappropriate as it does not reflect the fair value of the asset, i.e. the price at which the asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.</p> <p>The Board agreed to amend the FAQ on specimens collected for research to explain that items held for research and/or items that still need to be evaluated to conclude if they are heritage assets, can only accounted for if the definition of an asset is met - Refer to the response to comment 2.4.</p>				Refer to the action to comment 2.4.
12.5	It was questioned whether similar items within the collection should be categorised as heritage assets, or whether only one of the items should be categorised as a heritage asset, for example, multiple copies of library books.	The Board agreed to clarify the application of the definition of a heritage asset through a FAQ – see the response to comment 2.2.		Refer to the action to comment 2.2.	Refer to the action to comment 2.2.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
13.	SANPARKS and Iziko museum					
13.1	The definition in GRAP 103 is appropriate to assess whether an item meets the definition of a heritage asset. However, some auditors have a different interpretation of GRAP 103 and when the definition of a heritage asset is met.	Noted. Refer to the response to comment 11.1.		Refer to the action to comment 11.1.	Refer to the action to comment 11.1.	Refer to the action to comment 11.1.
13.2	The conservation policies of entities should clearly indicate why the entity is holding the specific heritage asset. The intent of the entity needs to be considered in concluding whether the definition of a heritage asset has been met.	Noted. As it is not within the Board's mandate to describe what should be included in entities' conservation policies, a proposal will be made to the relevant stakeholders, such as the DAC and/or SAHRA, to consider the comment. Noted. The Board agreed to develop a FAQ explaining the application of the definition of a heritage asset – refer to the response to comment 1.1.		Refer to the action to comment 1.1.	Refer to the action to comment 1.1.	Liaise with the relevant stakeholders to address this comment.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
13.3	<p>There are still a number of museums that have items that need to be accessioned to decide if they are heritage assets in GRAP 103.</p> <p>Prior to undertaking the assessment, these items are referred to as 'research items' and are not recognised in the financial statements prior to the accession being completed. Guidance should be included in GRAP 103 on how to account for these 'research items' prior to the accessioning being completed.</p>	<p>Noted. The Board agreed to amend the FAQ on specimens collected for research and/or items that still need to be evaluated to conclude if they are heritage assets, can only accounted for if the definition of an asset is met – refer to the response to comment 2.4.</p>				<p>Refer to the action to comment 2.4.</p>
13.4	<p>SAHRA legislation requires that monuments and statutes in public places should be classified as heritage assets. It was questioned whether these monuments and statutes should continue to be accounted for as heritage assets even though they are not kept in public places.</p>	<p>Noted. The Board agreed to clarify the application of the definition of a heritage asset through a FAQ – see the response to comment 2.2.</p>		<p>Refer to the action to comment 2.2.</p>	<p>Refer to the action to comment 2.2.</p>	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
Question P2						
Do you agree that an entity should classify a heritage asset differently if it has an alternative use? Please explain your response.						
14.	Western Cape Municipal Working Committee					
14.1	<p>Participants had mixed views on this matter.</p> <p><u>Option 1</u></p> <p>A heritage asset should only be categorised as a heritage asset, irrespective of whether it has an alternative use. The objective remains to hold the asset indefinitely and to preserve it for the benefit of present and future generations. The nature of the heritage asset will not change because it has an alternative use.</p> <p>The cost of using the heritage asset (for example depreciation) for another purpose could also be reflected in the heritage asset note, along with disclosures of the alternative use.</p>	<p>Noted. Stakeholders had diverse views on the classification of heritage assets with an alternative use. Taking this diversity into consideration, the Board agreed that GRAP 103 should be revised to require that all heritage assets should be classified as a single line item on the face of the statement of financial position, if material. The note to heritage assets in the financial statements should present information about the heritage asset's alternative use, if material.</p> <p>Refer to the recommendation in comment 56.1 and 101.1 on the measurement of all heritage assets in accordance with GRAP 103.</p>	<p>Revise GRAP 103 to require that:</p> <p>(a) all assets that meet the definition of a heritage asset should be classified as a single line item on the face of the statement of financial position; and</p> <p>(b) the note to heritage assets in the financial statements should</p>		<p>Recommend to the OAG to update the GRAP Accounting Guideline with any amendments to GRAP 103.</p>	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
	<p>Heritage assets should therefore be presented as a single line item in the statement of financial position, if material.</p> <p>The related heritage asset disclosure note should distinguish between different categories of heritage assets, i.e. heritage assets with a heritage use only and heritage assets with an alternative use.</p> <p>More disclosures may be needed when all heritage assets are categorised as heritage assets, irrespective of their alternative use.</p> <p><u>Option 2</u></p> <p>Because the heritage asset has an alternative use, the cost of using the asset for another purpose should be reflected in the financial statements. Heritage assets with a significant alternative use should be categorised with other assets based on their use, for example as property, plant and equipment.</p>		<p>present information about the heritage asset's alternative use, if material.</p>			

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
	Additional information should be disclosed in the notes to explain that the asset is a heritage asset.					
15.	Department of Arts and Culture and Museums					
15.1	<p>A heritage asset should not be classified under another asset category, irrespective of whether it has an alternative use.</p> <p>Classifying heritage assets that only have a heritage purpose, or an insignificant alternative use, differently from heritage assets that have a significant alternative use, is confusing to users. When the information is spread across various notes in the financial statements, users may not get a full picture of the entity's heritage assets' net worth.</p> <p>Even though a heritage asset may have an alternative use, for example a historical building that is rented out, the objective is still to</p>	Noted. Refer to the response to comment 14.1.	Refer to the action to comment 14.1.		Refer to the action to comment 14.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
	<p>hold the asset indefinitely and to preserve it for the benefit of present and future generations.</p> <p>All information relating to heritage assets should therefore be presented as a single line item on the face of the financial position, if material, irrespective of the asset's alternative use, and whether the alternative use is significant or not. Explanatory guidance should rather be disclosed in the notes to explain the alternative use, where applicable.</p>	Noted. Refer to the response to comment 14.1.	Refer to the action to comment 14.1.		Refer to the action to comment 14.1.	
15.2	If a heritage asset has a significant alternative use but is not classified as a heritage asset in terms of GRAP 103, it may compromise the entity's mandate and objective in terms of legislation. The heritage asset is not merely held for preservation required by legislation and could result in non-compliance with the applicable legislation. Heritage assets should not have alternative purposes but should only be held indefinitely and preserved	Noted. Refer to the response to comment 14.1.	Refer to the action to comment 14.1.		Refer to the action to comment 14.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
	for the benefit of present and future generations as required by legislation.					
16.	Parliament and Provincial legislatures					
16.1	Participants support the requirement that a heritage asset with an alternative use should be classified differently from other heritage assets.	Noted. Refer to the response to comment 14.1.	Refer to the action to comment 14.1.		Refer to the action to comment 14.1.	
17.	Northern Cape Provincial Accountant-General					
17.1	The objective to hold a heritage asset indefinitely and preserve it for the benefit of present and future generations remains the main driver for having or holding a heritage asset, irrespective of it having an alternative use. Heritage assets should therefore not be classified as another asset category.	Noted. Refer to the response to comment 14.1.	Refer to the action to comment 14.1.		Refer to the action to comment 14.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
18.	PSAF: Auditors and technical consultants					
18.1	<p>If some heritage assets are excluded from the heritage line item in the financial statements because of their alternative use, users may not get a holistic picture of the heritage assets under the entity's control.</p> <p>Users may understand that all assets classified as property, plant and equipment, including heritage assets with a significant alternative use, can be sold and/or transferred. This conclusion may, however, be inappropriate as most heritage assets designated in terms of legislation, are restricted from being sold.</p> <p>Heritage assets should therefore be included as a single line item on the face of the statement of financial position, if material, with a distinction being made in the notes between those heritage assets that are held for preservation and those</p>	Noted. Refer to the response to comment 14.1.	Refer to the action to comment 14.1.		Refer to the action to comment 14.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
	heritage assets that have an alternative use.					
19.	CIGFARO/SALGA Joint workshop					
19.1	<p>In determining the most appropriate asset category, an entity needs to consider what its intention for having or holding the item is, based on the asset's significant use. The asset should be classified based on an entity's intention.</p> <p>If a heritage asset is temporarily used in the production or supply of goods or services, and this alternative use is significant, the entity still needs to consider its long-term objective for having or holding the heritage asset.</p>	Noted. Refer to the response to comment 14.1.	Refer to the action to comment 14.1.		Refer to the action to comment 14.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
20.	Valuation professionals (meeting #1)					
20.1	<p>Participants' had different views on this matter:</p> <ul style="list-style-type: none"> • Some were of the view that heritage assets with an alternative use should be classified differently from other heritage assets that do not have an alternative use because they are used in the day-to-day operations of the entity. • Others were of the view that all heritage assets should be classified as heritage assets, irrespective of an alternative use. This is because not only is the overriding principle for the heritage asset to be held indefinitely and preserved for the benefit of present and future generations, but also to prevent the asset from being destroyed or, for example, in the case of immovable property, that the property is demolished for development. 	Noted, Refer to the response to comment 14.1.	Refer to the action to comment 14.1.		Refer to the action to comment 14.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
21.	Valuation professionals (meeting #2)					
21.1	<p>An asset that meets the definition of a heritage asset should be classified as such, irrespective of whether it has an alternative use, and irrespective of the alternative use being significant. This is because the asset will not lose its heritage status just because it has an alternative use. If the entity continues to classify a heritage asset with an alternative use in terms of GRAP 103, it will ensure that the asset will not be disposed of and will instead be held indefinitely, be protected and preserved for present and future generations.</p> <p>The financial statements should provide explanatory information of the heritage asset's alternative use.</p>	Noted. Refer to the comment to comment 14.1.	Refer to the action to comment 14.1.			Refer to the action to comment 14.1.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
22.	PSAF: Preparers					
22.1	<p>All heritage assets should be accounted for as such, irrespective of their alternative use, and whether the alternative use is significant. Users may not be able to get a holistic picture of the country's national heritage estate if all heritage assets are not categorised together.</p> <p>The objective is to hold a heritage asset indefinitely and to preserve it for the benefit of present and future generations – not reflecting all heritage assets as one asset category in the financial may compromise the objective for having or holding the asset. For heritage assets with an alternative use, explanatory information can be included in the heritage asset note in the financial statements.</p> <p>If heritage assets are classified with other assets, it could skew the entity's liquidity and going concern ratios. As heritage assets are not</p>	<p>Noted. Refer to the comment to comment 14.1.</p> <p>Noted.</p>	Refer to the action to comment 14.1.		Refer to the action to comment 14.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
	intended to be sold, and in many instances, there is no active market for these assets, it is recommended that heritage assets should not be classified with other assets.					
23.	Provincial museums and public entities in KZN					
23.1	<p>Participants had different views on the classification of heritage assets with an alternative use:</p> <ul style="list-style-type: none"> Some noted that an entity needs to assess how the heritage asset is currently used, not how it may or can be used. The asset should then be classified based on its current significant alternative use. Others were of the view that if a heritage asset is classified based on its significant alternative use, the classification of the asset may need to be changed frequently based on the asset's usage. These stakeholders were of 	Noted. Refer to the comment to comment 14.1.	Noted. Refer to the action to comment 14.1.		Refer to the action to comment 14.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
	the view that the heritage asset should remain a heritage asset, irrespective of any alternative use, and whether this alternative use is significant or not. Some participants also argued that, unless an asset is held for preservation purposes, it should not be classified and accounted for as a heritage asset.					
24.	Gauteng Public Entities, Waterboards, TVET Colleges and DHET					
24.1	<p>Participants had different views on the classification of heritage assets with an alternative us:</p> <ul style="list-style-type: none"> Some supported that the entity should classify a heritage asset differently if it has an alternative use as it is appropriate to classify the assets as either investment property or property, plant and equipment when the 	Noted. Refer to the comment to comment 14.1.	Refer to the action to comment 14.1.		Refer to the action to comment 14.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
	<p>entity uses the asset to meet other service delivery objectives.</p> <ul style="list-style-type: none"> Others were of the view that the heritage asset should not be classified differently as the objective for holding the heritage asset remains for it to be preserved for the benefit of present and future generations. 					
25.	SANPARKS and Iziko museum					
25.1	A heritage asset should be classified differently, for example as property, plant and equipment, if it has another significant alternative use.	Noted. Refer to the comment to comment 14.1.	Refer to the action to comment 14.1.		Refer to the action to comment 14.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
Determining an initial value for a heritage asset						
<p><u>Question P3</u></p> <p>What challenges have you experienced to:</p> <p>(a) initially determine a reliable value for heritage assets; and</p> <p>(b) disclose information about a heritage asset for which a reliable value could not be determined on initial recognition?</p> <p>Please provide a description of these challenges, explain how they arise, and indicate how, in your view, they could be resolved.</p>						
26.	Western Cape Municipal Working Committee					
26.1	Some entities did not have the required expertise to value heritage assets and used experts to assist in determining a value for initial recognition.	Noted. The Board agreed to amend GRAP 103 to clarify the use of peer data and to provide guidance on when a reliable value cannot be determined GRAP 104 on <i>Financial Instruments</i> (2019) allows an entity that has no, or insufficient, sources of entity-specific credit risk data, to use peer group experience for a comparable financial instrument. The Board agreed to include similar guidance in GRAP 103 to allow the use of peer data for similar heritage assets.	Amend GRAP 103 to clarify (a) the use of peer data; and (b) that a heritage asset should not be recognised when a fair value cannot be determined because the range of reasonable fair value estimates is significant, and the		Recommend to the OAG to update the GRAP Accounting Guideline with any amendments to GRAP 103.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
		<p>GRAP 104 requires that, if fair value cannot be determined for the residual interest in investments because the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, the instrument can be recognised at cost. The Board agreed to include similar requirements in GRAP 103 that when fair value cannot be determined for a heritage asset because the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, the heritage asset should not be recognised.</p> <p>The Board agreed to liaise with relevant stakeholders, such as the DAC and/or SAHRA to develop a centralised database that contains information on the type and nature of heritage assets controlled by entities, and where a valuer was used to determine a value for a specific heritage asset, the details of such valuer. This will provide information to</p>	probabilities of the various estimates cannot be reasonably assessed.			Liaise with the relevant stakeholders on developing a centralised database containing information on heritage assets

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
		entities if they use peer data and will assist in identifying valuers that can assist with valuations.				and experts used to value these heritage assets.
26.2	Some participants questioned the need to determine a value for a heritage asset, if the entity's only objective for having the asset is to hold it indefinitely and to preserve it for the benefit of present and future as required by legislation. The entity may in terms of legislation never sell the heritage asset.	<p>Noted. In addition to the requirements in the Standards of GRAP, the Public Finance Management Act requires entities to account for all the assets under their control to enable users to make informed decisions and to hold entities accountable. Therefore, heritage assets, as with all assets controlled by the entity, need to be recognised and measured in the financial statements to communicate the value to users for accountability and decision-making.</p> <p>The Board agreed to recommend to the OAG to include an explanation in the GRAP Accounting Guideline on the importance and need to recognise and value all heritage assets.</p>			Recommend to the OAG to update the GRAP Accounting Guideline to explain why heritage assets should be recognised.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
26.3	Some heritage assets may not be sold, based on a stipulation imposed by a trust, statute or law, or as a result of stipulations imposed by the transferor. The extent to which these protective right impact a heritage asset's value on initial recognition should be clarified and/or explained in GRAP 103.	<p>Noted. GRAP 103.46 already explains that a restriction on the disposal of a heritage asset does not preclude the entity from determining its fair value.</p> <p>The Board agreed that the principles in GRAP 103 should be amended to explain that the value of a heritage asset may be influenced by factors such as restrictions on its sale, including protective rights, legislative requirements, protection of land, etc.</p>	Amend the principles in GRAP 103 to explain that restrictions on the sale of a heritage asset may influence its value.		Recommend to the OAG to update the GRAP Accounting Guideline with any amendments to GRAP 103.	
26.4	In determining a value for a heritage asset on initial recognition, the value and worth of the asset to society, representing the current generation, should be taken into consideration. The value for the heritage asset on initial recognition should not only reflect the value to be obtained through sale.	<p>Noted. GRAP 103.38 explains that the fair value of a heritage asset is the price at which the heritage asset could be exchanged between knowledgeable parties in an arm's length transaction. Fair value, however, excludes special considerations or concessions granted by anyone associated with the exchange.</p> <p>Both the buyer and seller need to be reasonably informed about the nature and characteristics of the heritage asset, its actual and potential uses and market conditions at the date of valuation. Aspects such as the value and worth of the asset to society,</p>				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
		<p>representing the current generation will therefore be considered in determining the fair value but with the assurance that the fair value will not represent a higher price than one in a market comprising knowledgeable, willing buyers and sellers.</p> <p>No further action required.</p>				
26.5	<p>Determining a value for some heritage assets may be appropriate, but not for all. In deciding whether a heritage asset should be recognised in the financial statements, the type and nature of the heritage assets should be taken into consideration.</p>	<p>Noted. Similar comments were made by other stakeholders concerning archaeological and natural history collections.</p> <p>The Board agreed to amend GRAP 103 to explain that even though some assets may meet the definition of a heritage asset, the entity may not be able to recognise them in terms of GRAP 103 as a value cannot be determined due to ethical reasons or due the nature of the heritage asset. Examples could include certain archaeological and natural history collections, such as human remains. The recognition and measurement principles in GRAP 103 should, however, be applied to these types of heritage assets if a reliable value can be determined.</p>	<p>Amend the principles in GRAP 103 to explain that some assets may meet the definition of a heritage asset, but a reliable value may not be available due to the nature of the asset, and/or ethical reasons.</p>		<p>Recommend to the OAG to update the GRAP Accounting Guideline with any amendments to GRAP 103.</p>	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
27.	Department of Arts and Culture and Museums					
27.1	Heritage assets are irreplaceable and are held indefinitely with the objective to be preserved for the benefit of present and future generations. Some participants questioned why a value should be determined for a heritage asset if there is no intention to sell the asset. Users will rather find information about the nature and condition of the heritage asset more valuable, than information on its value.	Noted. Refer to the response to comment 26.2 that agreed that a recommendation should be made to the OAG to include an explanation in the GRAP Accounting Guideline on the importance and need to recognise all heritage assets.			Refer to the action to comment 26.2.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
27.2	<p>Experts were used to determine a value for heritage assets on initial recognition as entities lacked experience.</p> <p>Legislation prohibits curators to determine a value for heritage assets.</p> <p>On adoption of GRAP 103, no GRAP Implementation Guideline was available to assist entities with the adoption of GRAP 103.</p>	<p>Noted. Refer to the response to comment 26.1.</p> <p>Following an engagement with SAHRA and some of the valuation professionals, it was confirmed that there is currently no legislative requirement that prohibits curators to value heritage assets.</p> <p>The Board agreed to liaise with relevant stakeholders, such as the DAC to develop simplified guidance that can be applied by employees to assist entities with determining a reliable value for heritage assets.</p> <p>The GRAP Accounting Guideline was issued after the Standard becoming effective.</p>	Refer to the action to comment 26.1.		Refer to the action to comment 26.1.	<p>Refer to the action to comment 26.1.</p> <p>Liaise with the relevant stakeholders to provide guidance to entities on how to value heritage assets.</p>

