



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

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

(ED 180)

RESPONSES TO THE WRITTEN 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.

The results of the formal comment process are summarised in this document. The comments received have been analysed based on the questions outlined in the questionnaires published by the Board, along with any general comments noted by respondents. 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.

An analysis of the stakeholders that submitted responses is included in the table on the next page.

In addition to the completed questionnaires received, the Exposure Draft was discussed with a number of preparers, auditors, consultants and other interested parties by way of roundtable and other discussions. The summary of verbal comment received on ED 180 is included in a separate analysis.

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

No.	Name/Organisation	Response as preparer and/or use
1.	<p>Office of the Auditor-General of South Africa (AGSA) completed by the following Business Units</p> <ul style="list-style-type: none"> • Free State • Gauteng • KwaZulu Natal • Mpumalanga • Northern Cape • National C • National E • Western Cape 	Preparer and user
2.	<p>Combined comment letter from:</p> <ul style="list-style-type: none"> • eThekweni Municipality - Libraries and Heritage Department • Natural Science Museum • Durban Art Gallery • Local History Museum 	Preparer
3.	<p>Comment letter from the Department of Treasury of the Free State that includes input from:</p> <ul style="list-style-type: none"> • Provincial Treasury • Fleet management • Gambling, Liquor and Tourism Authority 	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 a 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.	AGSA Business Unit: Free State					
1.1	War Museum (a) The challenges faced by the auditee is that they need to at all times appoint an expert valuator to determine that the asset bought or received through donation meets the classification as heritage assets due to the fact that there are certain criteria (i.e. asset has cultural or historical significance) to be met before the asset is classified as a heritage assets and these criteria needs to be determined by an expert.	Noted.				Liaise with the relevant stakeholders on developing a centralised database containing information on heritage assets and experts used to value these

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	(b) There are not really much challenges in relation to this because once asset does not meet definition of heritage assets, it is	<p>Liaise with relevant stakeholders, such as the Department of Arts and Culture (DAC) and/or the South African Heritage Resource Association (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 the valuer. This will provide information to entities if they use peer data in determining a value for a similar heritage asset, and in identifying valuers that can assist with valuations.</p> <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. The Board agreed that the application of the definition of a heritage asset should be clarified in a new FAQ. In addition, a recom-</p>		Develop a new FAQ 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.	Recommend to the OAG to update GRAP Accounting Guideline to explain the application of the definition of a heritage asset.	heritage assets.

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	simpler to classify it either as PPE or investment property as this depends on the usage of the asset by the auditee.	mendation will be made to the OAG to update the GRAP Accounting Guideline to explain the application of the definition of a heritage asset.				
1.2	<p>National Museum</p> <p>(a) The national museum has different types of heritage assets and as a result, some of the assets are unique in nature and other type of the items can be found at specific locations or environment. The major challenge was that even the experts, could not find any similar type of assets anywhere around the world. However, due to the requirements of the standard, other assessments were made on similar type of assets. Also, to value all their assets on regular basis, requires significant time because most of their assets were preserved for future generations.</p>	Noted. GRAP 104 requires that, if a 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 a similar requirement in GRAP 103 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	Amend GRAP 103 to clarify that a heritage asset should not be recognised when a fair value cannot be determined because the range of reasonable		Recommend to the OAG to update the GRAP Accounting Guideline with any amendments to GRAP 103.	

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		<p>should not be recognised.</p> <p>Refer to the response to comment 1.1 on the recommendation to engage with stakeholders on developing 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.</p> <p>Furthermore, a number of comments were received on determining a reliable value for archaeological and natural history collections. The Board agreed to amend GRAP 103 to indicate 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.</p>	<p>fair value estimates are significant, and the probabilities of the various estimates cannot be reasonably assessed.</p> <p>Amend GRAP 103 to explain that some assets may meet the definition of a heritage asset, but a reliable value may not be</p>			<p>Refer to the action to comment 1.1.</p>

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		<p>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. Transitional provisions will be developed for those heritage assets that were recognised previously but for which a value cannot be determined due to ethical reasons or due the nature of the heritage asset.</p>	<p>determined due to the nature of the asset, and/or ethical reasons.</p>		<p>Recommend to the OAG to update GRAP Accounting Guideline with amendments to GRAP 103.</p>	

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	(b) Other challenges are that the community of the Free State, sometimes donates assets to the museum to be preserved for future generations and those assets may not meet the criteria of heritage assets, therefore it creates a challenge for the museum when accepting assets as it will require valuation experts to determine if qualifies or should be PPE.	Refer to the response to comment 1.1 to engage with stakeholders on developing a centralised database.				Refer to the action to comment 1.1.
2.	AGSA Business Unit: Gauteng					
2.1	There were no challenges identified.	Noted. No further action required.				
3.	AGSA Business Unit: KwaZulu Natal					
3.1	Product Champion There were certain instances where the auditee claimed certain traditional art work, bead work and traditional items formed part of heritage assets. There were issues with regard to the initial and subsequent measurement of such items as there was no observable market price to determine that value of such items with reference to the use of an expert in terms of ISA500. In this case the competence, capability is based on academic research, books and publications. This does involve an element of	Noted. Refer to the response to 1.2.	Refer to the action to comment 1.2.		Refer to the action to 1.2.	

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	professional judgement and consideration of whether there is sufficient and appropriate audit evidence to conclude on appropriate accounting.					
3.2	<p>King Cetshwayo Municipality</p> <p>(a) Heritage assets may incur high costs to maintain them which may question the following requirement in the definition of an asset: “assets must result in the economical inflow of resources to the entity, thus if the cost of the heritage asset is more than revenue or proceeds, should it be classified as an asset”.</p>	<p>Noted. In addition to generating future economic benefits, the definition of an asset also indicates that an asset may have service potential. GRAP 103.08 explains that the service potential embodied in a heritage asset arises from the benefit to hold the asset indefinitely and preserve it for present and future generations.</p> <p>The matter will be highlighted to the OAG for consideration in updating the GRAP Accounting Guideline.</p> <p>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. Thus, irrespective of whether the costs to maintain a heritage asset may be high, accounting for heritage assets reflect how the entity uses the asset and is important for decision-making and accountability.</p>			<p>Recommend that the GRAP Accounting Guideline should be updated to explain how a heritage asset</p>	

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	<p>(b) Heritage assets are accounted for as a distinct category because their value is unlikely to be fully reflected in a financial value, whereas the other categories of assets are reflected in the financial statements at their full financial value.</p> <p>(c) When does a cultural item/artwork get classified as a heritage asset as it is an asset that does not necessarily have a useful life as it is indefinite for future benefit.</p> <p>(d) Clarity of the mayoral chain remains a point of contention, this is handed down from mayor to mayor. The municipality is of the view that there are no defining criteria on the chain that make it specifically significant e.g. coat of arms, on the chain it is merely gold disks.</p> <p>(e) Defining when a piece of Artwork gets classified as heritage as there is no defined useful life on the piece of art.</p>	<p>Noted. One of the characteristics of a heritage asset as noted in GRAP 103 is that its value is unlikely to be fully reflected in a financial value. As noted in GRAP 103, these characteristics are not necessarily exclusive to all heritage assets.</p> <p>Noted. The application of the definition of a heritage asset will be clarified through a FAQ – see the response to comment 1.1.</p> <p>Noted. Refer to the comment above.</p> <p>Noted. Refer to the comment above.</p>		Refer to the action to comment 1.1	embodies service potential. Refer to the action to comment 1.1.	

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3.3	<p>Amafa and Research Institute</p> <p>(a) KZN Amafa currently procures artefacts and other cultural objects from various areas of KZN (Zulu beadworks, Zulu wooden items, replicas of fine art, Zulu leather items, Zulu military items. These items are examples of cultural artefacts from different communities in KZN and are not unique in nature because similar objects are commonly found in those communities. Such items are collected for educational and research purposes as well as to preserve for the future. Expenditure on such items is expensed in the statement of financial performance, however these items are included in the accession register and disclosed in the AFS as artefacts and collections without a cost. Such items do not in my opinion meet the definition of heritage assets and yet different audit teams approach recognition, measurement and disclosure of such items differently because the standard is not very clear on the matter.</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. The application of the definition of a heritage asset will be clarified through a FAQ – see the response to comment 1.1.</p> <p>In addition, the existing FAQ on specimens collected for research will be amended 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</p>		Refer to the action to comment 1.1.	Refer to the action to comment 1.1.	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.

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	<p>(b) Suppose KZN Amafa discovers a royal grave and proclaims that burial site as a heritage asset. However, that burial site lies on a farm owned by one commercial farmer. It becomes imperative for Amafa to purchase land on which that burial site is located so that the burial site can be restored as per SAHRA regulations. The question is: will the whole cost of acquisition of the farm be capitalised into heritage asset for that burial site? And can that cost be considered to be fair value for that heritage site?</p> <p>My own view point based on review of the National Heritage Resources Act and regulations thereof is that attaching a cost to a burial site is contrary to the provisions of the National Heritage Resources Act. One solution is to recognise two separate heritage assets, namely the land on which the burial site is located to be recognised at the purchase price and the burial site itself to be recognised at nominal value of R1.</p>	<p>Noted. The Standards of GRAP indicate that buildings and other structures constructed on the land are separable assets that should be accounted for separately. Therefore, the land and burial site should be separated, and each assessed against the definition of a heritage asset in GRAP 103. 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> <p>In terms of the principles in GRAP 103, if a heritage asset is acquired in a non-exchange transaction, its cost should be measured at its fair value as at the date of acquisition. Fair value is determined from market-based evidence determined by appraisal. Reflecting the burial site at R1 is therefore inappropriate. The Board agreed to expand the existing FAQ on accounting for replicas, duplicates, statues, sculptures, monuments and similar structures to explain that recognising assets at R1 is inappropriate.</p> <p>A number of stakeholders had a concern with determining a value for some heritage assets,</p>		Develop a FAQ to explain that the accounting for land and other resources on the land should be separated.		Amend the existing FAQ on accounting for replicas, duplicates, statues, sculptures, monuments and similar structures to explain that recognising assets at R1 are inappropriate.