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
27.3	<p>Disagreements arose with auditors about the grouping of heritage assets for purposes of recognition.</p> <p>Entities classified certain items as a single heritage asset group, but the auditors requested that the items within the group should be further separated into more groups for purposes of recognition.</p> <p>More guidance should be provided on grouping heritage to resolve these disagreements.</p>	<p>Noted. GRAP 17.09 explains that the Standard does not prescribe the unit of account for recognition. Judgement should be applied to decide on the appropriate aggregation of individually insignificant items to apply the recognition criteria. The Board agreed that a similar paragraph should be included in GRAP 103.</p> <p>In addition, the Board agreed to liaise with the AGSA.</p>	<p>Include principles on the aggregation of individually insignificant items in GRAP 103.</p>		<p>Recommend to the OAG to update the GRAP Accounting Guideline with any amendments to GRAP 103.</p>	<p>Liaise with the AGSA.</p>
27.4	<p>Some auditors did not accept the values obtained from valuers and/or other experts on initial recognition as they had some concerns with the basis used in determining the value.</p>	<p>Noted. This comment relates to an audit issue that involves the basis used to determine fair value and cannot be resolved through an accounting Standard. The Board agreed to liaise with the AGSA.</p>				<p>Liaise with the AGSA.</p>

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
27.5	<p>Different approaches were adopted and applied by valuers and experts to determine a value for the heritage assets. As a result, different values were determined for heritage assets that are similar in nature.</p> <p>As a solution, a standardised approach should be developed to value heritage assets that can be applied by all entities. Applying a standardised approach could also result in less disagreements with auditors concerning the valuing of the heritage assets.</p>	<p>Noted. As it is not within the Board's mandate to develop a standardised approach, a proposal will be made to the relevant stakeholders, such as the DAC and/or SAHRA, to consider the comment.</p>				<p>Liaise with the relevant stakeholders to provide guidance to entities.</p>
27.6	<p>Heritage assets need to be insured to guard against any losses. Recognising and reflecting heritage assets at a value in the financial statements has unintended consequences as it resulted in an increase of insurance premiums. Many entities' budgets are not sufficient to cover these high insurance premiums.</p>	<p>Noted. The decision to insure assets is an internal management issue. The Board agreed to engage with the relevant stakeholders such as the DAC and the OAG.</p>				<p>Liaise with the relevant stakeholders to address this comment.</p>

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
27.7	<p>The transitional provisions to GRAP 103 provided a three transitional relief period to obtain reliable values for the recognition of heritage assets. Changes resulting from the application of GRAP 103 are accounted for in accordance with GRAP 3 that requires retrospective application. After determining an initial value for its heritage assets, some entities could not adopt GRAP 103 retrospectively as it was impracticable to determine the cumulative effect of the change.</p> <p>The auditors, however, requested evidence to support the conclusion that it was impracticable, which some entities struggled to provide.</p>	<p>Noted.</p> <p>Audit evidence is required to support the information presented by an entity in its financial statements. The comment relates to providing appropriate audit evidence and cannot be resolved through an accounting Standard. No further action is therefore needed.</p>				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
27.8	After taking advantage of the three-year transitional relief period on adoption of GRAP 103, entities were unsure how to process the adjustments to recognise heritage assets in their financial statements. More guidance could be provided in GRAP 103 on the adjusting journals that need to be processed on initial recognition.	<p>Noted. GRAP 3 explains that the entity adjusts the opening balance of each affected component of net assets for the earliest period presented. The resulting adjustment relating to the periods before those presented in the financial statements is made to the opening balance of each affected component of net assets of the earliest prior period presented. Usually the adjustment is made to accumulated surplus or deficit.</p> <p>The Board agreed to make a recommendation to the OAG to illustrate the application of these principles in GRAP 3 when updating the GRAP Accounting Guideline.</p>			Liaise with the relevant stakeholders to provide practical guidance to address this comment.	
27.9	There will continuously be cost implications when heritage assets are acquired through non-exchange transactions. These cost implications need to be considered when entities decide whether they want to accept future donations, and entities will have to budget appropriately for these expenses.	<p>Noted. The Board agreed to liaise with the relevant stakeholders, such as the DAC and/or SAHRA, to raise awareness about the comment.</p> <p>Refer to the response to comment 26.1.</p>	Refer to the action to comment 26.1.		Refer to the action to comment 26.1.	<p>Liaise with the relevant stakeholders to raise awareness of this comment.</p> <p>Refer to the action to comment 26.1.</p>

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
28.	Parliament and Provincial legislatures					
28.1	<p>Experts were used to determine the initial values of heritage assets.</p> <p>In some instances, the auditors did not accept the value as the experts' methodologies were not clear. The auditors' concerns were addressed when additional supporting evidence was provided to support the assumptions, judgement and methodology applied in determining the fair value.</p>	<p>Noted.</p> <p>This comment relates to an audit issue that involves the methodology applied to determine a fair value and cannot be resolved through an accounting Standard. No further action is therefore needed.</p> <p>The Board agreed to liaise with the relevant stakeholders to develop a standardised approach to value heritage assets – refer to the response to comment 27.5.</p>	Refer to the action to comment 26.1.		Noted. Refer to the action to comment 26.1.	Refer to the action to comment 26.1 and 27.5.
29.	PSAF: Auditors and technical consultants					
29.1	One of the reasons why a reliable value could not be determined, is because there is a limited number of valuers available to assist entities with the valuations of specialised heritage assets.	Noted. Refer to the response to comment 26.1.	Refer to the action to comment 26.1.		Refer to the action to comment 26.1.	Refer to the action to comment 26.1.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
29.2	For specialised heritage assets a replacement cost approach was applied to determine a value, but as these heritage assets cannot be replaced, applying this approach may have been inappropriate.	<p>Noted. The IPSASB is currently undertaking a project to develop guidance on measurement.</p> <p>The Board agreed to monitor the IPSASB's measurement project that will clarify the application of the replacement cost.</p>				Monitor progress on the IPSASB's project on measurement.
29.3	Professional judgement was applied, and various assumptions were made to determine the initial value for some heritage assets. Some auditors did not agree with the approach followed in determining an initial value for some heritage assets, resulting in audit disagreements.	<p>Noted. This comment is an audit issue that involves the approach applied in determining a fair value and cannot be resolved through an accounting Standard. No further action is therefore needed.</p> <p>The Board agreed liaise with the relevant stakeholders to develop a standardised approach to value heritage assets – refer to the response to comment 27.5.</p>				Refer to the action to comment 27.5.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
30.	CIGFARO/SALGA Joint workshop					
30.1	<p>Due to a lack of internal expertise, entities made use of external valuation experts to determine a reliable value for their heritage assets.</p> <p>There is, however, a lack of skilled experts and valuers that entities can approach to assist in valuing heritage assets.</p>	Noted. The Board agreed to engage with the relevant stakeholders on the development of a centralised database refer to the response to comment 26.1.				Refer to the action to comment 26.1.
30.2	Other challenges that were experienced in determining a value include the lack of funding to initially determine a value for heritage assets.	Noted. The Board agreed to engage with the relevant stakeholders such as the DAC, SAHRA and the OAG to raise awareness about the comment.				Liaise with the relevant stakeholder to raise awareness of this comment.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
31.	Northern Cape Provincial Accountant General					
31.1	<p>The challenges that were initially experienced to determine a value for some heritage assets were:</p> <p>Lack of funding – even though some museums have a complete asset register of all the heritage assets under their control, a value has not yet been determined due to funding constraints. The non-recognition of these heritage assets in the financial statements also resulted in audit qualifications the last few years.</p> <ul style="list-style-type: none"> • Even though some entities have the necessary skills to determine a reliable value for a heritage asset, staff's capacity is a challenge. • Some auditors requested that three valuers be used to obtain 	<p>Noted.</p> <p>The Board agreed to engage with the relevant stakeholders such as the DAC, SAHRA and the OAG to raise awareness about the comment (refer to the response to comment 30.2).</p> <p>The Board agreed to amend GRAP 103 to clarify the use of peer data and to provide guidance on when a reliable value cannot be determined – refer to the response to comment 26.1.</p> <p>As GRAP 103 does not require an entity to use three valuers in determining a reliable value for a heritage asset, the Board agreed to liaise with the AGSA.</p>	Refer to the action to comment 26.1.		Refer to the action to comment 26.1.	Refer to the action to comment 26.1 and 30.2. Liaise with the relevant stakeholder on using three valuers to obtain a reliable value for a heritage asset.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	a value for a heritage asset, in determining a reliable value for the heritage asset. Making use of three valuers are very time consuming and has cost implications for the entity.					Refer to the action to comment 26.1.
31.2	It was questioned whether an entity should always make use of an external valuer or firm to determine a value for a heritage asset.	Noted. GRAP 103 allows that an appraisal may be undertaken by a member of a valuation profession who holds a recognised and relevant professional qualification, or by another expert with the requisite competence to undertake such an appraisal in accordance with the requirements of the applicable Standards of GRAP. The valuer or expert may be employed by the entity. Reference should also be made to FAQ 2.7 developed by the Secretariat.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
32.	Valuation professionals (meeting #1)					
32.1	<p>In most instances a value can be determined for a heritage asset, as similar items are found in different collections, even though some items are unique.</p> <p>In determining a value for a heritage item, experts make use of comparable market items to determine a value. Adjustments are made based on the condition of the item. Valuation reports provide detailed explanations of the comparable items that were used as a reference to determine a value for a specific item, as well as any adjustments made.</p>	<p>Noted. The Board agreed that the guidance in GRAP 103 should be expanded to explain the use of market information for comparable items that are adjusted based on the type and condition of the heritage asset.</p> <p>Refer to the response to comment 26.1.</p>	<p>Amend the principles in GRAP 103 to explain the use of market information for comparable items in determining a value for a heritage asset.</p> <p>Refer to the action to comment 26.1.</p>		<p>Update the GRAP Accounting Guideline with any amendments to GRAP 103. Refer to the action to comment 26.1.</p>	<p>Refer to the action to comment 26.1.</p>
32.2	<p>The initial challenges that were experienced to determine a reliable value for heritage assets include:</p> <ul style="list-style-type: none"> the lack of funding and capacity constraints; and providing appropriate audit evidence for the values determined. Museums had 	<p>Noted. The Board agreed to engage with the relevant stakeholders such as the DAC, SAHRA and the OAG to raise awareness about the comment.</p>				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	<p>challenges to physically produce the audit evidence that supported the methodology applied to value heritage assets. GRAP 103 allows entities to apply alternative methodologies, as long as these methodologies are appropriately explained and supporting audit evidence can be provided for the alternatives applied. Where the valuation methodology applied was accepted by the auditors, but disagreements arose where some audit evidence could not be provided in a timely manner due to technical reasons, such as electronic links that could not be accessed.</p>	<p>Providing audit evidence is required to support the information presented by an entity in its financial statements. The comment relates to providing appropriate audit evidence and cannot be resolved through an accounting Standard. No further action is therefore needed.</p> <p>The Board agreed to liaise with the relevant stakeholders to develop a standardised approach to value heritage assets – refer to the response to comment 27.5.</p>				<p>Refer to the action to comment 27.5.</p>

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
32.3	To determine a reliable value for a heritage asset, the value should be based on the fair value of the asset and not its insurance value. Fair value is the price obtainable from an active market where all parties are knowledgeable. An insurance value is based on the retail value of the item and represents the highest possible value that can be obtained through bidding.	Noted. The Board agreed that a new FAQ should be developed that explains that the use of insurance values, individual auction prices and/or quotes from auctioneers may not represent fair value.		Develop a new FAQ that explains that the use of insurance values, individual auction prices and/or quotes from auctioneers may not be appropriate.		
32.4	The application of depreciated replacement cost approach to determine a value for a heritage building or land should be the last resort. It seems as if GRAP 103 forces entities to apply this method in valuing specialised heritage assets.	Noted. Refer to the response to comment 27.5 on the IPSASB's measurement project.				Refer to the action to comment 27.5.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
32.5	<p>Making use of professional valuation experts is expensive and there is a limited number of professional valuers available to undertake heritage asset valuations.</p> <p>Currently there is no governing body that governs the valuation profession in South Africa. Also, there is no standardised guidance that prescribes:</p> <p>(a) what qualifications a valuer or curator should to enable them to value heritage items;</p> <p>(b) who qualifies to conduct a valuation of a heritage item; and</p> <p>(c) the level of detail that should be reported where a heritage asset valuation is undertaken.</p>	<p>Noted. The Board agreed to amend GRAP 103 to clarify the use of peer data and to provide guidance on when a reliable value cannot be determined – refer to the response to comment 26.1</p> <p>Refer to the response to comment 32.1 on the action to amend GRAP 103 to allow entities to use market information for comparable items.</p> <p>As the comment on standardised guidance impacts the valuation of other assets as well, the Board agreed to engage with the OAG and AGSA to understand their expectations when valuations are undertaken by valuers in so far as it relates to who should be involved in the valuation, the supporting documentation to be provided, application of methodologies, etc. Agree appropriate actions to be taken by the trilateral parties.</p>	Refer to the action to comment 26.1 and 32.1.		Refer to the action to comment 26.1 and 32.1.	<p>Refer to the action to comment 26.1.</p> <p>Liaise with the OAG and AGSA to understand their expectations when valuers undertake valuations to address this comment and agree appropriate actions.</p>

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
32.6	<p>When a valuation is undertaken by a curator of a museum, it may lead to a conflict of interest.</p> <p>Guidance should be developed to clarify the segregation of duties and to ensure the independence of curators when they value collections under the museum's control.</p>	<p>Noted. The Board agreed to liaise with the relevant stakeholder to develop guidance that can be applied by employees – refer to the response to comment 27.2.</p>				<p>Refer to the action to comment 27.2.</p>
33.	Valuation professionals (meeting #2)					
33.1	<p>A value could be determined for most of the heritage assets that needed to be valued. Valuers determine values based on sale results. If there is more than one item recently sold, an average price is determined for the heritage asset. When no sale comparable is available, reference is made to comparable items, and appropriate adjustments are made based on the type and condition of the heritage asset.</p>	<p>Noted.</p> <p>Refer to the response to comment 32.1 on the action to amend GRAP 103 to allow entities to use market information for comparable items.</p>	<p>Refer to the action to comment 26.1 and 32.1.</p>		<p>Refer to the action to comment 26.1 and 32.1.</p>	<p>Refer to the action to comment 26.1.</p>

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
33.2	Valuers need to make sure that the evidence supporting their valuation is made available to the auditors, along with the parameters that were considered in order to arrive to a value.	Noted. Providing audit evidence is required to support the information presented by an entity in its financial statements. The comment relates to providing appropriate audit evidence and cannot be resolved through an accounting Standard. No further action is therefore needed.				
33.3	Valuers apply the International Valuation Standards and internationally accepted appraisal methodologies in determining a value for heritage assets. Values obtained from auctioneers at auction houses are inappropriate as these are aimed at obtaining the highest and best value for a heritage item and as a result, the price may be inflated.	Noted. The Board agreed that a new FAQ should be developed to explain that the use of insurance values, individual auction prices and/or quotes from auctioneers may be inappropriate – refer to the response to comment 32.3.		Refer to the action to comment 32.3.		