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		such as archaeological and natural history collections. The Board agreed to clarify GRAP 103 that even though some assets may meet the definition of a heritage asset, the entity may not be able to recognise them 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 1.2.	Refer to the action to comment 1.2.		Refer to the action to comment 1.2.	
4.	AGSA Business Unit: Mpumalanga					
4.1	The entity does not have any challenges in assessing if an asset meets the definition of a heritage asset.	Noted. No further action required.				
5.	AGSA Business Unit: Northern Cape					
5.1	Williams Humphrey Art Gallery The entity did not experience challenges. The entity is on the historical cost bases, and had challenges in the past to find experts to assist with the costing. This was corrected in 2018/19.	Noted. No further action required.				
5.2	McGregor Museum No issues were identified regarding the definition of heritage assets. The assets could	Noted. No further action required.				

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	be clearly distinguished from PPE. No errors were identified with the identification process. Furthermore, no issues were identified with completeness and existence.					
6.	AGSA Business Unit: National C					
6.1	<p>Based on the review of the prior year management report no significant challenges were noted in the entities' ability to assess whether assets meet the definition of heritage assets.</p> <p>The auditee (Ditsong museum) only had issues with the valuation on initial recognition.</p> <p>However, in the prior years they did struggle with the distinction between PPE and heritage assets given that they are a museum.</p> <p>At Freedom park they had some challenges however it might not be material.</p> <p>In the prior year the auditee classified assets as Heritage Assets without conducting an assessment on whether the assets meet the definition of a Heritage asset due to lack of understanding of the GRAP requirements.</p>	<p>Noted. No further action required.</p> <p>Noted. Refer to the response to 1.2.</p> <p>The Board agreed that the application of the definition of a heritage asset should be clarified through a FAQ – see the response to comment 1.1.</p>	Refer to the action to comment 1.2.	Refer to the action to comment 1.1 and 1.2.	Refer to the action to comment 1.1 and 1.2.	

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	<p>The solution is to compile a 'Heritage Asset' checklist and assess each asset's significance by completing the checklist to ensure that it meets the definition of a heritage asset and is correctly classified.</p> <p>If there is difficulty in that, then the entity should consider using an expert.</p>					
7.	AGSA Business Unit: National E					
7.1	<p>Council for Geoscience</p> <p>No challenges were experienced.</p>	Noted. No further action required.				
7.2	<p>Independent Electoral Commission</p> <p>No challenges are experience as they have one type of heritage asset which is artwork.</p>	Noted. No further action required.				
8.	AGSA Business Unit: Western Cape					
8.1	<p>SAHRA</p> <p>None. SAHRA's heritage assets includes the following:</p> <ul style="list-style-type: none"> • Art and artefacts (R123 440) • Library books (R1 675 015) • Land and buildings (R10 265 200) 	Noted. No further action required.				

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8.2	<p>Iziko</p> <p>Based on the review of the prior year management report- no significant challenges were noted in the entities' ability to assess whether assets meet the definition of heritage assets.</p> <p>The auditee (Iziko Museums of South Africa) only had issues with the valuation on initial recognition as well as the completeness of their Heritage Assets register, as the entity's registers were not updated through the years and were never combined after the amalgamation of the museums into Iziko Museums of South Africa.</p>	<p>Noted. Refer to the response to comment 6.1.</p> <p>The compilation of an asset register is an internal management issue and is not a requirement in the Standards of GRAP. Therefore, no further action is required.</p>	Refer to the action to comment 6.1.		Refer to the action to comment 6.1.	
9.	eThekweni municipality and KZN museums					
9.1	<p>National Science Museum: Researcher 1</p> <p>I would see our scientific, accessioned/catalogued specimens as 'heritage assets' indeed. They can serve multiple purposes, e.g. primarily research, although also education, exhibition, etc., but essentially they are museum collection items and hence heritage artefacts in the broad sense. I'd see research infra-structure being things like mass</p>	Noted. No further action required.				

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	<p>spectrometers. You can catch a live wild animal, fit it with a data logger and study its movements, and in this way it becomes 'research infrastructure' in a similar way to how our specimens are used for research. But it's only the data logger that's the real 'research infrastructure' here and the wild animal remains that and should be subject to the considerations that apply to wild animals.</p> <p>Exhibition mounts with asset numbers are probably even more straightforward as heritage items with an even more focused purpose.</p> <p>The key feature distinguishing our specimen material is that they get unique accession/catalogue numbers specific to the scientific collections. They also are initially identified as specimen material to enter the collections by a suitably qualified museum professional, are labelled and databased with their details, and they are housed in specific collection rooms.</p>	<p>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 – refer to the response to comment 3.3.</p> <p>In accounting for living resources, reference should be made to GRAP 110 on <i>Living and Non-living Resources</i>.</p> <p>Noted. No further action required.</p>	action.	action	Refer to the action to comment 3.3.	Refer to the action to comment 3.3

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9.2	<p>National Science Museum: Researcher 2</p> <p>Museum specimens can be viewed as heritage assets, however, the primary goal of the bulk of natural history museum specimens is research, not heritage. In the case of type specimens (and other rare or sensitive specimens), assigning such a specimen a “heritage asset” is more straight forward. However, research often entails using “parts” of specimens, type specimens included or sometimes entire specimens. This means that physical specimens might have a life span of use to be considered “assets”. Specimens with a designation to be destroyed for research purposes are never accessioned, decreasing the research “value” of the collection data of an institution.</p> <p>Consider mosquito specimens. As a curator and researcher in service to the public, I would like to have public records of all that is dealt with in my department, entomology. However, when studying mosquito pathogen prevalence as an example, mosquito specimens are destroyed, either in part, or entirely. This means that, despite the specimens holding an innate heritage value, i.e. information regarding the</p>	<p>Noted. Refer to the response to comment 9.1.</p> <p>Refer to the response to comment 1.1 to engage with stakeholders on developing a centralised database.</p>	Refer to the action to comment 9.1.	Refer to the action to comment 9.1.	Refer to the action to comment 9.1.	

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9.2	<p>biodiversity of South Africa, no physical specimens are retained. This means that such specimens cannot be assigned heritage asset numbers and are reduced to a datum/record on a data sheet, privately maintained by the researcher until, hopefully, publication. Such specimens are then analogous to a stool sample or a blood smear which are not considered heritage assets (or are they?). The edges then become increasingly fuzzy between heritage assets and research data. As an example, a single mosquito specimen collected long ago of a very common species is housed in a museum. The common species, however, are also vectors of pathogens and are now increasingly resistant to an insecticide. By studying the genetics of specimens collected long ago vs specimens collected in real time, might yield information on resistance. The public “value” of such a specimen then lies in its destruction and not in its curated existence.</p> <p>The current system views biological specimens such as a mosquito in a similar light as a relic, which I do not think it is. As curators, we need to protect specimens as best we can for as long we can, but should have the freedom to make</p>	<p>Refer to the response to comment 1.1 to clarify the application of the definition of a heritage asset through a FAQ.</p>		<p>Refer to the action to comment 1.1.</p>		<p>Refer to the action to comment 1.1.</p>

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	decisions regarding the fate of specimens. I would rather have a dataset comprising all specimens ever collected by my department, each with appropriate accession number and designation, despite not having the physical specimens than a dataset comprising only the specimens that is present in the physical collection. The true “asset” of collections, at least in the case of insects, lies in the number of complete data records and not the number of “monetary assets”.	Noted. As this is an internal management issue, no further action is required.				
9.3	<p>National Science Museum: Researcher 3</p> <p>(a) Heritage asset, by definition, “are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations”. In addition, such assets can be viewed as “resources managed by an institution for the purposes of future-based benefits or service potential”.</p> <p>Based on the above definition, natural history specimens can easily be viewed as heritage assets, as they have natural heritage significance and scientific value.</p>	Noted. No further action required.				

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	<p>They are also held indefinitely by the institution “for the benefit of present and future generations”, in terms of research, education and training.</p> <p>(b) Despite the above, natural history specimens comprise various categories, and this complicates matters somewhat. Such categories or classes include:</p> <p>1) Taxidermy/mounted specimens on display – these are specimens sourced from taxidermists, for the purpose of display/exhibition and education, including in-reach and out-reach activities. Such specimens do have a market value (i.e. the cost of producing and selling them), and revaluation costs can be readily obtained from qualified taxidermists.</p> <p>2) Type specimens and ‘iconic’ specimens – these are research specimens that should remain in their original prepared condition. It is important to note/document any impairment. The fair value of such specimens cannot be determined as</p>	<p>Noted. No further action required.</p> <p>Refer to the response to comment 1.2.</p>	<p>Refer to the response to comment 1.2.</p>		<p>Refer to the response to comment 1.2.</p>	

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	<p>they are considered priceless, and are usually “one of a kind”.</p> <p>3) Research collection specimens – most natural history specimens fall under this category. Each individual specimen is considered unique as they represent the biological, morphological, physiological and genetic record of a particular taxon within a given locality, time and space. They have been collected or donated for the main purpose of research, and/or research-based education and training, in attempts to advance our understanding of the natural world.</p> <p>As their primary use is towards research, natural history collections are increasingly being considered part of “research infrastructure” (see http://umac.icom.museum/wp-content/uploads/2017/05/10464-11-11_engl.pdf for a global example). As research infrastructure, it is understood that such specimens be sampled destructively/impaired, or in fact destroyed, for bone fide research purposes. Their scientific value does not only lie in their</p>	<p>Refer to the response to comment 3.3.</p> <p>Refer to the response to comment 3.3.</p>		<p>Refer to the action to comment 3.3</p> <p>Refer to the action to comment 3.3</p>	<p>Refer to the action to comment 3.3</p> <p>Refer to the action to comment 3.3.</p>	<p>Refer to the action to comment 3.3</p> <p>Refer to the action to comment 3.3.</p>

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	<p>physical existence or derivatives, but also in the data associated with such specimens. As result, when a specimen is disposed of (e.g. owing to destruction by pests), the specimen record is never removed from the collection database. The above brings into question the classification of research specimens as “heritage assets”. Whether we change the definition of heritage assets to research infrastructure, they remain “assets” in some sense of the word and would need to be accounted for, properly managed and used responsibly.</p>					
9.4	<p>Durban Art Gallery and local History museum</p> <p>(a) By definition, heritage assets are assets that have cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.</p> <p>There are cases where heritage assets have a dual or multiple function. For instance, at Local History Museums, there are four historical buildings, namely KwaMuhle, Old Court House, Old House and Bergtheil</p>	<p>Noted. No further action required.</p>				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
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	<p>museums that meet the definition of heritage asset but are also used for office accommodation. The challenge is whether these buildings can be classified as property, plant and equipment or a heritage asset.</p> <p>For some collections within DAG and LHM; it becomes a challenge if the item lacks provenance & relevant information (record of ownership, date, value, condition, whether the item is held indefinitely, protected, preserved, history about the artefact or artwork and other relevant factors (particularly in the case of items donated anonymously or left at the museums by a third party, and there is no existing comparable item in a restricted market that can be used as a reference).</p> <p>(b) Heritage and cultural assets have an intrinsic value, are held indefinitely, are of historical significance, the value increase over time, priceless, irreplaceable and are intended to be available for a considerable if not infinite time. Furthermore, resources are required to preserve and protect the asset and its service potential for present and future generations.</p>	<p>Refer to the response to comment 1.1 on the recommendation to clarify the application of the definition of a heritage asset through a FAQ.</p> <p>Noted. No further action required.</p>		Refer to the action to comment 1.1.	Refer to the action to comment 1.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	<p>Other categories of assets such as investment property, plant and equipment are used to execute the organisational activities, can depreciate and in most cases the intention is to sell the asset.</p> <p>Durban museums use a specific asset register where a number is assigned (accessioned) to the artwork, item or building.</p> <p>DAG collects categories of art objects standard to the art industry.</p> <p>LHM collects extensively and includes all of the above but the museum practices museum standards guided by ICOM, SAMA, AMAFA and SAHRA.</p> <p>As indicated above, some assets have more than one purpose and meet the definition of heritage asset; property, plant and equipment asset, and to some extent an "old asset". For instance, the LHM house museums; Old House and Bergtheil have collections that are also used as office desks and chairs for administration purposes, and can be categorised as property, plant and equipment.</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>The museum resolved that the said items be classified as heritage assets because the significant portion of the items meet the definition of heritage asset.</p> <p>Both museums are guided by the SOP for accessioning of collections.</p>					

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a 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.						
10.	AGSA Business Unit: Free State					
10.1	<p>War Museum</p> <p>No, I don't agree due to the fact that even if the entity has different use for the asset, its main primary purpose is that it is a heritage asset.</p> <p>For example, if the heritage asset will now be classified as PPE, it would mean that it needs to be depreciated and this is in contravention of what a heritage asset is, as heritage assets are most of the time preserved for future generations and therefore cannot depreciate in value.</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 46.1 and 110.1 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</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
			the financial statements should present information about the heritage asset's alternative use, if material.			
10.2	<p>National Museum</p> <p>Yes, because some of heritage assets that are preserved at National Museum are different to the other museum, and there is no market for those assets (i.e. if the research team identify a new species of insects, those insects will be preserved for future generations and therefore for disclosure they might need to be disclosed separately).</p>	Noted. Refer to the response to comment 10.1.	Refer to the action to comment 10.1.		Refer to the action to comment 10.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
11.	AGSA Business Unit: Gauteng					
11.1	<p>Half of the audit teams agree that an entity should classify a heritage asset differently if it has an alternative use. It is mentioned that the entity should classify differently, the heritage asset, when the intention to preserve it indefinitely changes as this will have a direct impact on it's useful life and how the benefits are consumed overtime.</p> <p>The teams who do not agree are of the view that, although it may be possible for a heritage asset to generate revenue, it will still meet the definition of a heritage asset. Revenue generated could perhaps be conditional and utilised only for the maintenance and upkeep of the heritage asset. The alternative use may not exceed the potential value that will be derived from the asset being kept for future generations. As a result, the auditees should only consider disclosing the alternative use of such asset.</p>	Noted. Refer to the response to comment 10.1.	Refer to the action to comment 10.1.		Refer to the action to comment 10.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
12.	AGSA Business Unit: KwaZulu Natal					
12.1	Product Champion Where these assets have alternative use it does make sense to a determination if is significant portion of the item is used in the provision/supply of goods or services. In this way, day to day costs, etc. that enhance the value of the asset and R&M costs as an example can be clearly separated for a user of the AFS.	Noted. Refer to the response to comment 10.1.	Refer to the action to comment 10.1.		Refer to the action to comment 10.1.	
12.2	King Cetshwayo Municipality Yes. An asset with a different use from other assets should be classified differently from other assets, this is so that users of financial statements fully understand the use of all assets disclosed in the financial statements.	Noted. Refer to the response to comment 10.1.	Refer to the action to comment 10.1.		Refer to the action to comment 10.1.	
12.3	Amafa and Research Institute No, see my explanations under P12.	Noted. Refer to the response to comment 10.1.	Refer to the action to comment 10.1.		Refer to the action to comment 10.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
13.	AGSA Business Unit: Mpumalanga					
	Yes, barring heritage assets that are of significance to the ecology or are nature reserves, heritage assets should be classified according to their best use.	Noted. Refer to the response to comment 10.1.	Refer to the action to comment 10.1.		Refer to the action to comment 10.1.	
14.	AGSA Business Unit: Northern Cape					
14.1	Williams Humphrey Art Gallery Currently the heritage assets in the books does not have an alternative use, i.e. the art gallery does not have heritage asses that could be classified as PPE, therefore not applicable.	Noted. Refer to the response to comment 10.1.	Refer to the action to comment 10.1.		Refer to the action to comment 10.1.	
14.2	McGregor Museum Yes. Heritage assets should be disclosed as per the requirements of GRAP.	Noted. Refer to the response to comment 10.1.	Refer to the action to comment 10.1.		Refer to the action to comment 10.1.	
15.	AGSA Business Unit: National C					
	The entity should assess the major use of the asset, if the asset has an alternative use but can be used mainly as a heritage asset then the asset should still be classified as a heritage asset.	Noted. Refer to the response to comment 10.1.	Refer to the action to comment 10.1.		Refer to the action to comment 10.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	<p>Heritage assets are normally preserved to ensure that the historical elements are maintained for generations to come.</p> <p>It would be prudent for the heritage asset to be classified differently as it would provide the users with understanding of why the asset's value is affected without bringing the ability to conserve into question.</p> <p>The manner in which heritage assets is used to generate inflows within the organisation is also very different from the similar use of other assets in the asset categories.</p> <p>Mostly the items which are classified as heritage assets are one of a kind items with lots of historical background, which is not the case for the other asset categories. Even if the value is insignificant but because of the culture, heritage and generational stance the assets have, they may still appreciate in value.</p> <p>After the above has been considered you can only consider if there is an alternative use to classify if differently.</p> <p>At Freedom Park we are concerned about some items for example a wall of names where.</p>	<p>There is an existing FAQ to explain the accounting for replicas, duplicates of an original statue, sculpture, monument or similar structures.</p> <p>The Board agreed to clarify the application of the definition of a heritage asset through a FAQ – see 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 a new FAQ	Guidance issued by OAG	Other
	names of people who fought in the struggle are inscribed. The wall is currently held as Property, plant and equipment however the wall also possess characteristics of a Heritage Asset. The major use of the asset should be determined and presented according to the appropriate GRAP standard.					
16.	AGSA Business Unit: National E					
16.1	Council for Geoscience Not applicable.	Noted. Refer to the response to comment 10.1.	Refer to the action to comment 10.1.		Refer to the action to comment 10.1.	
16.2	Independent Electoral Commission No.	Noted. Refer to the response to comment 10.1.	Refer to the action to comment 10.1.		Refer to the action to comment 10.1.	
17.	AGSA Business Unit: Western Cape					
17.1	SAHRA The entity should assess the major use of the asset, if the asset has an alternative use but can be used mainly as a heritage asset then the asset should still be classified as a heritage asset. If a significant portion is for alternative use it may be more useful for the users to know what the asset is actually used for.	Noted. Refer to the response to comment 10.1.	Refer to the action to comment 10.1.		Refer to the action to comment 10.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
17.2	<p>Iziko</p> <p>The entity should assess the major use of the asset, if the asset has an alternative use but can be used mainly as a heritage asset then the asset should still be classified as a heritage asset.</p> <p>Heritage assets are normally preserved to ensure that the historical elements are maintained for generations to come.</p> <p>It would be prudent for the heritage asset to be classified differently as it would provide the users with an understanding of why the asset's value is affected without bringing the ability to conserve in to question.</p> <p>The manner in which heritage assets are used to generate inflows within the organisation is also very different from the similar use of other assets in the asset categories.</p> <p>Mostly the items which are classified as heritage assets are one of a kind items with lots of historical background, which is not the case for the other asset categories. Even if the value is insignificant but because of the culture,</p>	Noted. Refer to the response to comment 10.1.	Refer to the action to comment 10.1.		Refer to the action to comment 10.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	<p>heritage and generational stance the assets have, they may still appreciate in value.</p> <p>After the above has been considered you can only consider if there is an alternative use to classify it differently.</p>					
18.	eThekweni municipality and KZN museums					
18.1	<p>National Science Museum: Researcher 1</p> <p>No. Should be classified by their primary nature, given that they will often have many other uses but these are secondary to the primary classification.</p>	Noted. Refer to the response to comment 10.1.	Refer to the action to comment 10.1.		Refer to the action to comment 10.1.	
18.2	<p>National Science Museum: Researcher 2</p> <p>This depends on how the primary use is classified and what the alternative “use” is. If the primary use is being a heritage asset just because it is in a museum with an accession number, then yes.</p>	Noted. Refer to the response to comment 10.1.	Refer to the action to comment 10.1.		Refer to the action to comment 10.1.	
18.3	<p>National Science Museum: Researcher 3</p> <p>Possibly yes. Specimen derivatives used for destructive sampling (e.g. biomaterials), fall under a different GRAP. In terms of three categories mentioned in my response above, two fit the category of “heritage assets”, whereas</p>	Noted. Refer to the response to comment 10.1.	Refer to the action to comment 10.1.		Refer to the action to comment 10.1.	