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
33.4	The views of the employees at the entity should be considered when valuers are appointed by the entity to value heritage assets. Employees, specifically curators, have a good idea in valuing certain types of heritage assets.	Noted. As this is an internal management issue that cannot be addressed in GRAP 103, no further action is needed.				
34.	PSAF: Preparers					
34.1	Some auditors do not accept valuations provided by internal valuers as they question the judgements and assumptions of these valuers.	Noted. This comment is an audit issue that involves the approach, assumptions and methodologies applied in determining a fair value and cannot be resolved through an accounting Standard. Refer to the response to comment 32.1 on the use of internal valuers. No further action is needed.				Refer to the action to comment 27.5.
34.2	Staff and capacity constraints are further challenges that entities experience with determining a reliable value for heritage assets.	Noted. The Board agreed to liaise with the DAC and/or SAHRA. Refer to the response to comment 32.1 on the action to use market information for comparable items.				Liaise with the relevant stakeholders.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
34.3	As valuers apply different methodologies to determine a value for heritage assets, it could result in similar heritage assets having different values.	Noted. The Board agreed to liaise with the relevant stakeholders to develop a standardised approach to value heritage assets – refer to the response to comment 27.5.				Refer to the action to comment 27.5.
34.4	When recognising heritage assets in the financial statements, the risk of theft increases. This has a negative impact on their budgets as more funding is needed to properly secure and insure heritage assets.	<p>Noted. The decision to insure assets is an internal management issue. Even though some information may be sensitive and result in an increase in theft, entities are still required to recognise and/or disclose information about these heritage assets in their financial statements. Management should consider how the information should be aggregated in the financial statements to reduce the risk of theft.</p> <p>The Board agreed to develop a FAQ to emphasise that information does not need to be presented and disclosed on an individual basis but that items may be aggregated when presented in the financial statements. The FAQ will highlight that management should be sensitive to the presentation of information in their financial statements.</p> <p>The Board agreed to engage with the relevant stakeholders such as the DAC</p>		Develop a FAQ to explain that sensitive information may be aggregated for recognition and/or disclosure purposes in the financial statements.		Liaise with the relevant stakeholders to address this comment.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
		and the OAG.				
35.	Provincial museums and public entities in KZN					
35.1	<p>It was questioned whether the intention was ever for GRAP 103 to be applied to national and provincial archives.</p> <p>For example, the individual items in a box containing 25 files may have an intrinsic or financial value. It may be difficult to determine a reliable value for each individual file. It was questioned whether a value for each individual item should be determined, or whether a value for the box may be determined.</p>	<p>Noted. The Board agreed to include guidance in the aggregation of individually insignificant items in GRAP 103 – refer to the response to comment 27.3.</p> <p>The entity should consider the Guideline on <i>The Application of Materiality to Financial Statements</i>.</p>	Refer to the action to comment 27.3.		Refer to the action to comment 27.3.	Refer to the action to comment 27.3.
35.2	<p>Smaller entities don't have all the required technical skills to understand the requirements in GRAP 103.</p> <p>Smaller entities are at different levels in complying with the requirements in GRAP 103.</p>	<p>Noted. The Board agreed that a proposal should be made to the relevant stakeholders, such as the DAC to develop simplified guidance to be applied by employees in applying the principles in GRAP 103.</p> <p>Refer to the response to comment 12.2 and 27.5.</p>		Refer to the action to comment 2.2.	Refer to the action to comment 2.2.	Liaise with the relevant stakeholders to develop guidance to develop simplified guidance.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	Guidance is needed on the appropriate Standard to be applied to account for books in museum libraries, specifically for those museums that have archives and libraries, i.e. GRAP 103 or GRAP 17.	The Board agreed to clarify the application of the definition of a heritage asset through a FAQ - refer to the response to comment 2.2.				refer to the action to comment 12.2 and 27.5.
35.3	<p>Auditors did not want entities to make use of internal valuers to determine a value for the heritage assets, but only use external valuers. When internal valuers were used, the auditors sometimes questioned their credentials, despite the internal valuer having the required skills and qualifications.</p> <p>It is recommended that the criteria to be able to undertake a valuation should be clarified in GRAP 103.</p>	<p>Noted. Refer to the response to comment 31.2 on the use of internal valuers.</p> <p>The Board agreed to liaise with the relevant stakeholders to develop guidance to address this comment – refer to comment 32.5.</p>				Refer to the action to comment 32.5.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
35.4	Some auditors wanted entities to attach a value to all heritage assets, even if it was a R1 value, despite the relief in GRAP 103 that where a reliable value cannot be determined, the entity should only provide disclosures about the asset in its financial statements.	Noted. The Board agreed to clarify the application of the definition of a heritage asset – refer to the response to comment 2.2. Refer to the response to comment 26.1.	Refer to the action to comment 2.2 and 26.1.		Refer to the action to comment 2.2 and 2.6.1.	Refer to the action to comment 26.1.
35.5	Challenges were experienced to determine a reliable value for some heritage assets due to a lack of funding available to appoint valuers to assist with determining a value.	Noted. Refer to the response to comment 30.2 to address the comment with the relevant stakeholders.				Refer to the action to comment 30.2.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
36.	Gauteng Public Entities, Waterboards, TVET Colleges and DHET					
36.1	<p>Challenges that are experienced in determining a value for heritage assets include:</p> <ul style="list-style-type: none"> • lack of funding to appoint external valuers to assist in determining a reliable value for heritage assts; • insufficient staff resources to assist with determining a value for the heritage assets; • the increased risk of theft when heritage assets are recognised in the financial statements. The fact that the entity may have valuable items within the museum are publicly made available when the information is determining a reliable value for heritage assets; 	<p>Noted.</p> <p>Refer to the response to comment 30.2 in addressing the comment with the relevant stakeholders.</p> <p>Noted. The Board agreed to liaise with the DAC and/or SAHRA.</p> <p>The Board agreed that a FAQ should be developed to emphasise that information does not need to be presented and disclosed on an individual basis – refer to the response to comment 34.4.</p>	<p>Refer to the action to comment 30.2 and 34.4.</p>		<p>Refer to the action to comment 30.2.</p>	<p>Refer to the action to comment 30.2 and 34.4.</p> <p>Liaise with the relevant stakeholders.</p>

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	<ul style="list-style-type: none"> when different valuers are used, the apply different valuation approaches and methodologies in determining a value and as a result, similar items have different values; and limited or no reliance is placed by auditors on valuations obtained from internal valuers. Some auditors require that entities only make use of external valuation professionals. 	<p>The Board agreed to liaise with the relevant stakeholders to develop a standardised approach to value heritage assets – refer to the response to comment 27.5.</p> <p>Refer to the response to comment 32.5 on the use of internal valuers.</p>				Refer to the action to comment 27.5.
36.2	Furthermore, reliable values cannot always be determined for conservation areas/land and other natural resources. As the land will not be sold, and was acquired through donation, a reliable value cannot be determined.	<p>Noted. Following a discussion with the Office of the Valuer-General, it was noted that the Office has an approach that they apply when they value conservation areas/land. The Secretariat engaged with the stakeholder who confirmed that work in this area has not yet commenced.</p> <p>The Board agreed to expand on this principle in GRAP 103 to explain when conservation areas/land are protected from being sold, a value could still be determined, but that certain limitations and/or restrictions may impact the value</p>	Refer to the action to comment 26.3.	Develop a FAQ to explain that the accounting for conservation areas/land and	Refer to the action to comment 26.3.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
		<p>of the asset. Refer to the response to comment 26.3.</p> <p>The Board agreed that a FAQ should be developed to explain that the accounting for land and other resources on the land should be separated. The FAQ will refer to GRAP 110 on <i>Living and Non-living Resources</i>.</p>		other resources on the land should be separated.		
36.3	An unintended consequence of implementing GRAP 103 was the additional financial burden that resulted from the recognition of heritage assets to properly insure heritage assets against theft.	Noted. The decision to insure assets is an internal management issue. The Board agreed to engage with the relevant stakeholders such as the DAC and the OAG.				Liaise with the relevant stakeholders to address this comment.
37.	SANPARKS and Iziko museum					
37.1	<p>Two challenges were noted for determining a value for heritage assets:</p> <ul style="list-style-type: none"> cost implications to appoint external valuers to determine a reliable value for the heritage assets; and 	Noted. Refer to the response to comment 26.1.	Refer to the action to comment 26.1.		Refer to the action to comment 26.1.	Refer to the action to comment 26.1.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
	<ul style="list-style-type: none"> the period of time it takes to value heritage assets and comply with the requirements in GRAP 103. 					
37.2	<p>At present, there is no common acceptable approach to value conservation areas/land controlled by SANPARKS. It was proposed that:</p> <p>(a) there should be a differentiation between land in conservation areas that has a cultural, historical or naturel significance and other land; and</p> <p>(b) that another method should be considered to value land in conservation areas, other than through GRAP 103.</p>	<p>Noted. The Board agreed to expand GRAP 103 to explain that even though land is protected from being sold, a value could still be determined - refer to the response to comment 26.3.</p>	<p>Refer to the action to comment 26.3.</p>		<p>Refer to the action to comment 26.3.</p>	
37.3	<p>Where a reliable value could not be determined for some heritage assets, these assets were valued at "black market" values.</p> <p>It was questioned whether these values are acceptable in terms of GRAP 103, and recommended that</p>	<p>Noted. GRAP 103.38 explains that the fair value of a heritage asset is the price at which the heritage asset could be exchanged between knowledgeable parties in an arm's length transaction. Fair value specifically excludes an inflated or deflated price.</p>				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
	this should be clarified in GRAP 103.	Refer to the response to comment 26.1.	Refer to the action to comment 26.1.		Refer to the action to comment 26.1	Refer to the action to comment 26.1.
37.4	<p>GRAP 103 should clarify whether all items within a collection should be valued, or whether a value could be determined for the entire collection.</p> <p>Some collections consist of a number of items and to value each of them individually may not be cost effective. GRAP 103 should also explain how these additions to the collection should be valued.</p>	<p>Noted. GRAP 103.45 explains that in determining the fair value for a collection, the entity should consider whether the entire collection has a higher value than the sum of the values of the individual items making up the collection. Under such circumstances, the carrying value of the entire collection may need to be reassessed when a group of individual heritage assets constitutes a collection.</p> <p>Noted. The Board agreed to include guidance in the aggregation of individually insignificant items in GRAP 103 – refer to the response to comment 27.3.</p>	Refer to the action to comment 27.3.		Refer to the action to comment 27.3.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
37.6	For some heritage assets, little information was available to determine value. Experts then had to make use of carbon dating to determine a value for the heritage asset.	Noted. Refer to the response to comment 26.1.	Refer to the action to comment 26.1.		Noted. Refer to the action to comment 26.1.	Refer to the action to comment 26.1.
37.7	In valuing and disclosing some heritage assets in the financial statements, the risk of repatriation increases as some person or country could claim the heritage asset as being theirs.	Noted. The Board agreed that a new FAQ should be developed to emphasise that information does not need to be presented and disclosed on an individual basis but that items may be aggregated when presented in the financial statements. The FAQ will also highlight that management should be sensitive to the presentation of information in the financial statements – refer to the response to comment 34.4.		Refer to the response to comment 34.4.		

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
Question P4						
What were the reasons for not being able to determine a reliable value for a heritage asset on initial recognition (if applicable)?						
38.	PSAF: Auditors and technical consultants					
38.1	<p>Reasons why a reliable value could not be determined include:</p> <ul style="list-style-type: none"> For some heritage assets, an active market is not available due to the type of assets, for example flags that were mounted. Some heritage assets are not material, and the cost to determine a value for these assets out-weigh the benefit to make use of experts to determine a value. 	<p>Noted. The Board agreed to clarify the use of peer data and to provide guidance on when a reliable value cannot be determined - refer to the response to comment 26.1.</p> <p>The Standards of GRAP are only applied to material items and entities may apply alternative accounting treatments to immaterial items, transactions or events. Refer to the Guideline on <i>The Application of Materiality to Financial Statements</i>.</p>	Refer to the action to comment 26.1.		Refer to the action to comment 26.1.	Refer to the action to comment 26.1.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
39.	Northern Cape Provincial Accountant General					
39.1	Due to the nature of the specific heritage asset in question, for example pieces of glass, it was difficult to determine a reliable value for the heritage asset.	Noted. The Board agreed to clarify the use of peer data and to provide guidance on when a reliable value cannot be determined - refer to the response to comment 26.1.	Refer to the action to comment 26.1.		Refer to the action to comment 26.1.	Refer to the action to comment 26.1.
40.	Valuation professionals (meeting #1)					
40.1	<p>Challenges are experienced with valuing natural history collections and research material within these collections, as well as archaeological material (such as human remains). Values for these items cannot be determined due to the nature of the items, ethical reasons, or due to the lack of comparable items.</p> <p>Standardised and uniform policies or guidance should be developed determine which natural history collections or archaeological material can or can't be valued.</p>	<p>Noted.</p> <p>Refer to the response to comment 26.1.</p> <p>The Board agreed to amend GRAP 103 to explain that even though some assets may meet the definition of a heritage asset, the entity may not be able to recognise them in terms of GRAP 103 as a value cannot be determined due to ethical reasons or due the nature of the heritage asset – refer to the response to comment 26.5.</p>	Refer to the action to comment 26.1 and 26.5.		Refer to the action to comment 16.1 and 26.5.	Refer to the action to comment 26.1.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
	The policy or guidance should also provide appropriate explanations as to why values cannot be determined for these collections.	Noted. As this is not within the Board's mandate to develop standardised and uniform policies, the Board agreed that a proposal should be made to the relevant stakeholders, such as the DAC and/or SAHRA, to consider the comment.				Liaise with the relevant stakeholders to provide guidance to entities.
41.	Valuation professionals (meeting #2)					
41.1	<p>Some valuers do not value items in natural history collections, such as certain fossils and minerals because entities are not allowed to trade in these items. Also, valuations are not determined for archaeological material, such as human remains. This is however entity specific and is not a national policy that is applied by all valuers or valuation experts.</p> <p>It is proposed that a policy should be in place that addresses the valuation of natural history and archaeological material that should be consistently applied by all valuers.</p>	Noted. Refer to the response to comment 26.5 and 40.1.	Refer to the action to comment 26.5.		Refer to the action to comment 26.5.	Refer to the action to comment 40.1.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
42.	PSAF: Preparers					
42.1	<p>It was difficult to determine a reliable value for heritage assets because:</p> <ul style="list-style-type: none"> • there is no active market value for some heritage assets as they cannot be traded; and • once the heritage asset is damaged or lost, it cannot be replaced with a similar heritage asset. <p>Some auditors required entities to determine a value for all its heritage assets, even though the entity does not intend to sell the heritage asset. Some auditors also do not seem to accept the entity's reasons for not being able to determine a reliable value.</p>	<p>Noted. Refer to the response to comment 26.1.</p> <p>Providing audit evidence is required to support the information presented by an entity in its financial statements. The Board agreed to liaise with the.</p>	Refer to the action to comment 26.1.		Refer to the action to comment 26.1.	Refer to the action to comment 26.1. Liaise with the AGSA.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
43.	Provincial Treasury Eastern Cape					
43.1	<p>A reliable value for some heritage assets could not be determined:</p> <p>(a) because there are a number of heritage assets under the entity's control that are immaterial; and</p> <p>(b) due to the absence of an active market for the specific heritage asset.</p>	<p>Noted. Refer to the response to comment 38.1 in applying GRAP 103 to immaterial items.</p> <p>Refer to the response to comment 26.1.</p>	Refer to the action to comment 26.1.		Refer to the action to comment 26.1.	Refer to the action to comment 26.1.
44.	Provincial museums and public entities in KZN					
44.1	<p>Challenges noted for not being able to determine a reliable value include:</p> <ul style="list-style-type: none"> There is no active market, and no other valuation technique exists to reliably determine a value, especially where the heritage item is unique to the area. 	Noted. Refer to the response to comment 26.1.	Refer to the action to comment 26.1.		Refer to the action to comment 26.1.	Refer to the action to comment 26.1.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
44.2	<p>Some heritage assets have a non-financial value but it seems as if the accounting requirements dictate that all heritage items should be recognised despite the entity being unable to determine a value.</p> <p>In a museum environment, a value may not always be determinable for some heritage assets due to the nature of the asset. This aspect should be clarified in GRAP 103.17 that explains the requirements where a heritage asset does not meet the recognition criteria and cannot be reliably measured.</p>	<p>Noted. Refer to the response to comment 26.1.</p> <p>The Board agreed to amend GRAP 103 to explain that even though some assets may meet the definition of a heritage asset, the entity may not be able to recognise them in terms of GRAP 103 as a value cannot be determined due to ethical reasons or due to the nature of the heritage asset – refer to the response to comment 26.5.</p>	Refer to the action to comment 26.1 and 26.5.		Refer to the action to comment 26.1 and 26.5.	Refer to the action to comment 26.1.
45.	Gauteng Public Entities, Waterboards, TVET Colleges and DHET					
45.1	Challenges are experienced with valuing heritage items such as insect collections as no reliable market information is available to determine a value for these collections.	Noted. The Board agreed to amend GRAP 103 to explain that even though some assets may meet the definition of a heritage asset, the entity may not be able to recognise them in terms of GRAP 103 as a value cannot be determined due to ethical reasons or due to the nature of the heritage asset – refer to the response to comment 26.5.	Refer to the action to comment 26.5.		Refer to the action to comment 26.5.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
46.	SANPARKS and Iziko museum					
46.1	<p>A value is not determined for land that SANPARKS cannot sell in terms of legislation.</p> <p>It was questioned why a value should be determined for land and/or other heritage assets if there is no intention to sell the land or asset.</p>	<p>Noted. The Board agreed to clarify GRAP 103 to explain that the value of a heritage asset may be influenced by factors such as restrictions on its sale – refer to the response to comment 26.3 and 36.2.</p>	<p>Refer to the action to comment 26.3 and 36.2.</p>		<p>Refer to the action to comment 26.3 and 36.2.</p>	
46.2	<p>As some heritage assets may not be sold, no reliable market information exists to determine a reliably value for these assets.</p> <p>GRAP 103 still requires the entity to recognise these assets, and hence, entities have concluded that the requirements in GRAP 103 take precedence over the legislative requirements. It was questioned whether this assumption is correct, and it was proposed that it should be clarified in GRAP 103.</p>	<p>Noted. Refer to the response to comment 26.1.</p> <p>The Board agreed to review the definition of a heritage asset in GRAP 103 consider if it can be enhanced to better align it with the legislative description of a heritage resource in the National Heritage Resources Act – refer to the response to comment 2.1.</p>	<p>Refer to the action to comment 2.1 and 26.1.</p>		<p>Refer to the action to comment 2.1 and 26.1.</p>	<p>Refer to the action to comment 2.1 and 26.1.</p>