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			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	the last (research specimens), may not. These essentially are non-living biological assets.					
18.4	<p>Durban Art Gallery and local History museum</p> <p>No, they remain heritage assets despite alternative use however the museum can further explain why such an item is classified a heritage asset despite serving dual purpose.</p> <p>Sometimes items would have heritage significance due to the personnel and / or an event associated with it. The story behind it is important hence the importance of proper documentation. For instance, the suit that Nelson Rolihlahla Mandela wore in his inauguration as the first democratic president of South Africa would be classified as a heritage asset. That moment was history in the making, there can never be another one, however, that does not mean that all suits of that make are heritage assets.</p>	Noted. Refer to the response to comment 10.1.	Refer to the action to comment 10.1.		Refer to the action to comment 10.1.	

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						
<u>Question P3</u>						
What challenges have you experienced to:						
(a) initially determine a reliable value for heritage assets; and						
(b) disclose information about a heritage asset for which a reliable value could not be determined on initial recognition?						
Please provide a description of these challenges, explain how they arise, and indicate how, in your view, they could be resolved.						
19.	AGSA Business Unit: Free State					
19.1	War Museum and National Museum (a) The main challenge faced was appointing an expert valuator for the different types of heritage assets the auditee has. It was determined that South Africa does not have a lot of expert valuers therefore at times needed to consult overseas experts.	Noted. The Board agreed to expand the principles in GRAP 103 with guidance on when a reliable value cannot be determined - refer to the response to comment 1.2. 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. Liaise with the relevant stakeholders to development of a centralised database that contains information on the type and nature of	Refer to the action to comment 1.2. Amend GRAP 103 to allow entities to the use peer data.		Refer to the action to comment 1.2.	Refer to the action to comment 1.1.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	(b) No challenges were experienced in relation to this.	heritage assets controlled by entities, and details of the valuer used – refer to the response to comment 1.1. Noted. No further action required.				
20.	AGSA Business Unit: Gauteng					
20.1	A challenge was mentioned by one of the auditees. The challenge on initial measurement is that for some assets they may be acquired through a non-exchange transaction. In this case the cost will be measured at the fair value of the asset. The fair value may not always be easily determined as heritage assets are generally not exchanged. (Limited experts available for certain heritage assets.) A fair value could be exchanged. (Limited experts available for certain heritage assets.) A fair value could be considered of a similar asset in nature to determine the value adjusted for the differences between the two assets.	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 1.2 and 19.1. The IPSASB is currently undertaking a project to develop guidance on measurement. The Board will monitor the IPSASB's measurement project.	Refer to the action to comment 1.2 and 19.1.		Refer to the action to comment 1.2 and 19.1.	Refer to the action to comment 1.2 and 19.1.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
21.	AGSA Business Unit: KwaZulu Natal					
21.1	Product Champion Refer to P1.	Noted. Refer to the response to comment 3.1.	Refer to the action to comment 3.1.		Refer to the action to comment 3.1.	
21.1	King Cetshwayo Municipality Heritage may last for 100s of years their placing a value on assets that have a long useful life may prove to be difficult, however the value of heritage assets should be recorded with reference to an active market.	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
21.3	<p>Amafa and Research Institute</p> <p>(a) Some heritage assets especially cultural and historical artefacts (e.g. a gift of tea set given to the Zulu King of the time by Queen Victoria of England). Such an item is highly valuable but to get its fair value on the market, one would have to engage services of international auction houses for rare artefacts. Firstly, such an exercise would be too expensive for the public entity who is struggling to meet its basic operational needs.</p> <p>Secondly if that valuation was done, that action would open up that museum to international thieves who trade in such artefacts. As a result, the entity would have to install expensive security</p>	<p>Noted. The Board agreed that (a) a FAQ should be developed to explain that the use of insurance values, individual auction prices and/or quotes from auctioneers may not be appropriate as a reliable value for a heritage asset, and (b) 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 1.2 and 19.1.</p> <p>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</p>	Refer to the action to comment 1.2 and 19.1.	<p>Develop a new FAQ that explains that the use of insurance values, individual auction prices and/or quotes from auctioneers may be appropriate.</p> <p>Develop a FAQ to explain that sensitive information may be aggregated for recognition and/or disclosing purposes.</p>	Refer to the action to comment 1.1, 1.2 and 19.1.	Refer to the action to comment 19.1. 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
	<p>infrastructure to protect such items. This cost would be beyond the capacity of any public museum in South Africa. Therefore, the main challenge relating to initial cost at date of recognition for some heritage items is the huge cost of valuating those items and the resultant security costs to protect them once fair values are attached to such assets (Cost vs Benefit).</p> <p>(b) Similarly, disclosing reasons why the entity could not determine a reliable value for on initial recognition would compromise the security for those items.</p>	<p>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 that a 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 on how to present information in their financial statements.</p>				