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
<p>Question P5</p> <p>Where a reliable value for heritage assets cannot be determined, do you think that the financial statements provide useful information if the entity is not required to continuously re-assess if a fair value can be determined?</p> <p>Please explain your response.</p>						
47.	Department of Arts and Culture and Museums					
47.1	<p>Some participants did not support the idea of re-assessing if a fair value can be determined subsequently. The initial assessment of whether a value can be determined is a past event, and unless legislation changes to require a re-assessment, the entity should not re-assess if a value becomes available subsequently.</p> <p>Some participants noted that it is unlikely that an active market will exist at a subsequent date if a value could not be determined for the asset on initial recognition.</p>	<p>Noted. Stakeholders had diverse views on whether an entity should be required to continuously re-assess if a fair value can be determined when a reliable value could not be determined on initial recognition.</p> <p>Taking this diversity into consideration, the Board agreed that GRAP 103 should be revised to require the re-assessment of those heritage assets for which a reliable value could not be determined on initial recognition. This assessment should, however, not be done on an annual basis, but only when an indicator has been triggered that changes the entity's previous conclusion about a reliable value being unavailable. An indicator-based approach will be developed similar to that applied for</p>	Revise GRAP 103 to require the re-assessment of whether a fair value can be determined.		Recommend to the OAG to update the GRAP Accounting Guideline with any amendments to GRAP 103.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
		impairment, and the re-assessment of useful lives residual values.				
47.2	If GRAP 103 introduces a requirement to re-assess if a fair value can be determined at a subsequent date, the Standard should prescribe how often, or frequent, an entity will be required to undertake such a re-assessment.	Noted. Refer to the response to comment 47.1.	Refer to the action to comment 47.1.		Refer to the action to comment 47.1.	
48.	Parliament and Provincial legislatures					
48.1	Requiring preparers to continuously re-assess if a fair value can be determined will be useful as values may subsequently become available. This will enable the entity to recognise the heritage asset in its financial statements.	Noted. Refer to the response to comment 47.1.	Refer to the action to comment 47.1.		Refer to the action to comment 47.1.	
49.	PSAF: Auditors and technical consultants					
49.1	Entities should be required to continuously re-assess if a value becomes available for a heritage asset that is not recognised.	Noted. Refer to the response to comment 47.1.	Refer to the action to comment 47.1.		Refer to the action to comment 47.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	Practically it may be onerous to require entities to annually assess if a value becomes available. Therefore, it was proposed that a re-assessment should only be required if certain indicators are triggered, for example a significant change in the nature of the heritage asset.					
50.	Northern Cape Provincial Accountant General					
50.1	It will only happen in exceptional circumstances that the value for a heritage asset will become available over time – for example, when an object became scarce following the destruction of all similar objects; or when legislation changes to allow the entity to sell the heritage asset. Including such a requirement in the Standards of GRAP should therefore not be considered.	Noted. Refer to the response to comment 47.1.	Refer to the action to comment 47.1.		Refer to the action to comment 47.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
51.	Valuation professionals (meeting #1)					
51.1	<p>A re-assessment will not be necessary as, only in rare instances, will an entity not be able to determine a value for a heritage asset.</p> <p>For most movable and immovable heritage items, a reliable value will be determined based on comparable items that are available in the market.</p>	Noted. Refer to the response to comment 47.1.	Refer to the action to comment 47.1.		Refer to the action to comment 47.1.	
52.	Valuation professionals (meeting #2)					
52.1	An entity should be required to re-assess if a fair value becomes available, for example when a specific event occurs within the market.	Noted. Refer to the response to comment 47.1.	Refer to the action to comment 47.1.		Refer to the action to comment 47.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
53.	Provincial museums and public entities in KZN					
53.1	<p>Stakeholders had different views on this matter. Some stakeholders agree that the entity should be required to re-assess if a value becomes available for the heritage asset to be recognised. An example was given of a flag that was used in 1994 during the inauguration of President Nelson Mandela. At that point in time the flag did not have any heritage significance, but subsequently, it developed a historical significance for the country.</p> <p>Other stakeholders were of the view that a re-assessment should not be required because, if an entity is required to do such re-assessments, it will have to be done on an annual basis.</p>	Noted. Refer to the response to comment 47.1.	Refer to the action to comment 47.1.		Refer to the action to comment 47.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
54.	Gauteng Public Entities, Waterboards, TVET Colleges and DHET					
54.1	Participants agreed that the entity should continuously re-assess if a fair value can be determined for a heritage asst if that asset is not yet recognised. This will, however, require some work from the entity and funding may be required in order to determine if a value becomes available.	Noted. Refer to the response to comment 47.1.	Refer to the action to comment 47.1.		Refer to the action to comment 47.1.	
55.	SANPARKS and Iziko museum					
55.1	The asset should be re-assessed to determine if a value becomes available subsequently that will enable the entity to recognise the heritage asset. There could be staffing and funding constraints that could impact an annual re-assessment.	Noted. Refer to the response to comment 47.1.	Refer to the action to comment 47.1.		Refer to the action to comment 47.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
Determining a value for a heritage asset after recognition						
<u>Question P6</u>						
What subsequent measurement basis has been selected to measure heritage assets, and why was this basis selected?						
56.	Department of Arts and Culture and Museums					
56.1	<p>The cost method is applied by most entities. This method was selected based on the recommendation from the DAC. The Department indicated that the cost method will be more cost effective in the long term as this method does not require valuations of the heritage assets recognised in the financial statements.</p> <p>One entity indicated that it applies the revaluation method to measure its heritage buildings, while the rest of its heritage assets are measured using the cost model. The revaluation method was selected for insurance purposes and to understand how the value of the</p>	<p>Noted. Most respondents indicated that they have selected the cost method as their subsequent basis. The entities that selected the revaluation model as their subsequent measurement basis, apply this method:</p> <p>(a) to historical buildings which have a significant alternative use and are therefore measured in terms of another Standard of GRAP. Two respondents noted that they apply the revaluation model to value art works; or</p> <p>(b) as they were of the view that, because they have determined a fair value for their heritage assets on initial recognition, they had to select the revaluation method as the subsequent measurement basis. These entities indicated that</p>				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	heritage asset changes between valuations.	<p>they are not familiar with Directive 11.</p> <p>A minority of entities, however, seem to apply the revaluation method.</p> <p>The Board considered whether the revaluation method as a measurement basis should be eliminated. The Board agreed that the revaluation method should be retained to allow management to select a measurement basis that best meets the information needs of its users.</p> <p>The Board also agreed that all heritage assets should be accounted for in terms of GRAP 103, irrespective of their alternative use and whether this alternative use is significant. The Board agreed that GRAP 103 should be amended accordingly – refer to the response to comment 14.1 and 101.1.</p> <p>The Board agreed to not extend the effective date for Directive 11 as entities had sufficient time to implement GRAP 103.</p>				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
57.	Parliament and Provincial legislatures					
	<p>A mixture of the measurement bases is applied. The reasons for selecting a specific measurement basis are:</p> <ul style="list-style-type: none"> • Cost method - this measurement basis does not require revaluations after initial recognition and therefore has no cost implications such as making use experts or valuers. • Revaluation method – this measurement basis provides a fairer reflection of the heritage asset's value. The value of heritage change from time to time and applying this method best reflects the value of the asset at year-end. This method provides useful information to users for decision-making. Changes in the values of heritage assets need to be reflected in the financial 	Noted. Refer to the response to comment 56.1.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	<p>statements to inform decision-making.</p> <p>The initial value at which the heritage assets were recognised, did not change significantly and entities therefore did undertake further revaluations.</p>					
58.	PSAF: Auditors and technical consultants					
58.1	<p>Most entities elected to apply the cost model as this method seems to be easier to apply and is more cost-effective compared to the revaluation model.</p> <p>Some users also indicated that they find the cost values more reliable compared to revalued amounts.</p> <p>Another reason noted for adopting the cost model is because many municipal accounting systems cannot process changes to the revaluation reserves appropriately following changes in fair value.</p>	<p>Noted. Refer to the response to comment 56.1.</p>				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
59.	CIGFARO/SALGA Joint workshop					
59.1	Most entities have selected the cost method as a subsequent measurement basis. Cost seem to be the main driver for selection this measurement basis.	Noted. Refer to the response to comment 56.1.				
59.2	Some participants questioned whether the revaluation model provides more relevant and reliable information to users for decision-making and to hold entities accountable.	Noted. Refer to the response to comment 56.1.				
59.3	When the revaluation method is selected, it is applied to a class of assets as per GRAP 103. This may, however, not be appropriate for all classes of heritage assets, for example where the entity does not have an intention to sell the heritage asset.	Noted. Refer to the response to comment 56.1.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
60.	Valuation professionals (meeting #1)					
60.1	Where an entity applies the cost model as its subsequent measurement basis, it should be required to disclose the fair value of the heritage assets in its financial statements as this better reflects that actual value of the asset under the entity's control.	Noted. GRAP 103.98 encourages entities to disclose the fair value of heritage assets when the cost model is used, and the fair value is materially different from the carrying amount. Refer to the response to comment 56.1.				
60.2	It was proposed that entities should be encouraged to rather apply the revaluation method as a subsequent measurement as this measurement basis better reflects the value of the heritage asset.	Noted. Refer to the response to comment 56.1.				
61.	Provincial Treasury Eastern Cape					
61.1	Entities selected the cost model as it has less cost implications compared to the revaluation model. The revaluation model requires the use of external professional valuers. Entities made use of external valuers to assist them with	Noted. Refer to the response to comment 56.1.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	obtaining valuations for heritage assets for purposes of initial recognition. However, to make use of valuers for ongoing valuations at regular intervals, is expensive.					
62.	PSAF: Preparers					
62.1	Most entities apply the cost method as their subsequent measurement basis as it is more cost effective. When the cost method is applied, there is no need to frequently revalue the heritage assets after initial recognition resulting in less impact on the budget. Preparers did not necessarily consider which measurement basis will provide more relevant information to users. They focused on which basis would be less costly over the long term.	Noted. Refer to the response to comment 56.1.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
63.	Provincial museums and public entities in KZN					
63.1	Most entities apply the cost method, even though some entities indicated that they apply the revaluation method. The cost method was selected as it is easier and a more cost-effective method to apply compared to the revaluation model.	Noted. Refer to the response to comment 56.1.				
64.	Gauteng Public Entities, Waterboards, TVET Colleges and DHET					
64.1	Most entities apply the cost method, with only on participant indicating that they apply the revaluation model to value heritage buildings.	Noted. Refer to the response to comment 56.1.				
65.	SANPARKS and Iziko museum					
65.1	The cost method is applied as the subsequent measurement basis as it is more practical and less costly compared to the revaluation model.	Noted. Refer to the response to comment 56.1.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
Question P7						
Are classes of heritage assets measured using different measurement bases? If yes, please explain why a different measurement basis is applied to different classes of heritage assets.						
66.	Department of Arts and Culture and Museums					
66.1	The majority of entities apply the cost method to all classes of heritage assets. One entity indicated that the revaluation method is applied to subsequently measure heritage buildings, while the rest of their heritage assets are measured using the cost method.	Noted. Refer to the response to comment 56.1.				
67.	Parliament and Provincial legislatures					
67.1	One measurement basis is applied to all classes of heritage assets.	Noted. Refer to the response to comment 56.1.				
68.	CIGFARO/SALGA Joint workshop					
68.1	The same measurement basis is applied to all classes of heritage assets.	Noted. No further action required. Refer to the response to comment 56.1.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
69.	PSAF: Preparers					
69.1	All classes of heritage asset are measured using the same measurement bases.	Noted. Refer to the response to comment 56.1.				
70.	Provincial Treasury Eastern Cape					
70.1	All classes of heritage assets are measured using the cost model.	Noted. Refer to the response to comment 56.1.				
71.	Provincial museums and public entities in KZN					
71.1	Classes of heritage assets are measured using the same subsequent measurement basis.	Noted. Refer to the response to comment 56.1.				
72.	Gauteng Public Entities, Waterboards, TVET Colleges and DHET					
72.1	Classes of heritage assets are measured using the same subsequent measurement basis.	Noted. Refer to the response to comment 56.1.				
73.	SANPARKS and Iziko museum					
73.1	The cost method is applied to all classes of heritage assets.	Noted. Refer to the response to comment 56.1.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
Question P8						
Where the revaluation method is applied as a subsequent measurement basis:						
(a) what is the frequency of valuations undertaken;						
(b) what challenges, if any, do you experience to determine a value for the heritage asset on an ongoing basis. Please explain these challenges and indicate how, in your view, they could be resolved; and						
(c) have you ever considered applying Directive 11 on <i>Changes in Measurement Basis Following the Initial Adoption of Standards of GRAP</i> after selecting the revaluation method as your measurement basis? Please explain your response.						
74.	Department of Arts and Culture and Museums					
74.1	The entity that applies the revaluation model, indicated that the frequency of revaluations is every three years. This revaluation period is applied to avoid impairment calculations, specifically the calculation of recoverable service amount.	Noted. Refer to the response to comment 56.1.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
74.2	Some participants observed that there is a view that if a value could have been determined for a heritage asset, that an active market will always exist. This assumption may, however, not be applicable to all heritage assets.	Noted. GRAP 103 .58 allows the presumption that a fair value can be measured reliably for a heritage asset to be rebutted when market determined prices or values are not available and alternative estimates of fair value are determined to be clearly unreliable.				
74.4	Participants are not familiar with the requirements in Directive 11.	Noted. Refer to the response to comment 56.1.				
75.	Parliament and Provincial legislatures					
75.1	The initial revaluation policy was to revalue heritage assets every three years, but as the value did not change significantly since initial recognition, the policy was amended to revalue heritage assets every five years.	Noted. Refer to the response to comment 56.1.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
75.2	Experts was used to determine a value and entities therefore had no specific challenges to note.	Noted. Refer to the response to comment 56.1.				
75.3	Participants are not familiar with the requirements in Directive 11.	Noted. Refer to the response to comment 56.1.				
76.	Valuation professionals (meeting #1)					
76.1	<p>Despite some entities selecting the cost method as their subsequent measurement basis, they subsequently revalued some heritage assets for the following reasons:</p> <ul style="list-style-type: none"> the item was of a high value and certain indicators, for example, a change in the exchange rate, impacted the initial value resulting a revaluation of the heritage asset; curators reviewed the initial value determined by a professional valuer, but highlighted areas that should have been considered in 	<p>Noted. If a fair value was determined on initial recognition as the entity acquired the heritage assets in a non-exchange transaction, and the cost method was selected as the subsequent measurement basis, a further revaluation is not required in GRAP 103.</p> <p>If, however, the entity did not consider all the relevant facts and circumstances in determining the fair value for purposes of initial recognition, the principles in GRAP 3 on <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> should be considered if an error has been made in determining the fair value. This may be, for example, the second scenario noted</p>				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	<p>determining the heritage asset's fair value based on their experience;</p> <ul style="list-style-type: none"> • new information on the heritage asset became available that triggered a re-assessment of the heritage asset's earlier value; and • the heritage asset was impaired, and a professional valuer was requested to revalue the impaired heritage asset. 	<p>in the comment.</p> <p>Refer to the response to comment 56.1.</p>				
77.	Valuation professionals (meeting #2)					
77.1	Where the revaluation method is applied as the subsequent measurement basis, the heritage assets are revalued every five years.	Noted. Refer to the response to comment 56.1.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
78.	Provincial museums and public entities in KZN					
78.1	Stakeholders indicated that the frequency of revaluations is between three to five years. It was noted that, if something unexpected happens, like the COVID-19 crisis, more frequent revaluations will be undertaken.	Noted. Refer to the response to comment 56.1.				
79.	Gauteng Public Entities, Waterboards, TVET Colleges and DHET					
79.1	(a) As per the accounting policy, heritage buildings are revalued every five years. However, no revaluation was done to date. (b) Even though a revaluation was not done yet, revaluing heritage assets will have cost implications for the entity when they are undertaken.	Noted. Refer to the response to comment 56.1.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	(c) Participants are not familiar with Directive 11. The Board should, however, reconsider extending the effective date of the Directive to allow entities another opportunity to change their accounting policies.	Noted. Refer to the response to comment 56.1.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
Question P9						
<p>Where an entity applies the revaluation model as its measurement basis, but fair value, subsequent to the recognition of the heritage asset is unavailable and alternative estimates of fair value are unreliable, the entity measures the heritage asset using the cost model.</p> <p>What challenges, if any, have you experienced to disclose information about a heritage asset in the notes:</p> <p>(a) while the fair value is unavailable and alternative estimates are unreliable; and</p> <p>(b) when the fair value can subsequently be determined by reference to an active market and the cost model is no longer applied?</p> <p>Please describe these challenges, and indicate where, in your view, these challenges may arise from.</p>						
	No comment					
Question P10						
If applicable, what were the reasons for fair value being unavailable and alternative estimates being unreliable?						
	No comment					

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
Impairing heritage assets						
<u>Question P11</u>						
What challenges, if any, have you experienced to:						
(i) assess if a heritage asset is impaired, or that an impairment loss recognised in prior periods may no longer exist or has been decreased; and						
(ii) calculate the recoverable amount, or the recoverable service amount?						
Please describe these challenges, and indicate how, in your view, they could be resolved.						
80.	Western Cape Municipal Working Committee					
80.1	One entity indicated that all their heritage assets are non-cash-generating and that they apply the restoration cost approach to impair heritage assets as this was found to be the easiest method.	Noted. No further action required.				
81.	Department of Arts and Culture and Museums					
81.1	The list of impairment indicators should be reconsidered, for example, the indicator on the deterioration of the heritage asset. In many instances, heritage assets are already old, and entities can therefore not apply this indicator to	Noted. GRAP 103, GRAP 21 on <i>Impairment of Non-cash-generating Assets</i> and GRAP 26 on <i>Impairment of Cash-generating Assets</i> indicate that the list of indicators is a minimum and is not exhaustive. Entities may need to develop other indicators to assess if an impairment calculation is required.			Liaise with the OAG to provide practical illustrative guidance on impairment of heritage assets.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	<p>assess further impairment.</p> <p>Another example is the indicator of a significant decline in the assets market value. Many entities made use of experts to determine a value for the heritage asset for purposes of initial recognition. Entities will be unable to assess if there was a significant decline in the heritage asset's market value without again making use of an expert. Thus, without the required expertise, an entity will not be able to apply this indicator to assess if there is an indication that the asset may be impaired.</p>	<p>The Board agreed that the OAG should be engaged to recommend that they consider including more practical examples in the GRAP Accounting Guideline that illustrate when an indicator for an impairment has been triggered.</p> <p>In addition, the Board agreed that a recommendation should be made to the relevant stakeholders, such as the DAC to develop simplified guidance that can be applied by employees in assessing if an impairment indicator has been triggered.</p>			<p>Liaise with the OAG to provide practical illustrative guidance on impairment of heritage assets.</p>	<p>Liaise with the relevant stakeholders to develop simplified guidance that can be applied by entities in assessing if an impairment indicator has been triggered.</p>
81.2	<p>Management applies judgement to assess if there is an indication that a heritage asset may be impaired. The auditors do not always agree with management's assessment and then require entities to calculate the recoverable amount or recoverable service amount. GRAP 103 does not require an entity to annually calculate impairment.</p>	<p>Noted. GRAP 21, 26 and 103 require that the entity shall only estimate the recoverable amount, or the recoverable service amount if an indicator has been triggered.</p> <p>The Board agreed that the AGSA should be informed about the comment.</p>				<p>Liaise with the relevant stakeholder to address this comment.</p>

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
81.3	Participants indicated that they have challenges with the calculation of the recoverable amount or recoverable service amount as there is no methodology in GRAP 103 to calculate these amounts.	<p>Noted. A number of stakeholders made similar observations regarding the calculation of the recoverable amount or the recoverable service amount.</p> <p>In addition, the IPSASB is currently undertaking a project to develop guidance on measurement. The Board agreed to monitor the IPSASB's measurement project.</p> <p>The Board agreed that a recommendation should be made to the OAG, and the DAC to illustrate the calculation of the recoverable amount and recoverable service amount through practical examples.</p>			Liaise with the OAG to provide practical illustrative guidance on the impairment calculation.	<p>Monitor progress on the IPSASB's project on measurement.</p> <p>Liaise with the relevant stakeholders to illustrate the impairment calculation by developing simplified guidance.</p>

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
81.4	Calculating the recoverable amount and recoverable service amount for a heritage asset is more difficult than calculating these amounts for investment property, or property, plant and equipment. Applying the principles in GRAP 21 or GRAP 26, for example the applying the replacement cost approach, to calculate the recoverable service amount is not practical as a heritage asset cannot be replaced with a similar asset. A duplicate of an original heritage asset will not have the same value and/or may not even meet the definition of a heritage asset.	Noted. Refer to the response to comment 81.3.			Refer to the action to comment 81.3.	Refer to the action to comment 81.3.
81.5	Participants questioned how changes in the condition of the heritage asset will impact the valuation of the asset, as well of the frequency of revaluations to be undertaken by the entity.	Noted. GRAP 103 includes evidence of physical damage or a deterioration of a heritage asset as indicators of impairment. A change in the condition of a heritage asset is likely a trigger for an impairment, or the reversal of a previous impairment and an impairment calculation may be needed.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
		<p>The frequency of revaluations of heritage assets depends upon the changes in the fair values of the heritage asset being revalued, rather than on changes in the condition of the asset.</p> <p>As these principles are already explained in GRAP 103, no further action is required.</p>	Refer to the action to comment 56.1.		Refer to the action to comment 56.1.	
82.	Parliament and Provincial legislatures					
82.1	To date, no heritage asset has been impaired and therefore no specific challenges are noted.	Noted. No further action required.				
83.	PSAF: Auditors and technical consultants					
83.1	Entities find it challenging to calculate the recoverable service amount for a heritage asset. The objective is to hold the heritage asset indefinitely and to preserve it	Noted. Refer to the response to comment 81.3.			Refer to the action to comment 81.3.	Refer to the action to comment 81.3.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	for the benefit or present and future generations. Determining the remaining service potential for an asset that is held indefinitely and preserved for the benefit of present and future generations, is therefore not possible.					
83.2	<p>The only impairment indicator that is considered by entities to assess if an impairment loss has occurred, is physical damage to the asset.</p> <p>To calculate the impairment loss following physical damage to a heritage asset, the asset's current fair value is determined and compared to the carrying value of the asset. This approach is similar to the approach applied to initially determine the heritage's value for recognition.</p>	<p>Noted. Following the engagement with other stakeholders, it was noted that physical damage or deterioration is not the only trigger for an impairment. Refer to the response to comment 81.1.</p> <p>Noted. Refer to the response to comment 81.3.</p>			Refer to the action to comment 81.1 and 81.3.	Refer to the action to comment 81.1 and 81.3.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
84.1	Northern Cape Provincial Accountant General					
84.1	It was questioned whether an entity should still assess a heritage asset for impairment if the asset was damaged but subsequently repaired.	Noted. GRAP 103 requires an entity to annually assess if an indicator for an impairment has been triggered, or an indicator for the reversal of a previously recognised impairment has been triggered. This assessment needs to be done irrespective of any repairs and maintenance undertaken. No further action required.				
85.	Northern Cape Provincial Accountant General					
85.1	In considering whether an indicator of impairment has been triggered, entities mostly consider physical damage to the asset. This is merely because not all heritage assets are currently recognised in the financial statements.	Noted. Following the engagement with other stakeholders, it was noted that physical damage or deterioration is not the only trigger for an impairment. Refer to the response to comment 81.1.			Refer to the action to comment 81.1.	Refer to the action to comment 81.1.
85.2	Curators at the museums will not be able to determine if there are decreases in market values as they may not have the required skill, and/or due to lack of capacity. External experts will need to be	Noted. Refer to the response to comment 81.3.			Refer to the action to comment 81.3.	Refer to the action to comment 81.3.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	consulted. This has cost implications for the entity.					
86.	Valuation professionals (meeting #1)					
86.1	Curators are responsible to determine if a heritage asset is impaired. As they do not have the expertise, entities may then again need to rely on experts to assist them in valuing the impaired heritage asset due to lack of capacity and/or skill within the entity. This again will have cost implications for the entity.	Noted. Refer to the response to comment 81.3.			Refer to the action to comment 81.3.	Refer to the action to comment 81.3.
87.	Valuation professionals (meeting #2)					
87.1	Some entities do an annual assessment based on indicators, and if an indicator for impairment is triggered, the heritage asset is revalued. Impairment is mostly triggered because of physical damage to the heritage asset, or because the heritage asset has been restored which could result in an increase in its value.	Noted. Refer to the response to comment 81.1 and 81.3.			Refer to the action to comment 81.1 and 81.3.	Refer to the action to comment 81.1 and 81.3.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
88.	PSAF: Preparers					
88.1	Participants indicated that they agree with the indicators of impairment as included in GRAP 21, 26 and 103.	Noted. No further comment required.				
88.2	<p>Entities have practical challenges in calculating the recoverable amount, specifically value in use. The objective for holding a heritage asset is to hold it indefinitely and to preserve it for the benefit or present and future generations. Determining the remaining service potential for an indefinite asset is not possible.</p> <p>Furthermore, the recoverable amount or recoverable service amount requires the entity to determine the fair value less costs to sell – the intention for having and holding many heritage assets is not to sell the item, and a fair value can therefore not be determined along with the costs to sell.</p>	Noted. Refer to the response to comment 81.3.			Refer to the action to comment 81.3.	Refer to the action to comment 81.3.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
89.	Provincial Treasury Eastern Cape					
89.1	When a heritage asset is damaged, for example due to vandalism, entities find it difficult to calculate the cost to restore the service potential of the heritage to its pre-impaired condition. The impairment calculation for a heritage asset is not as straight forward as, for example, the impairment calculation for property, plant and equipment. This is due to the nature of the asset involved.	Noted. Refer to the response to comment 81.3.			Refer to the action to comment 81.3.	Refer to the action to comment 81.3.
90.	Provincial museums and public entities in KZN					
90.1	Even though an entity has selected the cost method as its subsequent measurement basis, it still needs to make use of external professional valuers on an annual basis to determine if there were significant changes in market prices since the previous reporting period. This is needed to determine if an indicator for impairment has been triggered.	Noted. The Board agreed to liaise with relevant stakeholders to develop simplified guidance that can be applied by employees to assist entities with determining a reliable value for heritage assets – refer to the response to comment 27.2.				Refer to the action to comment 27.2.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	Assessing if an indicator for impairment has been triggered has continuous cost implications for entities in applying with the requirements in GRAP 103.					
91.	Gauteng Public Entities, Waterboards, TVET Colleges and DHET					
91.1	Physical damage is the indicator that most entities consider concluding on whether an indicator of impairment has been triggered.	Noted. Refer to the response to comment 81.1.			Refer to the action to comment 81.1.	Refer to the action to comment 81.1.
91.2	Challenges are experienced to assess whether land is impaired. As land in a conservation area will always exist, it is unclear how it could be impaired.	Noted. Refer to the response to comment 81.1.			Refer to the action to comment 81.1.	Refer to the action to comment 81.1.
92.	SANPARKS and Iziko museum					
92.1	To determine a value for a heritage asset that was impaired, a new fair value is determined for the impaired heritage asset in recognising any impairment loss.	Noted. Refer to the response to comment 81.3.			Refer to the action to comment 81.3.	Refer to the action to comment 81.3.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
Heritage assets that have alternative uses						
<u>Question P12</u>						
What challenges, if any, do you experience to assess whether a significant portion of the asset meets the definition of a heritage asset, or whether the asset should be classified and accounted for in accordance with another Standard of GRAP?						
Please describe these challenges, and indicate how, in your view, they could be resolved.						
93.	Western Cape Municipal Working Committee					
93.1	Some participants questioned whether “significant use” refers to the most dominant use of the asset. It was proposed that guidance should be provided to ensure consistent application of the principle.	Noted. The Board agreed that GRAP 103 should be amended to require that all heritage assets, irrespective of whether there is an alternative use, or whether the alternative use is significant, should be accounted for in accordance with GRAP 103. Heritage assets will therefore not be depreciated. All heritage assets will be presented as a single line item on the face of the statement of financial position.	Amend GRAP 103 so that all heritage assets, irrespective of their use, should be accounted for in accordance with GRAP 103. Delete the requirement in other Standards of GRAP that heritage assets with a significant alternative use should be accounted for in terms of another		Recommend to the OAG to update the GRAP Accounting Guideline with any amendments to GRAP 103.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
			Standard of GRAP.			
94.	Parliament and Provincial legislatures					
94.1	It was proposed that guidance should be provided on when the alternative use is deemed to be "significant".	Noted. Refer to the response to comment 93.1.	Refer to the action to comment 93.1.		Refer to the action to comment 93.1.	
95.	PSAF: Auditors and technical consultants					
95.1	Some entities classify a heritage asset as another asset category (for example property, plant and equipment), irrespective of whether the heritage asset's alternative use is significant. This is because entities find it difficult to determine if the alternative use is significant or not.	Noted. Refer to the response to comment 93.1.	Refer to the action to comment 93.1.		Refer to the action to comment 93.1.	
96.	CIGFARO/SALGA Joint workshop					
	Guidance on how to determine whether the alternative use is significant should be provided.	Noted. Refer to the response to comment 93.1.	Refer to the action to comment 93.1.		Refer to the action to comment 93.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
97.	Northern Cape Provincial Accountant General					
97.1	Guidance should be provided when the alternative use is considered to be significant, for example should the entity consider the percentage of the building used.	Noted. Refer to the response to comment 93.1.	Refer to the action to comment 93.1.		Refer to the action to comment 93.1.	
98.	PSAF: Preparers					
98.1	Entities apply different criteria to assess if a heritage asset has a significant alternative. Guidance should be provided on when the alternative use is deemed to be significant to ensure consistent application of accounting requirements.	Noted. Refer to the response to comment 93.1.	Refer to the action to comment 93.1.		Refer to the action to comment 93.1.	
99.	Provincial museums and public entities in KZN					
99.1	Some stakeholders noted that they there needs to be agreement with the auditors as to when a heritage asset has a significant alternative use.	Noted. This comment relates to an audit issue that cannot be resolved through the Standards of GRAP. The Board agreed that the AGSA should be informed about the comment.				Liaise with the relevant stakeholder to address this comment.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
100.	Gauteng Public Entities, Waterboards, TVET Colleges and DHET					
100.1	<p>The entity considered the size of the building used for the alternative use, to determine if the alternative use is significant.</p> <p>However, some guidance on how to determine if the alternative use is significant will be useful – for example looking at a percentage of use or having a list of possible aspects to consider.</p>	Noted. Refer to the response to comment 93.1.	Refer to the action to comment 93.1.		Refer to the action to comment 93.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
Question P13						
Do you agree that a heritage asset that has an alternative use should be accounted for in accordance with another Standard of GRAP? Please explain your response.						
101.	Parliament and Provincial legislatures					
101.1	The current principle in GRAP 103, that requires that heritage assets with an alternative use should be accounted for in accordance with another applicable Standard of GRAP, is supported.	Noted. Refer to the response to comment 93.1.	Refer to the action to comment 93.1.		Refer to the action to comment 93.1.	
101.2	One challenge that entities experience relates to 'substance over form' concerning land and heritage buildings that are used by entities as part of their day-to-day operations. As a significant portion of these heritage assets has an alternative use, it is accounted for in terms of GRAP 17. These entities are concerned that their heritage assets may lose their heritage status because GRAP 17 requires them to depreciate the asset, even though the objective remains for	Noted. Refer to the response to comment 93.1.	Refer to the action to comment 93.1.		Refer to the Refer to the action to comment 93.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	the heritage asset to be held indefinitely and preserved for the benefit of present and future generations.					
101.3	<p>All users may not understand that, despite the heritage asset's alternative use, the asset remains a heritage asset and the entity continues to have a legislative responsibility in terms of its mandate to hold the asset indefinitely and to preserve and conserve the asset.</p> <p>Assurance should be provided to users that, even though a heritage asset may have an alternative use, the asset itself is will continue to be held indefinitely and be preserved for the benefit of present and future generations.</p>	Noted. The Board agreed to liaise with the DAC and/or SAHRA.				Liaise with relevant stakeholders to address this comment.
102.	SANPARKS and Iziko museum					
102.1	GRAP 103.44 requires that the value of the heritage asset should reflect its heritage value and the value obtained from its alternative use.	Noted. As the Standard should not prescribe how the valuations should be done or what the value should reflect, the Board agreed that this paragraph should be deleted.	Revise GRAP 103 by deleting the requirement that the value of a heritage asset		Recommend to the OAG to update the GRAP Accounting Guideline with	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	If a heritage asset has a significant alternative use and needs to be accounted for in terms of a Standard of GRAP other than GRAP 103, it was questioned how the value obtained from its alternative use should be determined if a value for the heritage asset itself cannot be determined.	<p>alternative use, is accounted for in a Standard other than GRAP 103.</p> <p>The Board concluded that some stakeholders may have misunderstood the requirement in GRAP 103.44 to be that the value of a heritage asset with an alternative use, should reflect a heritage value and another value.</p>	should reflect its heritage value and the value obtained from its alternative use.		amendments to GRAP 103.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
Question P14						
Do you agree that a heritage asset that has an alternative use should be depreciated? Please explain your response.						
103.	Western Cape Municipal Working Committee					
103.1	<p>Some participants agreed with the current principle that heritage assets should be depreciated to reflect its consumption when it has an alternative purpose.</p> <p>Others were of the view that it is inappropriate to depreciate heritage assets as the objective is to hold these assets indefinitely and to preserve them for the benefit of present and future generations. Heritage assets therefore has an indefinite useful life, and an entity will therefore not be able to calculate depreciation.</p>	<p>The Board agreed that all heritage assets should be accounted for in accordance with GRAP 103. As heritage assets are held indefinitely for the benefit of present and future generations, heritage assets will not be depreciated but only assessed for impairment on an annual basis. Refer to the response to comment 100.1.</p> <p>The Board agreed to monitor progress on the IPSASB's project on amending IPSAS 17 to consider the approach that the IPSAS intends to follow with the depreciation of heritage assets.</p>	Refer to the action to comment 93.1			Monitor progress on the IPSASB's project on amending IPSAS 17.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
104.	Department of Arts and Culture and Museums					
104.1	<p>Heritage assets with an alternative use should not be depreciated because:</p> <ul style="list-style-type: none"> it is difficult to determine the useful life of heritage assets as the objective is to hold these assets indefinitely and preserve them for the benefit of present and future generations. Legislation requires an entity to protect and preserve them for the benefit of present and future generations; <p>GRAP 103 concluded that heritage assets should not be depreciated as their value appreciates, rather than depreciates over time; and</p> <ul style="list-style-type: none"> the accounting for heritage assets should be in accordance with GRAP 103. 	Noted. Refer to the response to comment 103.	Refer to the action to comment 103.1.			Refer to the action to comment 103.1.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	The principles in GRAP 16 or GRAP 17 should not be applied to account for heritage assets.					
104.2	It is not possible to determine a residual value for a heritage asset as the objective is to hold the asset indefinitely and preserve it for the benefit or present and future generations. Heritage assets should therefore not be sold.	Noted. Refer to the response to comment 103.1.	Refer to the action to comment 103.1.			Refer to the action to comment 103.1.
105.	Parliament and Provincial legislatures					
105.1	Agree that heritage assets with an alternative use should be depreciated.	Noted. Refer to the response to comment 103.1.	Refer to the action to comment 103.1.			Refer to the action to comment 103.1.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
106.	PSAF: Auditors and technical consultants					
106.1	<p>Heritage assets should not be depreciated as they are different to other assets such as property, plant and equipment. Even though it may depend on the type of heritage asset, it is unlikely that a heritage asset will be consumed the residual value. Heritage assets are meant to be held indefinitely and be preserved for the benefit of present and future generations.</p> <p>If a useful life is determined for purposes of depreciation, the period is most likely not justifiable as the objective to hold the heritage asset indefinitely and preserve it for the benefit of present and future generations. In general, it is difficult to determine the useful life for a heritage asset with a significant alternative use.</p>	Noted. Refer to the response to comment 103.1.	Refer to the action to comment 103.1.			Refer to the action to comment 103.1.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
107.	Valuation professionals (meeting #1)					
107.1	<p>Heritage asset should not be depreciated as they need to be looked after, preserved and held indefinitely. This is similar to land that also has an indefinite useful life. Heritage assets should not be depreciated.</p> <p>Digital copies are made of some heritage assets as the original copy fades away. A useful life may be determined for these digital copies as digital media has a limited useful life.</p>	Noted. Refer to the response to comment 103.1.	Refer to the action to comment 103.1.			Refer to the action to comment 103.1.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
108.	PSAF: Preparers					
108.1	<p>Most participants disagreed with the requirement to depreciate heritage assets. As the objective is to hold a heritage asset indefinitely and preserve it for the benefit of present and future generations, estimating a useful life will not be possible.</p> <p>As soon as an asset is categorised as a heritage asset, the reason for holding the asset cannot be changed, unless the asset is declassified as a heritage asset in terms of legislation.</p>	<p>Noted. Refer to the response to comment 103.1.</p> <p>Noted. GRAP 103 provides guidance on the transfers to and from heritage assets based on the use and reason for holding the asset. These principles are not linked to the requirements in legislation.</p> <p>The Board agreed that the existing FAQ should be amended to explain that an entity should continue to apply the definition of a heritage asset in GRAP 103 despite any changes in the legal classification of the asset.</p>	Refer to the action to comment 103.1.			<p>Refer to the action to comment 103.1.</p> <p>Amend the existing FAQ to explain that an entity should continue to apply the definition of a heritage asset despite changes in legal classification.</p>