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			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
22.	AGSA Business Unit: Mpumalanga					
	The entity inherited the assets from other state owned organisations and there were limitations with regards to the documentation supporting the assets.	Noted. No further action required.				
	They have successfully disclosed information about heritage assets that could not be valued.	Noted. No further action required.				
	They need to determine the fair value of the heritage assets.	Noted. No further action required.				
23.	AGSA Business Unit: Northern Cape					
23.1	Williams Humphrey Art Gallery The entity did not experience challenges. The entity is on the historical cost bases, and had challenges in the past to find experts to assist with the costing. This was corrected in 2018/19.	Noted. No further action required.				
23.2	McGregor Museum The Museum have only one major issue concerning heritage assets. They did not value them in accordance to GRAP. To value the assets, an expert/valuator will need to be contracted in to perform the valuation (estimated cost of +- R10mil). Currently the	Noted. Refer to the response to comment 1.19.	Refer to the action to comment 1.19	Refer to the action to comment 1.19.		Refer to the action to comment 1.19.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	<p>museum's operation budget is R4mil.</p> <p>The mother department should assist the entity to obtain the necessary funds for the valuation process.</p>	<p>The Board agreed to engage with the relevant stakeholders such as the DAC, SAHRA and the OAG to raise awareness about the issue.</p>				<p>Liaise with the relevant stakeholder to raise awareness of this issue.</p>
24.	AGSA Business Unit: National C					
24.1	<p>Example specifically from Ditsong Museum:</p> <p><u>Assets for which no value can be determined</u></p> <p>The auditee has the following assets where they have experienced challenges in the recognition of:</p> <ul style="list-style-type: none"> • Marine Biology • Invertebrates • Terrestrial vertebrates • Rocks • Minerals 	<p>Noted.</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 as a value cannot be determined due to ethical reasons or due the nature of the heritage asset – refer to the response to comment 1.2.</p>	<p>Refer to the action to comment 1.2.</p>		<p>Refer to the action to comment 1.2.</p>	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	<p>These assets still don't have a value. It is disclosed in the AFS with reasons why they cannot determine a value as required by GRAP 103.</p> <p>In the interest of enhancing information disclosed, our view is that the disclosure can be more detailed. Example to have a narrative on the nature of these assets, type and number and explain why there is no value.</p> <p>It is also our view that due to their nature, it maybe impossible to determine a value for these assets. Thus even if the entity reviews the cost and FV model it will not have any impact on these items.</p> <p>Also Ditsong has items titled as Natural History specimens but have no value as if a value is placed on the item, then it would promote an illegal trade, but this is not accounted for in the standard, which is possibly something that could be inherent for many entities that have heritage assets.</p> <p><u>Valuation for other heritage assets</u></p> <p>GRAP 103 became effective from 1 April 2012. The transitional provisions in Directive 11</p>	<p>GRAP 103 already requires the disclosure of a description of the heritage assets, or class of heritage assets, the reason why a value could not be determined, and the compensation received on disposal of the asset. Including information on the type and number of a heritage asset for which value could not be determined are too detailed and will likely not meet user's information needs.</p> <p>Refer to the response to comment 1.2.</p>				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	<p>allowed public entities three years within which to measure heritage assets. As a result, the 2014-15 AFS of public entities were required to comply in full with GRAP 103. Gazette no 69777 further provided public entities with two more years to provide entities with time to measure the assets.</p> <p>DMSA only started with the valuation process in 2016/17 and utilised its curators to value the assets. The curators were not experts in valuation and therefore could not provide us with appropriate and sufficient audit evidence for the valuations and thus resulted in an adverse report.</p> <p>Management hired an expert in 2017/18 and the expert was not provided with the registers from 2016/17 and valued the assets as though 31 March 2018 was initial recognition. Management indicated that valuation is performed on 31 March 2018 due to impracticability, the following reasons were provided for impracticability:</p> <ul style="list-style-type: none"> • The museum may not have collected relevant data in the prior period and it cannot be obtained by alternative means 	<p>Noted.</p> <p>Noted. The Board agreed to liaise with relevant stakeholders, such as the DAC and SAHRA, to develop simplified guidance that can be applied by employees to determine whether the definition of an asset has been met, and in determining a reliable value for heritage assets for purposes of initial recognition.</p> <p>Entities should be able to provide audit evidence that supports the information presented in its financial statements, or the conclusions reached by management, including when it is impracticable to retrospectively adjust prior year figures. As this is an audit matter relating to audit evidence the Board agreed that no further</p>				<p>Liaise with the relevant stakeholders to provide guidance to entities on whether the definition of a heritage asset is met and on how to determine a reliable value for a heritage asset.</p>

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
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	<p>That allows for retrospective application.</p> <ul style="list-style-type: none"> The museum is required to make significant estimates and assumptions about conditions that existed at a point in time in the past and cannot do so objectively without using hindsight. <p>The reasons provided by management were assessed and the following considerations were applied:</p> <ul style="list-style-type: none"> The Heritage assets balance as disclosed in 2016/17 annual report was modified because the entity did not have adequate systems to maintain records of their assets (complete asset register). The registers were provided to the service provider with valuations thereof and accession numbers and descriptions for valued assets. <p>The prior year qualification cannot be used as a basis for impracticability as management need to demonstrate to auditors that they made every reasonable effort to comply with GRAP requirements for valuing the heritage asset as at measurement date.</p>	<p>action is needed. In addition, the existing FAQ on when it is impracticable to retrospectively adjust comparative information when applying Directive 7 on <i>The Application of Deemed Cost</i> may be useful to consider.</p> <p>Noted. As these relate to audit matters, no further action was agreed.</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"> The condition of the heritage assets was not indicated in the 2016/17 heritage asset registers, however it should be noted that as the museum is mandated to conserve heritage assets, which results to the condition of the asset, it is not expected to be significantly different from 31 March 2017, provided that the conservation processes has been followed. It was also noted in the evaluators' report that heritage assets conditions do not significantly change. The assessment of audit evidence further indicated that valuations for the Heritage assets were based on information from periods which were covered by Directive 7. For example, the Finch Davis Collection including 927 heritage assets was valued using a comparative dated 26 April 2013, the collection value is R5 126 150; this provides evidence that the valuation of some collections can be performed at an earlier period than 31 March 2018. 	<p>This is an internal management issue and cannot be addressed through GRAP 103.</p> <p>Noted. No further action required.</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"> For most of their assets, they needed to go to the market to see what could be the possible fair value of the assets. Therefore there were difficulties as there was no active market or there was limited or no evidence to determine the value. <p>The standard should prescribe how to treat the above matters and new considerations should be made for assets where it is not possible to determine the value due to a lack of an active market, no supporting evidence and for items recorded at a Nil value. During the 2017/18 audit, the fair values provided by the expert could not be assessed for reasonability due to the following reasons:</p> <ul style="list-style-type: none"> The assumptions for determining the values of the heritage assets as at 31 March 2018 were not clearly defined. The links for the valuation of the following items were not active to enable confirmation of values of comparative item; we were therefore unable to determine the reasonability of the valuation. 	<p>Noted. Refer to the response to comment 1.2 on the measurement initiatives agreed.</p> <p>This comment relates to an audit issue that involves the methodology applied and the supporting evidence and cannot be resolved through an accounting Standard. The Board agreed that a discussion should be held between the trilateral parties to understand the expectations around valuations to agree appropriate action in this regard.</p>	Refer to the action to comment 1.2 and 19.1.		Refer to the action to comment 1.2 and 19.1.	<p>Liaise with the AGSA.</p> <p>Liaise with the AGSA and OAG to 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
	<ul style="list-style-type: none"> The heritage asset comparative values were based on auction prices whereby bidding where continuing, the items do not meet fair value definition in terms of GRAP as it is indicative only on the position of the seller. <p><u>It was further noted that the value of heritage assets may be over-valued as a result of the following issues</u></p> <ul style="list-style-type: none"> The deemed cost being applied for 2017/18. There are assets which were acquired after 1 April 2012 and these were valued at fair value instead of cost. Cut off issues noted as a result of the heritage assets being valued based on comparatives that had completed bid 	<p>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. 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 not be appropriate as a reliable value for a heritage asset.</p> <p>Noted. As these are application and audit matters it cannot be addressed in GRAP 103. Therefore, no further action is required.</p>		Develop a new FAQ to explain that the use of insurance values, individual auction prices and/or quotes from auctioneers may not be appropriate.		

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	<p>process after 31 March 2018.</p> <ul style="list-style-type: none"> There are instances where the comparative values where sourced outside while information is readily available in South Africa. i.e. African Beads. <p><u>Challenge in measuring the asset</u></p> <p>The specimens have been physically verified but have been assessed as having no commercial value. These items have not been recognised but disclosed as the auditee has not been able to determine a value for them.</p> <p>The entity received these in a state that is disintegrated and there is no identified market for them and ones that have been physically verified, it is difficult to assign a value to them.</p> <p>For most of their assets the entity needed to go test the market to see what could be the possible fair value of the assets therefore there were these difficulties:</p> <ul style="list-style-type: none"> There was no market. Heavily relied on bids. Supporting evidence of the value determined. 	<p>Noted. Refer to the response to comment 1.2 and 19.1 on the measurement initiatives agreed.</p> <p>Noted. Refer to the response above.</p> <p>Noted. Refer to the response above.</p>	Refer to the action to comment 1.2 and 19.1.		Refer to the action to comment 1.2 and 19.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	<p>For the assets that experts were used, could not support the value that they determined for the asset.</p> <p><u>What can be done</u></p> <p>The issues identified during the initial recognition of Heritage assets could have been avoided had the period provided for transition been utilised correctly. The cost of re-valuing the assets exceeds the benefit of faithful representation. The users of the financial assets care more about the conservation and preservation of the heritage assets rather than the value therefore, extent and circumstances that resulted in qualification of initial recognition can be outlined in the disclosure note to provide users with in-depth understanding.</p> <p>The entity can resolve this by assessing the probabilities of the various estimates within the range of assets in assessing the estimated fair value based on the fact that these assets have been physically identified and a range of similar asset estimates can be used in deriving the fair value.</p> <p>A way in which this could have been resolved earlier is for the auditee to appoint an expert in</p>	<p>Noted. Refer to the response above.</p> <p>Noted. Refer to the response to comment 1.2 and 19.1 on the measurement initiatives agreed.</p>	<p>Refer to the action to comment 1.2 and 19.1.</p>		<p>Refer to the action to comment 1.2 and 19.1.</p>	

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	<p>this regard as it did not have staff with the required expertise to value such assets.</p> <p>With the application of GRAP 103, together with an expert, a relationship could be developed from the onset so as to arrive at the closest, most reliable estimate of the initial recognition value.</p> <p>Which is what the auditee implemented in the 2017/18 and 2018/2019 to value its heritage assets, which currently sit at R800 million.</p> <p>At the end the valuation issue was resolved.</p> <p>For the 2017/2018 and 2018/2019 financial year the entity appointed an expert to assist with the valuation of the heritage assets as well as to create a database/heritage asset register. In the 2017/18 period the auditors were not able to get supporting evidence with the underlying assumptions and methods as to how the expert determined the values.</p> <p>In the 2018/2019 period the expert provided the auditors with the supporting evidence in the form of valuation reports for the sample selected, the reports included what the expert's considerations were as well as the underlying</p>	Noted. Refer to the response above.				