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
109.	Provincial Treasury Eastern Cape					
109.1	<p>Entities had mixed views on this matter.</p> <p>Some noted that, in terms of GRAP 103, a heritage asset should not be depreciated as its value usually appreciates over time. However, if the heritage asset has an alternative use and is classified as another asset category, the asset will be depreciated in terms of the applicable Standard of GRAP. Requiring the deprecation of heritage assets in one Standard, and not in GRAP 103 seems as if the principles in the Standards of GRAP are contradictory.</p> <p>Others noted that if the heritage asset is primarily used in the day to day operations of the entity, it should be depreciated. The user's needs should be considered – if a significant part of a heritage asset has an alternative use and the depreciation of that heritage asset – is not reflected in the financial</p>	Noted. Refer to the response to comment 103.1.	Refer to the action to comment 103.1.			Refer to the action to comment 103.1.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	statements, depreciation may be understated. Users will then not get a true picture of the consumption cost of the heritage assets when used to meet its service delivery objective.					
110.	Provincial museums and public entities in KZN					
110.1	<p>Stakeholders had different views on depreciating heritage assets with an alternative use.</p> <p>Some are of the view that heritage assets should not be depreciated as it is difficult to determine the useful life of a heritage item, for example, an artwork. It was also noted that heritage assets generally appreciate over time.</p> <p>Others were of the view that heritage assets should be considered for depreciation. However, if the residual value of the heritage asset is the same, or more as the cost price of the asset, a depreciation expense will not be recognised for heritage asset in the</p>	Noted. Refer to the response to comment 103.1.	Refer to the action to comment 103.1.			Refer to the action to comment 103.1.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	statement of financial performance. It was also noted that some heritage assets, for example a heritage building, may depreciate over time.					
111.	Gauteng Public Entities, Waterboards, TVET Colleges and DHET					
111.1	<p>Some participants noted that it will be difficult to determine a useful life for the heritage asset as the objective is to hold the heritage asset indefinitely and preserve it for the benefit of present and future generations.</p> <p>Others agreed that a heritage asset with a significant alternative use should be depreciated as the principles in the other Standards of GRAP should be applied to account for a heritage asset with a significant alternative use.</p>	Noted. Refer to the response to comment 103.1.	Refer to the action to comment 103.1.			Refer to the action to comment 103.1.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
112.	SANPARKS and Iziko museum					
112.1	If the asset is accounted for in terms of another Standard of GRAP, for example GRAP 17, it should be depreciated. Heritage assets accounted for in terms of GRAP 103 should, however, not be depreciated because the value of the heritage asset appreciates over time.	Noted. Refer to the response to comment 103.1.	Refer to the action to comment 103.1.			Refer to the action to comment 103.1.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
Question P15						
What depreciation method do you apply to depreciate heritage assets that are accounted for in accordance with another Standard of GRAP?						
Please explain why this depreciation method is applied.						
113.	Western Cape Municipal Working Committee					
113.1	The deprecation method to be applied should be based on the benefit that the entity expects to derive from the heritage asset.	Noted. Refer to the response to comment 103.1.	Refer to the action to comment 103.1.			Refer to the action to comment 103.1.
114.	Provincial Treasury Eastern Cape					
114.1	The depreciation method applied depends on the type of heritage asset. For example, to determine the depreciation method for a heritage building, the depreciation of other buildings in use should be considered.	Noted. No further action required.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
115.	Gauteng Public Entities, Waterboards, TVET Colleges and DHET					
115.1	The straight-line method is applied to depreciate the heritage building that is classified as property, plant and equipment.	Noted. No further action required.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
Question P16						
<p>For heritage assets that are accounted for in accordance with another Standard of GRAP, what challenges, if any, do you experience to determine the</p> <p>(a) useful life;</p> <p>(b) residual value; and</p> <p>(c) depreciation method</p> <p>for purposes of depreciating the heritage asset?</p> <p>Please describe these challenges, and indicate how, in your view, they could be resolved.</p>						
116.	Western Cape Municipal Working Committee					
116.1	<p>In calculating depreciation for a heritage asset, a residual value needs to be determined.</p> <p>If the estimated amount that the entity expects to obtain from the disposal of the asset is more than the cost of the asset, no depreciation will be recognised in the statement of financial performance.</p> <p>The current principles in GRAP 103 should be retained. Entities should be encouraged to apply these principles correctly.</p>	<p>Noted. Refer to the response to comment 103.1.</p>	<p>Refer to the action to comment 103.1.</p>			<p>Refer to the action to comment 103.1.</p>

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
117.	Gauteng Public Entities, Waterboards, TVET Colleges and DHET					
117.1	<p>As the objective will be to hold the heritage asset indefinitely, it will be difficult to determine the useful life for the asset.</p> <p>There is also a challenge to determine the residual value for some heritage assets as the intention in most instances is not to sell the asset.</p>	Noted. Refer to the response to comment 103.1.	Refer to the action to comment 103.1.			Refer to the action to comment 103.1.
118.	SANPARKS and Iziko museum					
118.1	No challenges are foreseen to determine the useful life or the residual value. Even though the heritage asset will be held indefinitely, the entity should still be able to determine a useful life based on the period that the entity intends to use the asset.	Noted. Refer to the response to comment 103.1.	Refer to the action to comment 103.1.			Refer to the action to comment 103.1.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
Disclosure of heritage assets in the financial statements						
<u>Question P17</u>						
What challenges do you experience to provide the disclosures on heritage assets as required by GRAP 103 and/or other Standards of GRAP?						
Please describe these challenges and indicate how, in your view, they could be resolved.						
119.1	Western Cape Municipal Working Committee					
119.1	GRAP 103 requires entities to disclose information of heritage assets pledged as security. The objective is to hold a heritage asset indefinitely and to preserve it for the benefit of present and future generations. The fact that the heritage asset is pledged as security could conflict with the overall objective for having or holding the asset.	Noted. The reason for holding or having the heritage asset has not changed, irrespective of the fact that the asset has been pledged as security. GRAP 103 requires an entity to disclose heritage assets pledged as security. The entity should apply judgement in deciding on how to present this information based on the information needs of its users. No further action is therefore required.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
120.	Department of Arts and Culture and Museums					
120.1	Some of the smaller entities have valuable heritage assets, but insufficient funds to properly secure these assets. Reflecting valuable heritage assets in the financial statements increase the risk of theft.	Noted. The Board agreed to liaise with the relevant stakeholders - refer to the response to comment 27.6.				Refer to the action to comment 27.6.
120.2	The disclosure requirements in GRAP 103 for heritage assets on loan should include more detail of what entities need to disclose in meeting this disclosure requirement. Currently, the information disclosed for heritage assets on loan varies in entities' financial statements.	Noted. The Board agreed to liaise with the relevant stakeholders on developing simplified guidance that can be applied by employees to understand the disclosure requirements - refer to the response to comment 119.1.				Refer to the action to comment 119.1.
121.	PSAF: Auditors and technical consultants					
121.1	Heritage assets that are recognised in the financial statements, are sometimes used as a collateral for debt. In many instances, there are restrictions on the sale of these	Noted. The Board agreed to liaise with the relevant stakeholders.				Liaise with the relevant.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	heritage assets, and if known by funders, could impact the amount of funding provided to the entity.	This is a practical issue that needs to be resolved by management in preparing the financial statements.				Refer to the action to comment 119.1.
122.	Gauteng Public Entities, Waterboards, TVET Colleges and DHET					
122.1	Some entities noted that they are unsure what to disclose when a reliable value cannot be determined for heritage assets on initial recognition, and what is the correct way in which to disclose the information as required by GRAP 103.	Noted. The Board agreed to liaise with the relevant stakeholders on developing simplified guidance that can be applied by employees to understand the disclosure requirements - refer to the response to comment 119.1.				Refer to the action to comment 119.1.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
122.2	Entities also find it challenging to separate repairs and maintenance costs incurred between those relating to heritage assets, investment property, property, plant and equipment, and other assets. This is because there is only one account for repairs and maintenance, but the Standards require separate disclosure for the different asset categories.	Noted. This is a practical application issue that cannot be resolved through the Standards of GRAP. No further action is required.				
122.3	GRAP 103 currently requires an entity to disclose the range of estimates within which fair value is likely to lie when a reliable value for a heritage asset cannot be determined. It was questioned whether such a heritage asset should not be recognised at an average value based on the range of estimates within which fair value is likely to lie.	Noted. The Board agreed that GRAP 103 should be clarified to explain that when a fair value cannot be determined for a heritage asset because the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, the heritage asset should not be recognised – refer to the response to comment 26.1. The disclosure requirement will remain relevant in these instances as it will provide useful information to users	Refer to the action to comment 26.1.		Refer to the action to comment 26.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	If the entity can come up with a range, the entity should be able to come up with an estimated value to recognise the heritage asset.	about the range of estimates within which fair value is likely to lie.				
122.4	Information that needs to be disclosed in the financial statements based on the requirements in GRAP 103 should not compromise the security of the asset. A balance needs to be found between requiring disclosures in the financial statements that are useful to users, and the security risk when providing certain information in the financial statements.	Noted. The Board agreed that a FAQ should be developed to emphasise that information do not need to be presented and disclosed on an individual basis – refer to the response to comment 36.1.		Refer to the action to comment 36.1.		

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
Question P18						
What other information on heritage assets do you think users will find relevant for accountability and to make decisions.						
Please explain your response.						
123.	Western Cape Municipal Working Committee					
123.1	Better disclosure of repairs and maintenance to preserve the asset will inform better decision making.	Noted. GRAP 103.88 already requires an entity to disclose expenditure incurred to repair and maintain heritage assets in the notes to the financial statements. There is an existing FAQ that explains how an entity should determine the amount of expenditure incurred on repairs and maintenance expenditure. Refer to the response to comment 122.2. No further action required.				
124.	Department of Arts and Culture and Museums					
124.1	All the disclosure requirements relating to heritage assets should be presented in a single disclosure note – information on heritage assets should not be scattered in	Noted. The Board agreed that all heritage assets should be classified as a single line item on the face of the statement of financial position, irrespective of whether it has an alterna-	Refer to the action to comment 14.1, 56.1 and 93.1.		Refer to the action to comment 14.1, 56.1 and 93.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	other notes, for example GRAP 16 and GRAP 17, irrespective of whether the heritage asset has a significant alternative use.	tive use – refer to the response to comment 14.1, 56.1 and 93.1.				
125.	Parliament and Provincial legislatures					
125.1	<p>GRAP 103 current requires that financial statements should disclose information about the heritage asset's significant alternative use. The disclosure of a heritage asset's alternative use should be provided, irrespective of whether the use is significant or not.</p> <p>For example, the City Hall in Pretoria, which is classified as a heritage asset, has an alternative use, but because the use is insignificant, no information about the Hall's alternative use is provided in the financial statements. Users could find this information useful for decision-making.</p>	Noted. Refer to the response to comment 124.1	Refer to the action to comment 124.1.		Refer to the action to comment 124.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
126.	PSAF: Auditors and technical consultants					
126.1	<p>More information should be disclosed on the entity's custodial responsibility and what this responsibility entails, for example:</p> <ul style="list-style-type: none"> • what type of heritage assets need to be held indefinitely and preserved for the benefit of present and future generations; • what obligations arise as a result of the entity's custodial responsibilities; and • the financial impact on resource allocations and future resources as a result of these custodial responsibilities. <p>This information could be included in the performance report, rather than in the financial statements itself.</p>	<p>Noted. Detail disclosures on the type of heritage asset and disclosures about the entity's custodial responsibilities and future funding resource requirements are more relevant to a comprehensive understanding of the entity's service performance. The Board agreed to liaise with the National Treasury to assess what guidance can be issued in preparing other general-purpose financial reports to address this comment.</p>				<p>Engage with the National Treasury to assess whether and how these disclosures can be included in other reports in addressing this comment.</p>

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
126.2	<p>Other information that can be included on heritage assets in the financial statements include:</p> <ul style="list-style-type: none"> • A narrative explanation on the condition of the heritage asset, in addition to the depreciation and impairment expense; and • Current and future commitments including planned repairs and maintenance to be undertaken. 	<p>Noted. Narrative disclosures on the condition of the heritage asset is more relevant to a comprehensive understanding of the entity's service performance and how it is meeting its mandate and other legislative requirements. The Board agreed to liaise with the National Treasury to assess what guidance can be issued in preparing other general purpose financial reports to address this comment.</p> <p>With regards to future commitments, GRAP 103 already requires the disclosure of the amount of contractual commitments for the acquisition, maintenance and restoration of heritage assets. The Board agreed to liaise with the relevant stakeholders on developing simplified guidance that can be applied by employees to understand the disclosure requirements – refer to the response to comment 119.1.</p>				<p>Engage with the National Treasury to assess whether and how these disclosures can be included in other reports in addressing this comment.</p> <p>Refer to the action to comment 119.1.</p>

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
127.	Valuation professionals (meeting #1)					
127.1	The notes could expand on items that are controlled by the entity but for which the research is not yet completed to conclude if the item meets the definition of a heritage asset.	<p>Noted. If the entity concludes that the definition of an asset is met, despite the item not being classified as a heritage asset, the asset should be accounted for in terms of the applicable Standard of GRAP, if material. Disclosures on assets will be included in the financial statements in accordance with disclosure requirements of the applicable Standard of GRAP.</p> <p>Including additional disclosures on these items that still need to be evaluated to conclude if they meet the definition of a heritage asset in GRAP 103 is management information that is suitable for reporting outside the financial statements. The Board agreed not to consider such a disclosure requirement in revising GRAP 103.</p> <p>Refer response to comment 2.4.</p>	Refer to the action to comment 2.4.		Refer to the action to comment 2.4.	Refer to the action to comment 2.4.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
128.	Valuation professionals (meeting #2)					
128.1	<p>A number of entities still have a backlog to assess ownership of some assets, and if the definition of a heritage asset is met.</p> <p>The financial statements could provide information to users of these backlogs and explain that the entity still needs assess if these items meet the definition of a heritage assets before being classified in the financial statements.</p>	Noted. Refer to the response to comment 127.1.	Refer to the action to comment 127.1.		Refer to the action to comment 127.1.	Refer to the action to comment 127.1.
128.2	Concerns were noted about the quality of collection managements practices that are currently in place at some entities. Entities should be required to disclose whether their practices around managing, preserving and valuing heritage assets are aligned with standard practices.	Noted. As this is not within the Board's mandate to establish management practices, the Board agreed to engage with the relevant stakeholders, such as the DAC and/or SAHRA, to consider the comment.				Liaise with the relevant stakeholders to provide guidance to entities.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
129.	PSAF: Preparers					
129.1	Information about the condition of the heritage asset, other than impairment, may be useful. This will provide information to users on whether the asset is properly management and preserved for by the entity.	Noted. Refer to the response to comment 126.2.			Refer to the action to comment 126.2.	Refer to the action to comment 126.2.
130.	Provincial museums and public entities in KZN					
130.1	The general disclosures on the repairs and maintenance of heritage assets can be improved.	Noted. Refer to the response to comment 123.1.				
131.	Gauteng Public Entities, Waterboards, TVET Colleges and DHET					
131.1	Some items were donated to the entity but there is no market information available about the specific item. The entity can therefore not categorise these items as heritage assets prior to determining whether the item meets the definition of a heritage asset in terms of GRAP 103.	Noted. Refer to the response to comment 127.1.	Refer to the action comment 127.1.	Refer to the action comment 127.1.		Refer to the action comment 127.1.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	It was questioned what type of disclosures should be provided for items that still needs to be assessed for meeting the definition of a heritage asset in terms of GRAP 103.					
131.2	Some entities have a large number of items for which a value cannot be determined. It was questioned how information should be presented in the financial statements for these items – whether information can be aggregated or whether information should be disclosed per item for which a value could not be determined.	Noted. Refer to the response to comment 122.1.				Refer to the action to comment 122.1.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
132.	SANPARKS and Iziko museum					
132.1	<p>Where there is dual custodianship over heritage assets, only one entity should disclose the heritage assets in its financial statements. For example, some items were excavated by certain universities for research that resulted in disputes and disagreements about ownership.</p> <p>To avoid that these assets are accounted for by both parties, the disclosure requirements should be clear on who should recognise and disclose the asset.</p>	<p>Noted. An entity should only recognise a heritage asset if control over the asset has been assessed. As such the entity that controls the heritage asset will recognise the asset and provide the required disclosures.</p> <p>The Board agreed that a FAQ should be developed to explain the application of the definition of a heritage asset – refer to the response to comment 2.2.</p>		Refer to the action to comment 2.2.	Refer to the action to comment 2.2.	
132.2	Where the Standard requires the entity to include disclosures that are useful to users, guidance should be provided on at least the minimum disclosures that should be included in the financial statements. If a minimum is not	<p>Noted. This seems to be an application matter. The entity should apply judgement in deciding on how to present this information based on the information needs of its users.</p> <p>No further action is therefore required.</p>				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	provided, it could result in audit disputes where auditors are of the view that more information should be provided to users.					

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
GENERAL COMMENT						
133.	Western Cape Municipal Working Committee					
133.1	<p>The following practical questions were noted:</p> <ul style="list-style-type: none"> • When should a newly constructed, or newly acquired asset, meet the definition of a heritage asset? • If a significant portion of the heritage asset has an alternative use, does it mean 	<p>Noted. The Board agreed that a FAQ should be developed to explain the application of the definition of a heritage asset in assessing whether the asset should be accounted for in terms of GRAP 103– refer to the response to comment 2.2.</p> <p>The Board agreed that all heritage assets should be accounted for in terms of GRAP 103, irrespective of their use.</p> <p>The Board also agreed that GRAP 103 should be revised to require that all heritage assets should be classified as a single line item on the face of the statement of financial position, if material– refer to the response to comment 14.1 and 93.1.</p>	Refer to the action to comment 14.1 and 93.1.	Refer to the action to comment 2.2.	Refer to the action to comment 2.2.	Refer to the action to comment 14.1 and 93.1.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	that the significant portion of the asset is accounted for in terms of another Standard of GRAP while the insignificant portion is accounted for in terms of GRAP 103, or is only one Standard applied to account for the asset base on its significant use?	The Board also agreed that GRAP 103 should be revised to require that all heritage assets should be classified as a single line item on the face of the statement of financial position, if material– refer to the response to comment 14.1 and 93.1.				
134.	Department of Arts and Culture and Museums					
134.1	Some participants noted that millions of Rands were spent to value heritage assets and they questioned the value added to recognise these assets in their financial statements. Others noted that the implementation of GRAP 103 was positive as entities now at least	Noted. Accounting for heritage assets aims to reflect how an entity uses its assets. The Public Finance Management Act requires entities to account for all the assets under their control to enable users to make informed decisions and to hold entities accountable. The Board agreed to recommend to the OAG to include an explanation in the GRAP Accounting Guideline on the importance and need to recognise and value all heritage assets.			Refer to the action to comment 26.2.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	have a complete inventory of the heritage assets under their control. Information provided to users are therefore more relevant and accurate.					
134.2	<p>GRAP 103 seems to have adopted the principles in GRAP 16 and GRAP 17 to assets that have a different objective to assets that are being used in the day-to-day operations of an entity to meet its service delivery objectives.</p> <p>Recognising and measuring heritage assets in an entity's financial statements seem inappropriate and do not meet users' needs. Heritage assets are unique, with a different purpose, compared to assets recognised in terms of GRAP 16 or GRAP 17.</p> <p>The principles in GRAP 16 or GRAP 17 should therefore not be applied to heritage assets.</p>	<p>Noted. Accounting for heritage assets aims to reflect how an entity uses its assets. The Public Finance Management Act requires entities to account for all the assets under their control to enable users to make informed decisions and to hold entities accountable.</p> <p>The IPSASB is currently undertaking a project to provide guidance on accounting for heritage assets. The proposed guidance will be included in IPSAS 17 based on the view that heritage assets meet the definition of property, plant and equipment.</p> <p>Refer to comment 93.1 to require all heritage assets to be accounted for in terms of GRAP 103.</p>	Refer to the action to comment 93.1.		Refer to the action 93.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
134.3	<p>The following comments on practical application were noted:</p> <ul style="list-style-type: none"> • It was questioned whether assembly costs should be added to the carrying amount of the heritage asset, or whether these costs should be expensed. • Guidance should be provided on the journal entries that should be processed when a heritage asset is received free of charge, for example through a donation. 	<p>Noted. GRAP 103 already includes principles to explain the elements of cost, day-to-day operating costs and the recognition of heritage assets received in a non-exchange transaction. This principle is explained in the GRAP Accounting Guideline.</p> <p>No further action is required.</p>				
134.4	<p>Legislation prohibits entities to sell heritage assets that are designated as such in terms of legislation. If any of these heritage assets are sold by the entity, it could result in non-compliance as it conflicts the entity's mandate.</p>	<p>Noted. As this is a compliance matter, the Board agreed to liaise with the relevant stakeholders, such as the DAC and/or SAHRA, to inform preparers about the legislative implications.</p>				<p>Liaise with the relevant stakeholders to provide guidance in addressing this comment.</p>

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
134.5	Entities are uncertain as to when they may apply Directive 7 <i>The Application of Deemed Cost</i> . It was questioned whether Directive 7 may be applied or considered after initial adoption of GRAP 103.	Noted. This is a practical application matter. No further action is required.				
134.6	<p>The ASB should consider allowing entities more time to adopt GRAP 103. This is specifically relevant to those entities that still experience challenges with the determining values for heritage assets in order to recognise these assets in the financial statements.</p> <p>Consideration should also be given on how assistance can be provided to those entities that are still experiencing challenges with the implementation of GRAP 103.</p>	Noted. As the Minister of Finance has determined the effective date, extension can only be provided by the Minister.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
135.	CIGFARO/SALGA Joint workshop					
135.1	It was questioned whether the recipient of a heritage asset should recognise the asset received at the carrying value as reflected in the transferring entity's financial statements as at the date of the transfer.	Noted. This is a practical application matter on the acquisition of an asset in a non-exchange transaction. The GRAP Accounting Guideline already includes guidance on the recognition of assets acquired in a non-exchange transaction. Reference should be made the Guideline. No further action is required.				
136.	Valuation professionals (meeting #1)					
136.1	The sector itself needs to provide more guidance to entities on how to manage and preserve heritage assets. A number of museums have similar items, while some do not have enough space to keep and safeguard all these items. Museums should be encouraged to only keep copies of certain heritage items and to share similar items with other museums as part of maintaining and preserving the	Noted. The Board agreed to liaise with the relevant stakeholders, such as the DAC and/or SAHRA, in addressing this comment.				Liaise with the relevant stakeholders to address this comment.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	asset for present and future generations.					
136.2	<p>Funding to preserve heritage assets as required by legislation is limited. Resource and administrative requirements that are required to comply with GRAP 103 are management issues and cannot be resolved through the Standard.</p> <p>The requirements in GRAP 103 are not the reason for non-compliance – the lack of resources and appropriate skills are the responsible factors for the non-compliance.</p>	Noted. The Board agreed to liaise with the relevant stakeholders, such as the DAC.				Liaise with the relevant stakeholders.
136.3	<p>Knowledge sharing between museums can be better addressed. For example, there is no centralised database for heritage items recognised that can be used as a reference point for determining a value for similar heritage items. Even though SAHRA has a mandate in this regard, it is not effectively utilised at this point in time.</p>	Noted. The Board agreed to liaise with the relevant stakeholders, such as the DAC and/or SAHRA, in addressing this comment.				Liaise with the relevant stakeholders.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	It is proposed that initiatives should be undertaken to ensure better knowledge sharing between museums. This will specifically be useful to those entities that are still not complying with all the GRAP 103 requirements.					
136.4	<p>The Institute of Conservation (ICON) has established a set of guidelines and standards that address the conservation, management, measurement and other strategies of heritage objects. The ICON principles are much aligned with the requirements in GRAP 103.</p> <p>In addition, the Royal Institute of Chartered Surveyors (RICS) has issued practice standards on the valuing of movable and immovable heritage assets to ensure uniformity through the heritage profession. These standards address, among others, conservation, restoration, sale, purchase, management, protection or recognition of</p>	Noted. Refer to the response to comment 93.1.	Refer to the action to comment 93.1.		Refer to the action to comment 93.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	historic buildings, monuments or sites.					
137.	PSAF: Preparers					
137.1	The retrospective application of GRAP 103 should be reconsidered, specifically for those entities that are not fully compliant with requirements in GRAP 103. This will assist entities to not apply hindsight when making assumptions in valuing the heritage asset.	Noted. There is an existing FAQ that explains at what date a deemed cost should be determined using Directive 7 on <i>The Application of Deemed Cost</i> if an entity did not complete its adoption of Standards of GRAP within the specified time frame – refer to FAQ 1.8.				
137.2	Determining the values on acquisition date for assets that were controlled by the entity prior to GRAP 103 becoming effective is problematic and costly.	Noted. Entities can apply Directive 7 to determine a deemed cost if the acquisition cost of an asset cannot be determined on the adoption of GRAP 103. Refer to the response to comment 137.1.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
138.	Provincial museums and public entities in KZN					
138.1	The Board should consider developing a Standard like IFRS for SMEs to provide relief to smaller entities (museums) that do not have sufficient funding	<p>Noted. The Board has undertaken a project to understand the financial reporting environment of small entities in the public sector and the challenges that these entities experience to prepare financial statements that comply with the Standards of GRAP.</p> <p>Based on the results of the research, the Board has decided not to introduce specific reporting requirements or guidance for small entities. This decision was based on the research indicating that small entities' challenges could not be resolved by introducing a different reporting framework.</p>				
138.2	Smaller entities should be allowed to apply for an exemption to not apply GRAP 103, especially the smaller entities that are struggling to comply with the GRAP 103 requirements.	<p>Noted. The Board does not have the mandate to exempt entities from complying with the Standards can only be granted by the Minister of Finance.</p> <p>No further action required.</p>				

**PART II – SUMMARY AND ANALYSIS OF COMMENT RECEIVED
ON THE POST-IMPLEMENTATION REVIEW OF GRAP 103:
USER’S PERSPECTIVE**

SUMMARY AND ANALYSIS OF COMMENT RECEIVED ON THE POST – IMPLEMENTATION REVIEW – USER’S PERSPECTIVE

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
SPECIFIC MATTERS FOR COMMENT						
Classification of heritage assets as a separate asset category						
<u>Question U1</u>						
Does classifying heritage assets as a separate asset category on the statement of financial position provide relevant information to hold entities accountable and to make decisions?						
If yes, what decisions are made with this information?						
If no, please provide reasons why it does not provide relevant information, and what information, in your view, would achieve the objectives of GRAP 103?						
139.	PSAF: Auditors and technical consultants					
139.1	Classifying heritage assets as a separate category provides relevant information to users.	Noted. No further action required.				
140.	Provincial Treasury Eastern Cape					
140.1	Yes – it helps with the transparency of information and to understand the value of assets that are within the scope of heritage.	Noted. No further action required.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
141.	South African Heritage Resources Agency					
141.1	<p>Yes, heritage assets should be classified separately from other asset categories as it provides a good summary to the entity of the heritage assets that it controls.</p> <p>The approach adopted for the maintenance of heritage assets is different to that of other assets. Classifying heritage assets separately from other assets provides a mechanism to ensure that heritage assets are held indefinitely and are preserved and cared for differently to other assets that are controlled by the entity.</p>	Noted. No further action required.				
141.2	Entities apply their own criteria to assess if an asset meets the definition of a heritage asset. This results in different interpretations of when an asset meets the definition of a heritage asset. Applying different approaches may therefore impact the classification of some assets to heritage assets, and vice versa.	<p>Noted. The Board agreed that the application of the definition of a heritage asset should be clarified through a FAQ. The Board agreed to liaise with the OAG to recommend that they update the GRAP Accounting Guideline to explain the application of the definition of a heritage asset.</p> <p>Refer to the response to comment 2.2.</p>		Refer to the action to comment 2.2.	Refer to the action to comment 2.2.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
141.3	<p>A concern with classifying heritage assets as a separate asset category, is the increased security risk because information about the heritage assets is made available publicly. Some entities, especially the smaller entities, do not have sufficient funding to properly secure the heritage assets under their control.</p> <p>If only a single line item for heritage assets is presented in the financial statements, with no additional information in the notes, information of high value items within collections will not be shared to users. However, presenting a single line item still indicates that there are high value items within the collections held by the entity that increases the risk of theft.</p> <p>To address this concern, the following recommendations may be considered:</p> <ul style="list-style-type: none"> • Only share and disclose information of high value heritage assets to auditors if including such information in the financial statements results in an increased security risk. Values of these high risk assets should not be reflected in the financial statements. 	<p>Noted. Even though some information may be sensitive and result in an increase in theft, entities should recognise and/or disclose information about these heritage assets in their financial statements. Management should consider how the information should be aggregated in the financial statements to reduce the security risk.</p> <p>The Board agreed to develop a FAQ to emphasise that information does not need to be presented and disclosed on an individual basis but that items may be aggregated when presented in the financial statements. The FAQ will also highlight that management should be sensitive on how to present information in the financial statements.</p>		Refer to the action response to comment 34.4.		

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	<ul style="list-style-type: none"> The National Heritage Resources Act requires SAHRA to keep a record of all heritage inventory that is designated as a heritage asset in terms of legislation. When information is requested about a specific heritage item, SAHRA refers the question to the entity responsible for preserving the asset. That entity then decides if more information about the specific heritage asset should be made available to the requestee. Information about a specific heritage asset can only be shared to the extent that it does not impact the conservation, put the heritage asset at risk, or impacts the economic interests relating to that heritage asset. <p>A similar approach can be considered to determine if a heritage asset should be reflected at a value in the financial statements – if reflecting the heritage asset at a value impacts the asset’s conservation, put the heritage asset at risk, or impacts the economic interests relating to that heritage asset, the heritage asset should not reflected at a value, and/or information about that heritage asset should not be disclosed in the financial statements. Interested parties can request</p>					

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	information from the entity who then needs to apply judgement in deciding if such information should be shared.					

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
Question U2						
Do you require information to be disclosed on assets that are:						
(a) designated as a heritage resource in terms of legislation or similar means, but which are classified and accounted for as a heritage asset in accordance with GRAP 103; and/or						
(b) classified and accounted for as a heritage asset in accordance with GRAP 103, but which are not designated as a heritage resource in terms of legislation or similar means?						
If yes, what decisions are made with this information?						
142.	PSAF: Auditors and technical consultants					
142.1	<p>Disclosure of information on heritage assets designated as such in terms of legislation, but not accounted for in accordance with GRAP 103, and vice versa, could be useful. However, in considering what information should be provided, caution should be taken to ensure that the requirements are not onerous.</p> <p>The information disclosed should also be relevant to users' decisions to avoid the unnecessary cluttering of financial statements.</p> <p>The proposed disclosure should also not include values of heritage assets that are not recognised.</p>	<p>Noted. Providing these types of disclosures may be more suitable for reporting outside the financial statements. The Board agreed to liaise with the National Treasury to assess how this comment can be addressed in preparing other general-purpose financial reports.</p>				<p>Engage with the National Treasury to assess whether and how this disclosure can be included in other reports in addressing this comment.</p>

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
143.	Provincial Treasury Eastern Cape					
143.1	Yes – there should be a link or completeness of disclosure in terms of the heritage assets listed by SAHRA and those recognised and/or disclosed by entities.	Noted. Refer to the response to comment 142.1.				Refer to the action to comment 142.1.
144.	South African Heritage Resources Agency					
144.1	<p>The legislative definition for a heritage asset and the definition in GRAP 103 should be aligned, as the legislative requirements are clear on when an item comprise a heritage resource. All assets classified as a heritage resource in terms of the National Heritage Resources Act should therefore be accounted for as a heritage asset in terms of GRAP 103.</p> <p>The problem with this approach is, however, that all entities need to be familiar with the heritage legislation to understand when something should be accounted for as a heritage asset.</p>	<p>Noted. If something does not meet the legislative requirements as being a heritage asset, the asset may still needs to be recognised as such from an accounting perspective.</p> <p>The definition therefore needs to stay broad to allow for some assets that are not classified as heritage assets in legislation, to still be accounted for as a heritage asset if an entity intends to hold the asset indefinitely and preserve it for the benefit of present and future generations. The Board agreed that the definition of a heritage asset in GRAP 103 should be revised to consider how it can be enhanced to better align it with the</p>	Refer to the action to comment 2.1 and 142.1.		Refer to the action to comment 2.1 and 142.1.	Refer to the action to comment 2.1 and 142.1.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
		legislative description of a heritage resource in the National Heritage Resources Act – refer to the response to comment 2.1 and 142.1.				
145.	Department of Arts and Culture					
145.1	<p>In applying GRAP 103 to account for heritage assets, it seems as if the accounting requirements supersede the legislative requirements. This is because entities recognised heritage assets in their financial statements, even though those items are not designated as a heritage asset in terms of legislation.</p> <p>Entities may need a hierarchy to assess which items should be accounted for as heritage assets in terms of GRAP 103. The Department is of the view that an item should first meet the legislative definition of a heritage asset before it is recognised as a heritage asset in terms of GRAP 103.</p> <p>Therefore, entities should be required to only account for an asset as a heritage asset if it is</p>	<p>Noted. The Board agreed to review the definition of a heritage asset in GRAP 103 to consider if it could be enhanced to better align it with the legislative description of a heritage resource in the National Heritage Resources Act – refer to the response to comment 2.1.</p>	<p>Refer to the action to comment 142.1.</p>		<p>Refer to the action to comment 142.1.</p>	<p>Refer to the action to comment 142.1.</p>