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			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	<p>assumptions taken into account how the values were determined.</p> <p>The auditors evaluated the reasonableness thereof of all the valuation reports provided, performed the necessary procedures and were satisfied with the valuations thereof, resulting in heritage assets being unqualified in the 2018/2019 period.</p>	Noted. No further action required.				
25.	AGSA Business Unit: National E					
25.1	<p>Council for Geoscience</p> <p>Not applicable. An expert was involved in determining the value on initial recognition.</p>	Noted. No further action required.				
25.2	<p>Independent Electoral Commission</p> <p>No Challenges. Initial recognition at the cost of the asset, where the heritage is donated then is recognised at FV at the date of donation.</p>	Noted. No further action required.				
26.	AGSA Business Unit: Western Cape					
26.1	<p>SAHRA</p> <p>No challenges have been noted to date regarding the valuation of these assets.</p>	Noted. No further action required.				

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			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
26.2	<p>Iziko</p> <p>Example specifically from Iziko Museums of South Africa:</p> <p><u>Assets for which no value can be determined</u></p> <p>The auditee has the following assets where they have experienced challenges in the recognition of:</p> <ul style="list-style-type: none"> • Marine biology • Invertebrates • Terrestrial vertebrates • Rocks • Minerals • Taxidermy • Palaeontology • Fossils • Social history collections - further research required, fragmented, broken and unassembled • Art collections - no commercial value due to poor condition 	Noted. Refer to the response to comment 24.1.	Refer to the response to comment 24.1.	Refer to the response to comment 24.1.	Refer to the response to comment 24.1.	Refer to the action to comment 24.1.

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"> Library collections - further research required <p>These assets still don't have a value. It is disclosed in the AFS with reasons why they cannot determine a value as required by GRAP 103.</p> <p>In the interest of enhancing information disclosed, our view is that the disclosure can be more detailed. Example to have a narrative on the nature of these assets, type and number and explain why there is no value.</p> <p>It is also our view that due to their nature, it may be impossible to determine a value for these assets. Thus even if the entity reviews the cost and FV model it will not have any impact on these items.</p> <p>The standard should prescribe how to treat the above matters and new considerations should be made for assets where it is not possible to determine the value due a lack of an active market, no supporting evidence and for items recorded at a Nil value.</p>					

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			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	<p><u>Valuation for other heritage assets</u></p> <p>GRAP 103 became effective from 1 April 2012. The transitional provisions in Directive 11 allowed public entities three years within which to measure heritage assets. As a result, the 2014-15 AFS of public entities were required to comply in full with GRAP 103. Gazette no 69777 further provided public entities with two more years to provide entities with time to measure the assets.</p> <p>Iziko only started with the valuation process in 2016/17 and appointed experts to assist with the valuation of heritage assets.</p> <p>During the 2016/17 financial year the entity had the following challenges relating to initial recognition of some of their heritage assets:</p> <ul style="list-style-type: none"> • A total of 6025 boxes and 38 items were not verified nor valued within the social history collection as it is yet to be unpacked due to limited storage space. • A total of 2142 heritage assets were verified but the valuations were not completed for inclusion in the AFS. 					

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			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	<p>For most of their assets, they needed to go the market to see what could be the possible fair value of the assets therefore there were difficulties as there was no active market or there was limited or no evidence to determine the value. Furthermore, as a result of the museums Courtyard Project, their collections had to be packed up in boxes and stored in different locations, this made it difficult for the entity to verify all their heritage assets and also led to delay in initial recognition. The following challenges were also experienced:</p> <ul style="list-style-type: none"> • The entity has many different locations and was an amalgamation of eight different institutions that resulted in thousands of heritage assets boxed and inventoried and relocated to be housed with the social history collection. • Limited storage space to permanently unpack the heritage assets. • Limited time in which to complete the exercise to ensure full compliance. 					

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	<p><u>What can be done</u></p> <p>The issues identified during the initial recognition of Heritage assets could have been avoided had the period provided for transition been utilised correctly. The users of the financial assets care more about the conservation and preservation of the heritage assets rather than the value therefore, extent and circumstances that resulted in qualification of initial recognition can be outlined in the disclosure note to provide users with in-depth understanding.</p>					
27.	eThekwini municipality and KZN museums					
27.1	<p>National Science Museum: Researcher 1</p> <p>The attempt to place a financial value on these assets seems to be a dead-end. For many, if not most, there is no benchmark against which to determine any financial value. Calculating any cost of replacement also seems misplaced as this still does not reflect any real intrinsic value. Hence it would seem best to move away from this entirely and abandon this exercise. The effort and resources should go into expanding and increasing the security and standards of housing and curation of the items.</p>	<p>Noted. 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 Standards of GRAP also a requires entities to account for all material assets. Where a reliable value cannot be determined for a heritage asset, GRAP 103 allows an entity to only provide disclosures about such assets in the financial statements.</p> <p>The Board agreed to amend GRAP 103 to explain that even though some assets may</p>	Refer to the action to comment 1.2.		Refer to the action to comment 1.2.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	Exhibition mounts though could be allocated financial value based on the cost of preparing them.	meet the definition of a heritage asset, the entity may not be able to recognise them as a value cannot be determined due to ethical reasons or due the nature of the heritage asset – refer to the response to comment 1.2.				
27.2	National Science Museum: Researcher 2 Agree with that stated above.	Refer to the response to comment 27.1.	Refer to the action to comment 27.1.		Refer to the action to comment 27.1.	
27.3	National Science Museum: Researcher 3 (a) The only category of natural history specimens that can be valued are taxidermy specimens mounted for display purposes. Attempts were made to develop a replacement cost model for the Durban Natural Science Museum research specimens. Information utilised in the model included, vehicle and fuel costs, human resource costs, consumables costs, etc. It quickly became apparent that replacement costs were unsuitable for such purposes. Similarly, differences in governance structures and operations – including task grades, job titles and funding structures - across the various	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 as a value cannot be determined due to ethical reasons or due the nature of the heritage asset – refer to the response to comment 1.2. The IPSASB is currently undertaking a project to develop guidance on measurement. The Board will monitor the IPSASB's measurement project.	Refer to the action to comment 1.2.		Refer to the action to comment 1.2.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	<p>South African natural history institutions, makes a standardised approach for determining replacement costs almost impossible.</p> <p>(b) In consultation with our Accounting and Finance department, a decision was taken to list individual research specimens at R1, whereas taxidermy/mounted specimens (i.e. non-research specimens) on display were valued using information sourced from professional taxidermists.</p>	<p>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 that the FAQ on specimens collected for research will be amended to explain that 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 3.3.</p>			Refer to the action to comment 3.3.	Refer to the action to comment 3.3.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
27.4	<p>Durban Art Gallery and local History museum</p> <p>(a) Issues encountered:</p> <ul style="list-style-type: none"> • Different measurements techniques and experts are being used, • There is a shortage of sufficiently skilled valuers to determine reliable fair value, • There has been a surge of increased security and insurance costs that most museums cannot afford, • Lack of proper categorisation of assets which compelled a use of blanket approach in valuation of heritage assets, • Lack of open or active market for some of the heritage assets etc. <p>DAG procures artwork and thus a value is attached on purchase. The value of donations and bequests are determined by a professional valuer and therefore the art gallery does not experience issues with reliable value.</p>	<p>Noted. Refer to the response to comment 1.2 and 19.1 on the measurement initiatives agreed.</p> <p>The Board agreed to liaise with the relevant stakeholders on the development of a centralised database – refer to the response to comment 1.1.</p> <p>The comment on the increased security risk and insurance cost will be addressed with the relevant stakeholders.</p> <p>Noted. No further action required.</p>	Refer to the action to comment 1.2 and 19.1.		Refer to the action to comment 1.2 and 19.1.	<p>Refer to the action to comment 1.1.</p> <p>Inform the relevant stakeholders on comment relating to increased security risks and insurance costs.</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
	<p>LHM acquire collections via donation (maybe left by a 3rd party or formally donated), bequests, loans, exchanges, purchase and objects not accessioned in the collection. Items acquired through the said acquisition methods, would be difficult to determine a reliable value if the item did not come with reliable information.</p> <p>(b) The museums use the services of professional valuers, estimators or experts in the industry to ascertain reliable values.</p> <p>DAG has had two instances in the past where an artwork has been discovered underneath the primary work. The valuer/ estimator was approached to research and assign a current market value.</p> <p>LHM have had artefacts described in the past which were incorrect, and the values were nominal. However, during the GRAP 103 audit process, the estimator/valuer gave items different descriptions and the values went up.</p> <p>Due diligence (research, consultation and referencing adhering to sop for collections management) must always be practiced in the museum environment.</p>	<p>Noted. Refer to the response to part (a).</p>				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a 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)?						
28.	AGSA Business Unit: Free State					
28.1	War museum The auditee was able to determine a reliable value for all assets.	Noted. No further action required.				
28.2	National Museum Some of the items were unique due to area of location identified.	Noted. No further action required.				
29.	AGSA Business Unit: Gauteng					
29.1	Not applicable, as there were no instances where a reliable value for a heritage asset couldn't be determined.	Noted. No further action required.				
30.	AGSA Business Unit: KwaZulu Natal					
30.1	Product Champion Refer to P1.	Noted. Refer to the response to comment 3.1.	Refer to the action to comment 3.1.		Refer to the action to comment 3.1.	

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			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
30.2	King Cetshwayo Municipality Price of initial recognition may be able to be reasonably assessed, on a newly constructed statue, however a donated asset e.g. fine art/cultural artefact is unique and thus priceless.	Noted. Not all heritage assets received through a donation are necessarily priceless. Refer to the response to comment 1.2 on the measurement initiatives agreed.	Refer to the action to comment 1.2.		Refer to the action to comment 1.2.	
31.	AGSA Business Unit: Mpumalanga					
31.1	The entity inherited the assets from other state owned organisations and there were limitations with regards to the documentation supporting the assets.	Noted. Heritage assets received through a non-exchange transaction should be measured at fair value on the date of initial recognition. The GRAP Accounting Guideline already includes guidance on the recognition of assets acquired in a non-exchange transaction. The Board agreed to amend GRAP 103 with guidance on when a reliable value cannot be determined – refer to the response to comment 1.2 and 19.1.	Refer to the action to comment 1.2 and 19.1.		Refer to the action to comment 1.2 and 19.1.	
32.	AGSA Business Unit: Northern Cape					
32.1	Williams Humphrey Art Gallery Not applicable.	Noted.				

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			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
32.2	McGregor Museum Please refer to the above.	Noted.				
33.	AGSA Business Unit: National C					
33.1	<p>Some of the reasons of the entity being unable to determine the value is:</p> <ul style="list-style-type: none"> • due to the fact that some of these assets were received in a fragmented state and finding a similar specimen in order to determine the value has been difficult. • The complexity of the transaction. • For the assets that have market value changed between date of report and date of audit. • For donated assets no supporting document to determine value at initial recognition. • The complexity of the transaction, no active market and difficulty in obtaining fair value of the asset at reporting date as compared to initial recognition. For donated assets there were no supporting documents to determine value at initial recognition. 	<p>Noted. Refer to the response to comment 1.2 and 19.1 on the measurement initiatives agreed.</p> <p>Noted. This matter concerns providing audit evidence for the values obtained by the valuer which cannot be resolved in the Standard. The Board agreed to engage with the AGSA.</p> <p>Heritage assets received through a non-exchange transaction should be measured at fair value on the date of initial recognition.</p>	Refer to the action to comment 1.2 and 19.1.		Refer to the action to comment 1.2 and 19.1.	Refer to the response to comment 1.2 and 19.1 on the measurement initiatives agreed. Liaise with the AGSA.

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"> In 2016-17, on adoption of GRAP 103, AGSA expressed an adverse opinion on heritage on almost all assertions especially valuation as the deemed cost (fair values) adopted were valued by inexperienced unqualified staff and the Museum could not provide the methodology and basis for the fair values obtained. Ditsong's accounting policy for heritage assets is cost, as such, on adoption of GRAP 103 fair values were adopted as deemed cost. However, the fair values were not correctly supported i.e. assumptions were not clear and experts were not used hence to date the AGSA has maintained an adverse opinion on balances including heritage assets. In an attempt to address the issue, Ditsong appointed Grant Thornton to address all issues on heritage assets during the 2017-18 financial year. All heritage assets have since been correctly valued and the AGSA has obtained assurance on all other assertions 	<p>Noted. No further action required.</p> <p>Noted. This is an audit issue and cannot be addressed through the Standard. The Board agreed that an engagement should be held with the OAG and AGSA to discuss their expectations concerning valuations of assets insofar as it relates to the level of detail to be included in the valuation reports, and who, from an audit perspective is qualified to undertake valuations. Appropriate actions should be agreed between the trilateral.</p>				<p>Liaise with relevant stakeholders and agree appropriate actions.</p>

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			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	<p>with the exception of valuation and how the change in value has been accounted.</p> <ul style="list-style-type: none"> • Practicability of retrospective application. The Museum has taken the position that it is impracticable for the Museum to retrospectively apply fair value to 2012. • The experts advised management that the procedures followed by the valuers are strictly regulated by the valuation accreditation body and the valuations are subject to Universal Standards of Appraisal. These standards do not provide mechanisms to significantly discount values to the extent required by Directive 7 and the valuator would not be able underwrite the valuation certificates issued should such a calculation be made, as such estimates would require significant assumptions which could not be substantiated. <p>In 2016-17 and 2017-18 the entity received a qualification on heritage assets due to challenges experienced in valuation and existence. In the 2018-19 audit period the entity was not qualified on heritage assets due to the enlisting the services of an expert</p>	<p>Noted. There is an existing FAQ on when it is impracticable to retrospectively adjust comparative information when applying Directive 7 on <i>The Application of Deemed Cost</i>. The FAQ could be useful to consider.</p> <p>This is an audit matter concerning the application of methodologies to determine a fair value. The Board agreed that an engagement should be held to engage with the OAG and AGSA to discuss their expectations concerning valuations of assets insofar as it relates to the level of detail to be included in the valuation reports, and who, from an audit perspective is qualified to undertake valuations. Appropriate action should be agreed between the trilateral parties.</p> <p>In addition, the Board agreed to engage with the relevant stakeholders, such as DAC to consider the development of a standardised approach or methodology that can be applied by entities to value heritage assets.</p>				<p>Liaise with the relevant stakeholders and agree appropriate actions.</p> <p>Liaise with stakeholders.</p>

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	to value the collection and the relevant supporting documentation for the assumptions and methods used to value the assets were provided.					
34.	AGSA Business Unit: National E					
34.1	Council for Geoscience Not applicable. An expert was involved in determining the value on initial recognition.	Noted. No further action required.				
34.2	Independent Electoral Commission Not applicable.	Noted. No further action required.				
35.	AGSA Business Unit: Western Cape					
35.1	SAHRA Not applicable as no challenges have been noted regarding the initial valuation of these assets.	Noted. No further action required.				
35.2	Iziko Some of the reasons of the entity being unable to determine the value is: <ul style="list-style-type: none">• Due to the fact that some of these assets were received in a fragmented state and	Noted. Refer to the response to comment 33.1.	Refer to the action to comment 33.1.		Refer to the action to comment 33.1.	

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			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	<p>finding a similar specimen in order to determine the value has been difficult.</p> <ul style="list-style-type: none"> • The complexity of the transaction. • For the assets that have market value changed between date of report and date of audit. • For donated assets no supporting document to determine value at initial recognition. The assets were stored in boxes, these were not verified and could therefore not be valued. • The entity has many different locations and was an amalgamation of eight different institutions that resulted in thousands of heritage assets boxed and inventoried. <p>The complexity of the transaction, no active market and difficulty in obtaining fair value of the asset at reporting date as compared to initial recognition. For donated assets there were no supporting documents to determine value at initial recognition.</p>					

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
36.	eThekweni municipality and KZN museums					
36.1	National Science Museum: Researcher 1 Using figures derived from any trade in the items seems misplaced as the trade is often illegal.	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. The Board agreed that this principle should be expanded in GRAP 103 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, etc.	Clarify 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.	
36.2	National Science Museum: Researcher 3 Natural history research specimens are not legally sold or traded, hence they have no market value.	Noted. Refer to the response to comment 1.2, 19.1 and 36.1, on measurement initiatives.	Refer to the action to comment 1.2, 19.1 and 36.1.		Refer to the action to comment 1.2, 19.1 and 36.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
36.3	<p>Durban Art Gallery and local History museum</p> <p>Most of the LHM collections are donated or bequeathed at no cost and incorrect provenance, date, history, description and lack of knowledge, training, expertise and lack of generic thesaurus make assessment difficult. In some instances, the item may have been bought in the early 1900s and the receipts were not kept - monetary values have changed since then. The donor would donate the item and attach information only about how they got it and its significance. Some of these items would have been used in certain historic events, that information is given but no monetary values would be attached to the item. Some items are hand-made, and the producer and donor did not attach any values to them. Another reason would be that the item was dug up in an archaeological site and there are not values attached. Some items may have been property of government and identified as heritage assets.</p>	<p>Noted. Heritage assets received through a non-exchange transaction should be measured at fair value on the date of initial recognition. The GRAP Accounting Guideline already includes guidance on the recognition of assets acquired in a non-exchange transaction.</p> <p>Refer to the response to comment 1.2 and 19.1 on the measurement initiatives agreed.</p>	Refer to the action to comment 1.2 and 19.1.		Refer to the action to comment 1.2 and 19.1.	