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
	<p>designated as such in legislation. If an entity recognises an item as a heritage asset in its financial statements without it being designated as such in terms of legislation, it could result in non-compliance with the relevant legislative requirements.</p> <p>If the item is not designated as a heritage asset in terms of legislation, the asset should be accounted for in terms of another Standard of GRAP, for example GRAP 16 or GRAP 17.</p>	As a result, entities should not only rely on the legislative designation of items in accounting for heritage assets.				
145.2	<p>The definition of a heritage asset in GRAP 103 should be aligned with the description of a heritage asset in legislation, i.e. the National Heritage Resources Act.</p> <p>It is also important to have a complete list of those items that are currently accounted for as a heritage asset in terms of GRAP 103, but which are not designated as such in terms of legislation.</p>	<p>Noted. Refer to the response to comment 142.1.</p> <p>As this is an internal management issue, no further action is required.</p>	Refer to the action to comment 142.1.		Refer to the action to comment 142.1.	Refer to the action to comment 142.1.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	a Guidance issued by OAG	Other
Question U3						
Do you agree that an entity should classify a heritage asset differently if it has an alternative use? Please explain your response.						
146.	Provincial Treasury Eastern Cape					
146.1	<p>Heritage assets that are used for administrative purposes are accounted for using the provisions of GRAP 17. These assets are then subject to depreciation, where the entity applies the cost model as its subsequent measurement basis. Heritage assets are preserved with the understanding that they need to be held indefinitely and need to be preserved for the benefit of present and future generations.</p> <p>It is proposed that all heritage assets should be accounted for using the provisions of GRAP 103 so that these assets are not subjected to depreciation, but that impairment is only considered.</p>	<p>Noted. Stakeholders had diverse views on the classification of heritage assets with an alternative use. Taking this diversity into consideration, the Board agreed that GRAP 103 should be revised to require that all heritage assets should be classified as a single line item on the face of the statement of financial position, if material. The note to heritage assets in the financial statements should present information about the heritage asset's alternative use, if material.</p> <p>Refer to the action agreed in comment 46.1, 56.1 and 93.1 on the measurement of all heritage assets in accordance with GRAP 103.</p>	Refer to the response to comment 14.1 and 93.1.		Refer to the response to comment 56.1 and 93.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
147.	South African Heritage Resources Agency					
147.1	<p>No, heritage assets with an alternative use should not be classified as another asset category as the intention remains to hold the asset indefinitely and to preserve it for the benefit of present and future generations, similar to other heritage assets that do not have an alternative use.</p> <p>Presenting heritage assets as a different class is not an accurate presentation of the heritage assets controlled by the entity. For example, the SAHRA building is declared as a heritage site, but because it also used for operational purposes, it is classified as property, plant and equipment in terms of GRAP 17. However, presenting the heritage building as property, plant and equipment distorts the reason for having and holding the asset. The maintenance required to preserve the building also differs from other types of property, plant and equipment.</p>	Noted. Refer to the response to comment 146.1.	Refer to the action to comment 146.1.		Refer to the action to comment 146.1.	
147.2	Because some heritage assets have an alternative use, the disclosures required by GRAP 103 are not always provided, as entities are unsure about what to disclose. There needs to be a better alignment between the required GRAP 103 disclosures for heritage assets when heritage assets are classified as another asset category.	Noted. See the response to comment 146.1.	Refer to the action to comment 146.1.		Refer to the action to comment 146.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
148.	Department of Arts and Culture					
148.1	<p>If all heritage assets are not reflected as a single item in the financial statements, government will not be able to consolidate and conclude on the total value of the national heritage estate of the country. We are therefore of the view that an entity should not classify a heritage asset differently despite it having a significant alternative use.</p> <p>The objective for holding a heritage asset will not change, and the asset will not lose its heritage status, even though the heritage asset may have an alternative use.</p> <p>We are also of the view that, if heritage assets are accounted for interchangeably between heritage assets and other asset categories, it may confuse users and they may think that the heritage assets have lost their heritage status.</p>	Noted. Refer to the response to comment 146.1.	Refer to the action to comment 146.1.		Refer to the action to comment 146.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
Determining an initial value for a heritage asset						
<p><u>Question U4</u></p> <p>Where a reliable value for heritage assets cannot be determined, does the information disclosed in the notes to the financial statements on such heritage assets, provide relevant information to hold entities accountable and to make decisions?</p> <p>If yes, what decisions are made with this information?</p> <p>If no, please provide reasons why it does not provide relevant information, and indicate what information, in your view, will be relevant.</p>						
149.	Provincial Treasury Eastern Cape					
149.1	There has not been any challenge with disclosing information for heritage assets for which reliable value could not be determined. Some entities did, however, recognised heritage assets at R1 where a reliable value could not be determined – this information was not very useful for decision making as it is not in compliance with GRAP 103.	<p>Noted. From the engagements with stakeholders it was noted that entities may have items that still need to be assessed to conclude if they meet the definition of a heritage asset. These items are then recognised at R1 in the financial statements. The Board agreed that the existing FAQ on specimens collected for research should be amended to explain that items held for research and/or items that still need to be evaluated to conclude if they are heritage assets, can only be accounted for if the definition of an asset is met. Refer to the response to comment 2.4.</p> <p>In addition, the Board agreed to clarify the application of the definition of a heritage asset – refer to the response to comment 2.2.</p>		Refer to the action to comment 2.4.		Refer to the action to comment 2.2 and 2.4.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
150.	South African Heritage Resources Agency					
150.1	<p>Most entities made use of external consultants to determine an initial value for the heritage assets to be recognised in the financial statements.</p> <p>Determining a value for some heritage assets was subjective as these heritage assets cannot be replaced. Also, in many instances, no market exists for these assets.</p> <p>The values were in most instances accepted by the auditors, as they were determined by external valuers and experts.</p>	<p>Noted.</p> <p>Noted. Refer to the response to comment 26.1.</p>	Refer to the action to comment 26.1.		Refer to the action to comment 26.1.	Refer to the action to comment 26.1.
151.	Department of Arts and Culture					
151.1	<p>We acknowledge that it is difficult to hold entities accountable for items that are not be recognised in their financial statements.</p> <p>The reasons provided for not being able to determine a reliable value for certain types of heritage asset are accepted and justifiable for audit committee members. However, the auditors do not</p>	<p>Noted. The reasons provided in the financial statements for not being able to determine a reliable value for the heritage asset should be specific to the entity and the type of heritage assets under its control. Boiler plate explanations should be avoided.</p> <p>Refer to the response to comment 26.1.</p>	Refer to the action to comment 26.1.		Refer to the action to comment 26.1.	Refer to the action to comment 26.1.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
	think that these reasons are justifiable and this result in audit disagreements.	<p>The Board agreed to liaise with the AGSA.</p> <p>To avoid any audit disagreements, entities should engage with auditors to ensure that acceptable methods are applied by the entity for determining a value for its heritage assets and to conclude on acceptable reasons for not being able to determine a reliable value.</p>				Liaise with the AGSA.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
<p>Question U5</p> <p>Where a reliable value for heritage assets cannot be determined, should the entity, in your view, continue to re-assess if reliable information becomes available so that the heritage asset can be recognised in its financial statements?</p> <p>Please explain your response.</p>						
152.	PSAF: Auditors and technical consultants					
152.1	<p>Re-assessment should be an option. This is currently also addressed in some of the other standards (for example IFRS 3 <i>Business Combinations</i>).</p> <p>If heritage assets are sold at a future date, it will be useful to have a value for the heritage asset sold reflected in the financial statements prior to its sale.</p>	<p>Noted. Stakeholders had diverse views on whether an entity should be required to continuously re-assess if a fair value can be determined when a reliable value was not determined on initial recognition.</p> <p>The Board agreed that GRAP 103 should be revised to require the re-assessment of those heritage assets for which a reliable value could not be determined on initial recognition. This assessment should, however, not be done on an annual basis, but only when an indicator has been triggered that changed the entity's previous conclusion about a reliable value being unavailable – refer to the response to comment 47.1.</p>	Refer to the response to comment 47.1.		Refer to the response to comment 47.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
153.	Provincial Treasury Eastern Cape					
153.1	Yes, when reliable information becomes available, the asset should be recognised as the value of the asset contributes towards the net asset value of the entity.	Noted. Refer to the response to comment 152.1.	Refer to the action to comment 152.1.		Refer to the action to comment 152.1.	
154.	South African Heritage Resources Agency					
154.1	Yes, the entity should re-assess if reliable information becomes available based on certain indicators being triggered. For example, an asset subsequently meeting the legislative requirements to be designated as a heritage asset.	Noted. Refer to the response to comment 152.1.	Refer to the action to comment 152.1.		Refer to the action to comment 152.1.	
155.	Department of Arts and Culture					
155.1	Entities should be required to re-assess if reliable values become available so that they can recognise the heritage assets in their financial statements. The re-assessment should be guided by the entity's policies in place with reference to the revaluing of their heritage assets.	Noted. Refer to the response to comment 152.1.	Refer to the action to comment 152.1.		Refer to the action to comment 152.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
Determining a value for a heritage asset after recognition						
<u>Question U6</u>						
Has the choice of the measurement basis used by an entity to report heritage assets, affected your assessment of accountability, to make decisions about heritage assets, and/or to compare results across entities? Please explain your response.						
156.	Department of Arts and Culture					
156.1	<p>No - the measurement basis did not influence the Department's assessment of accountability.</p> <p>In addition to the requirement that the entities under the Department should submit their annual financial statements, quarterly information also needs to be provided to the Department. The Department analyses these reports and financial statements to track compliance with GRAP 103. Where entities are not complying with GRAP 103, the Department tries to provide a solution on how to address the non-compliance.</p>	Noted. No further action required.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
<p><u>Question U7</u></p> <p>Where an entity applies the revaluation model as its measurement basis, but fair value, subsequent to the recognition of the heritage asset is unavailable and alternative estimates of fair value are unreliable, the entity measures the heritage asset using the cost model.</p> <p>(a) Does the information disclosed on heritage assets in the notes, while the fair value is unavailable and alternative estimates are unreliable, provide relevant information for accountability and to make decisions?</p> <p>(b) Does the information disclosed in the notes, when the fair value can subsequently be determined by reference to an active market and the cost model is no longer applied, provide relevant information to hold entities accountable and to make decisions?</p> <p>If yes, what decisions are made with this information?</p> <p>If no, please provide reasons why it does not provide relevant information, and indicate what information, in your view, will be relevant.</p>						
	No comment.					

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	a Guidance issued by OAG	Other
Impairing heritage assets						
<p><u>Question U8</u></p> <p>Does reflecting a decrease in the value of the heritage asset as an impairment loss in the financial statements, provide useful information about the heritage asset, and is this information relevant to hold entities accountable and to make decisions?</p> <p>If yes, what decisions are made with this information?</p> <p>If no, please provide reasons why it does not provide relevant information, and indicate what information, in your view, will be relevant.</p>						
157.	Provincial Treasury Eastern Cape					
157. 1	<p>Yes, impairment of the heritage assets signifies the loss of value of the asset and provides information to assess whether the asset should continue to be recognised as a heritage asset.</p> <p>For example, the Rhodes statue at UCT has been removed from UCT and is now preserved at a museum. Due to protests, the statue was damaged. This is an indication of impairment.</p>	Noted. No further action required.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
158.	South African Heritage Resources Agency					
158.1	<p>Yes, reflecting impairment losses does provide useful information as it indicates if the heritage asset is properly maintained and preserved. It also provides information about the condition of the heritage asset.</p> <p>The financial statements disclosure can be expanded to require an explanation of why the heritage asset is impaired.</p>	<p>Noted. GRAP 21.79 already requires an entity to disclose the events and circumstances that led to the recognition of the impairment loss or the reversal for each material impairment loss (if material).</p> <p>No further action required.</p>				
159.	Department of Arts and Culture					
159.1	<p>From a user's perspective it is useful to have information on impairment, but the calculation is challenging for preparers.</p> <p>We agree with the annual assessment of impairment, but do not think that any heritage assets should be depreciated as the National Heritage Resource Act requires heritage assets to be held indefinitely and be preserved for the benefit of present and future generations.</p>	<p>Noted. A number of stakeholders made similar observations regarding the calculation of the recoverable amount or the recoverable service amount. The IPSASB is currently undertaking a project to develop guidance on measurement. The Board agreed to monitor the IPSASB's measurement project as it will provide guidance in this area.</p>				Refer to the action to comment 81.3.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
		<p>Refer to the response to comment 81.3.</p> <p>The Board agreed that GRAP 103 should be amended to require that all heritage assets, irrespective of their use should be accounted for in accordance with GRAP 103. Heritage assets will therefore not be depreciated All heritage assets will be presented as a single line item on the face of the statement of financial position.</p> <p>Refer to the response to comment 14.1, 56.2 and 93.1.</p>	<p>Refer to the action to comment 14.1, 56.1 and 93.1.</p>		<p>Refer to the action to comment 14.1, 56.1 and 93.1.</p>	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
Heritage assets that have alternative uses						
<p><u>Question U9</u></p> <p>Does presenting information on a heritage asset with an alternative use provide relevant information to hold entities accountable and to make decisions?</p> <p>If yes, what decisions are made with this information?</p> <p>If no, please provide reasons why it does not provide relevant information, and indicate what information, in your view, will be relevant.</p>						
160.	PSAF: Auditors and technical consultants					
160.1	<p>Some entities do not include this information in their financial statements as required by GRAP 103, as it is not practical to provide the disclosures on an asset-by-asset basis.</p> <p>Once the heritage asset is classified as, for example, property, plant and equipment, following its significant alternative use, the disclosures in GRAP 17 are applied to that category or class of property, plant and equipment (of which the heritage asset now forms part). The disclosure requirements in GRAP 103 are then no longer relevant to that asset.</p>	Noted. Refer to the response to comment 147.2.	Refer to the action to comment 147.2.		Refer to the action to comment 147.2.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
161.	South African Heritage Resources Agency					
161.1	<p>Assets that meets the definition of a heritage asset should be classified as such, irrespective of their alternative use. The financial statements should rather include an explanation of the asset's alternative use, and how this impact on the preservation of the heritage asset.</p> <p>More explanatory information on the upkeep and maintenance of a heritage asset with an alternative use, will be useful for decision-making.</p>	<p>Noted. Refer to the response to comment 146.1. Detail disclosures on the upkeep and maintenance of a heritage asset with an alternative use are more relevant to a comprehensive understanding of the entity's service performance. The Board agreed to liaise with the National Treasury and assess what guidance can be issued in preparing other general purpose financial reports.</p>	<p>Refer to the action to comment 146.1.</p>		<p>Refer to the action to comment 146.1.</p>	<p>Engage with the National Treasury to assess whether and how these disclosures can be included in other reports.</p>

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
<p><u>Question U10</u></p> <p>Does the depreciation of heritage assets held for another purpose assist in making assessments of, and decisions about, the use, management and condition of the heritage asset?</p> <p>If yes, what information, in particular, has been useful?</p> <p>If no, please provide reasons why it does not provide relevant information, and indicate what information, in your view, will be relevant.</p>						
	No comment.					
Disclosure of heritage assets in the financial statements						
<p><u>Question U11</u></p> <p>Is the information provided in the financial statements on heritage assets, sufficient to hold entities accountable and to make decisions?</p> <p>If yes, what decisions are made with this information?</p> <p>If no, please provide reasons why it does not provide relevant information, and indicate what information, in your view, will be relevant.</p>						
162.	Eastern Cape Provincial Treasury					
162.1	The information on heritage assets is currently underutilised.	Noted. No further action required.				
163.	Department of Arts and Culture					
163.1	The current disclosure requirements in GRAP 103 is sufficient to hold entities accountable and to make decisions.	Noted. No further action required.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	a Guidance issued by OAG	Other
<p><u>Question U12</u></p> <p>What other information on heritage assets do you think users will find relevant for accountability and to make decisions.</p> <p>Please explain why this information will be relevant.</p>						
164.	PSAF: Auditors and technical consultants					
164.1	<p>The information currently included on heritage assets in the financial statements is insufficient. For example, the financial statements lack information on the condition of heritage assets.</p> <p>More information can be provided on how an entity maintains its heritage assets to enable users to assess if these assets are managed in a manner that will meet the entity's objective of future preservation.</p>	<p>Noted. Disclosures on the condition of the heritage asset is more relevant to a comprehensive understanding of the entity's service performance and how it is meeting its mandate and other legislative requirements.</p> <p>The Board agreed to liaise with the National Treasury and assess what guidance can be issued in preparing other general-purpose financial reports.</p> <p>Refer to the response to comment 126.2.</p>				Engage with the National Treasury to assess whether and how these disclosures can be included in other reports.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
164.2	<p>The financial statements do not currently explain an entity's custodial responsibility and its obligations that arise from these responsibilities, or the impact of these responsibilities on funding requirements. This type of information could be useful to users.</p> <p>Also, the information currently disclosed in financial statements does not enable users to assess how much funding is required to ensure that the heritage asset is held indefinitely and is preserved and cared for as required in terms of legislation.</p>	<p>Noted. This type of information is more relevant to a comprehensive understanding of the entity's service performance, how it is meeting its mandate and other legislative requirements and is forward looking. The Board agreed to liaise with the National Treasury and assess what guidance can be issued in preparing other general financial reports.</p> <p>Refer to the response to comment 126.2.</p>				Engage with the National Treasury to assess whether and how these disclosures can be included in other reports.
165.	South African Heritage Resources Agency					
165.1	<p>When entities, that control assets designated as a heritage resource in terms of legislation, intend to sell the asset, they need to inform SAHRA of their intention, along with the reason for the sale.</p> <p>Financial statements could include explanations of the reason why a heritage asset was sold.</p>	<p>Noted. This is not a financial statement issue and no action is therefore required.</p>				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
GENERAL COMMENT						
166.	South African Heritage Resources Agency					
166.1	<p>Some employees that are responsible for the implementation of GRAP 103 do not always have an accounting background and may not always be familiar with the accounting terminology and theory.</p> <p>As the principles in GRAP 103 sometimes difficult to understand, the development of more Frequently Asked Questions that explain and clarify the GRAP 103 principles in a simple manner, will be useful.</p>	<p>Noted. The Board agreed to make a recommendation to the relevant stakeholders, such as the DAC to develop simplified guidance that can be applied by employees that are not that familiar accounting principles in GRAP 103.</p>				<p>Liaise with the relevant stakeholders to develop simplified guidance on how to apply the principles in GRAP 103.</p>
167.	Department of Arts and Culture					
167.1	<p>It was questioned whether curators at museums can determine a reliable value for a heritage asset, or whether there are ethical restrictions that prohibit them from determining a value.</p>	<p>Noted. GRAP 103 allows that an appraisal may be undertaken by a member of a valuation profession who holds a recognised and relevant professional qualification, or by another expert with the requisite competence to undertake such an appraisal in accordance with the requirements of the applicable Standards of GRAP. The valuer or expert may be employed by the entity.</p>				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
167.2	<p>Some of the challenges that the entities that report to the Department are currently experiencing with the implementation of GRAP 103 include:</p> <p>(a) the lack of funding and other financial resources to determine a reliable value for the assets;</p> <p>(b) an increased security risk associated with recognising and disclosing information about heritage assets in the financial statements. Recognising some heritage assets in the financial statements attract criminal activities, and do not add any value to the users as these assets do not have an economic value as it cannot be sold; and</p> <p>(c) lack of funding to properly insure the heritage assets under their control against theft.</p>	Noted.				