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>						
37.	AGSA Business Unit: Free State					
37.1	<p>War Museum</p> <p>Yes, the financial statements do provide useful information due to the fact that heritage assets are assets that cannot be sold and are held to be preserved for future generations. Not disclosing their values on the financial statements does not impact the financial information of the entity that is needed by the users.</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, similar to that applied for impairment, and the re-assessment of the entity's expectations about the residual value and useful life of assets will be developed.</p>	Revise GRAP 103 to require the continuous 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
37.2	<p>National Museum</p> <p>Yes, the financial statements do provide useful information due to the fact that heritage assets are assets that cannot be sold and are held to be preserved for future generations. Not disclosing their values on the financial statements does not impact the financial information of the entity that is needed by the users. Furthermore, clear disclosed was included in the financial statements.</p>	Noted. Refer to the response to comment 37.1.	Refer to the action to comment 37.1.		Refer to the action to comment 37.1.	
38.	AGSA Business Unit: Gauteng					
38.1	<p>The financial statements do provide useful information if those assets where values could not be determined reliably have <i>narratives</i> explaining such and provide further detail. In the absence thereof it would not provide useful information.</p> <p>Fair value may be appropriate, however, for heritage assets it might not be the perfect method as these assets are generally not exchanged.</p>	Noted. Refer to the response to comment 37.1.	Refer to the action to comment 37.1.		Refer to the action to comment 37.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
39.	AGSA Business Unit: KwaZulu Natal					
39.1	Product Champion Consider including circumstances beyond the control of the auditee, for example like we have a state of disaster.	Noted. GRAP 1 on <i>Presentation of Financial Statements</i> explains that an entity can disclose any other information it deems relevant to the users of its financial statements. Also refer to the response to comment 37.1.	Refer to the action to comment 37.1.		Refer to the action to comment 37.1.	
39.2	Technical manager I think that an entity should try by all means to get a value as could be if it was valued it could be that the financial statements are not fairly presented. For example, if you have an art work that's worth say R10 million and you don't know it the financial statements are not fairly presented. This would mean an asset with a value of R10million is not reflected. You hear in the news that art works especially rare ones get sold for millions. The entity should thus try and procure the services of someone who can value an artwork.	Noted. Refer to the response to comment 37.1.	Refer to the action to comment 37.1.		Refer to the action to comment 37.1.	
39.3	Amafa and Research Institute Yes, if an appropriate accounting policy is documented and disclosed to explain the approach adopted by the entity.	Noted. Refer to the response to comment 37.1.	Refer to the action to comment 37.1.		Refer to the action to comment 37.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
40.	AGSA Business Unit: Mpumalanga					
40.1	No, the entity's financial statements does not provide useful information if the entity is not required to continuously re-assess if a fair value can be determined.	Noted. Refer to the response to comment 37.1.	Refer to the action to comment 37.1.		Refer to the action to comment 37.1.	
41.	AGSA Business Unit: Northern Cape					
41.1	Williams Humphrey Art Gallery Not applicable as there were no assets that did not have a reliable value.	Noted. Refer to the response to comment 37.1.	Refer to the action to comment 37.1.		Refer to the action to comment 37.1.	
41.2	McGregor Museum For us to answer the question we need to understand what important for the readers of the financial statements. The public, together with suppliers and possible donors are probably the readers that one need to consider. To fully appreciate the heritage assets of a museum is very difficult as historical items can change value significantly. For donors the 'value' of heritage assets could influence their discussion as to how much or to	Noted. Refer to the response to comment 37.1.	Refer to the action to comment 37.1.		Refer to the action to comment 37.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	<p>give any donation at all.</p> <p>Therefore, full adherence to the GRAPs is rather recommended, as this will assist the readers of the AFS to make informed decisions.</p>					
42.	AGSA Business Unit: National C					
42.1	<p>This will depend on the nature of the assets, example the assets highlighted by Ditsong in question 2 above their nature is of such that it may be practically impossible to place a value on them Thus the disclosure and narrative should be detailed enough to enable the user to understand the reason why these items don't have a value and even if revaluated in 3 or 5 years there will still be no change.</p> <p>If the nature of assets allows an entity to do some research that may assist in providing a value, this may enhance the AFS. in such instances if the value of these assets can be assessed at regular intervals (once in 3 or 5 years) in order to determine whether have circumstances changed or new information is available that would assist in improving the disclosure in the financial statements and thus</p>	Noted. Refer to the response to comment 37.1.	Refer to the action to comment 37.1.		Refer to the action to comment 37.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	<p>making the information to be more useful to users of the AFS.</p> <p>Better guidance on how the entities should re-assess the values of these assets which can be evaluated more regularly should be developed in order to enhance the information provided to the readers of AFS.</p>					
43.	AGSA Business Unit: National E					
43.1	<p>Council for Geoscience</p> <p>Not applicable. An expert was involved in determining the value on initial recognition.</p>	Noted. Refer to the response to comment 37.1.	Refer to the action to comment 37.1.		Refer to the action to comment 37.1.	
43.2	<p>Independent Electoral Commission</p> <p>Not applicable.</p>					
44.	AGSA Business Unit: Western Cape					
44.1	<p>SAHRA</p> <p>Not applicable as no challenges have been noted regarding the initial valuation of these assets.</p>	Noted. Refer to the response to comment 37.1.	Refer to the action to comment 37.1.		Refer to the action to comment 37.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
44.2	Iziko No, the entity's financial statements do not provide useful information if the entity is not required to continuously re-assess if a fair value can be determined.	Noted. Refer to the response to comment 37.1.	Refer to the action to comment 37.1.		Refer to the action to comment 37.1.	
45.	eThekweni municipality and KZN museums					
45.1	National Science Museum: Researcher 3 There is no expected change in the status of "non-existent trade of research specimens". Such status need not be re-assessed at any given point. The AFS will only reflect the current research specimen holdings with values assigned as R 1 per item and the mounted specimens with values sourced from professional taxidermists.	Noted. Refer to the response to comment 37.1.	Refer to the action to comment 37.1.		Refer to the action to comment 37.1.	
45.2	Durban Art Gallery and local History museum No, the financial statements do not provide useful information if the entity is not required to continuously re-assess if a fair value can be determined. Artworks and artefacts should be continually reassessed to reconcile insurance values	Noted. Refer to the response to comment 37.1. Unless the entity has selected the revaluation model as its subsequent measurement basis, heritage assets are not revalued after initial recognition. Reconciling accounting values to insurance values is done for management's internal purposes and is not a requirement in GRAP 103.	Refer to the action to comment 37.1.		Refer to the action to comment 37.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	however municipalities do not employ estimators/ valuers - this is a function which is outsourced thus the revaluation model is preferable.					

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?						
46.	AGSA Business Unit: Free State					
46.1	<p>War Museum</p> <p>Cost Model. This model does not require an annual valuation of the heritage assets.</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 also has 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 they are not familiar with Directive 11.</p>				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
		<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 its 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 10.1 and 110.1.</p> <p>The Board agreed not to extend the effective date for Directive 11 as, in its view, entities had sufficient time to implement GRAP 103.</p>	(a)			

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
46.2	National Museum Combination of Cost and Revaluation Model – Because other assets such as artwork requires to be revaluated.	Noted. Refer to the response to comment 46.1.				
47.	AGSA Business Unit: Gauteng					
47.1	For majority of the auditees, heritage assets are subsequently measured at cost, less accumulated impairment losses. This method is an accurate measurement to ensure that the financial statements provide accurate information for the users. One audit team indicated that, the auditee only has one heritage asset and the cost of the asset when it was purchased, is more reliable and the nature is such that the fair value does not fluctuate significantly compared to the cost. There are two auditees which subsequently measure heritage assets using the revaluation model. The assets are carried at a revalued amounts to reflect their fair value at the date of the revaluation less any subsequent impairment losses.	Noted. Refer to the response to comment 46.1.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
48.	AGSA Business Unit: KwaZulu Natal					
48.1	Product Champion					
	Most costly.	Noted. Refer to the response to comment 46.1.				
48.2	Amafa and Research Institute Subsequently, heritage assets are carried at cost and not depreciated. However they are assessed for any impairment losses at the end of each financial year.	Noted. Refer to the response to comment 46.1.				
49.	AGSA Business Unit: Mpumalanga					
49.1	The entity measures the heritage assets at cost less accumulated impairment.	Noted. Refer to the response to comment 46.1.				
50.	AGSA Business Unit: Northern Cape					
50.1	Williams Humphrey Art Gallery The entity has always been on the historical cost basis, and they not applying subsequent measurement.	Noted. Refer to the response to comment 46.1.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
50.2	<p>McGregor Museum</p> <p>Cost. No revaluation.</p> <p>To revalue the type of heritage assets will not be financial beneficial to the entity and cost was deemed the most reliable means of measurement.</p>	Noted. Refer to the response to comment 46.1.				
51.	AGSA Business Unit: National C					
51.1	The entity has selected to measure heritage assets at cost due to the fact that a majority of the assets do not have an active market and it is difficult to obtain the fair value of these assets the entity has determined to measure these assets at cost.	Noted. Refer to the response to comment 46.1.				
52.	AGSA Business Unit: National E					
52.1	<p>Council for Geoscience</p> <p>Cost model. No particular reason was given.</p>	Noted. Refer to the response to comment 46.1.				
52.2	<p>Independent Electoral Commission</p> <p>Cost model. Heritage are subsequently assessed for impairment at the end of each reporting period.</p>	Noted. Refer to the response to comment 46.1.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
53.	AGSA Business Unit: Western Cape					
53.1	SAHRA After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued	Noted. Refer to the response to comment 46.1.				
	amount, being its fair value at the date of the revaluation less any subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.					
53.2	Iziko The entity has selected to measure heritage assets at cost due to the fact that a majority of the assets do not have an active market and it is difficult to obtain the fair value of these assets the entity has determined to measure these assets at cost.	Noted. Refer to the response to comment 46.1.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
54.	eThekwini municipality and KZN museums					
54.1	<p>The cost model was selected. eThekwini representatives have said <i>'it is difficult to obtain market values for other types of heritage assets and the model has to be applied over a whole category of asset'</i>.</p> <p>At Local History Museums, the heritage assets that were acquired through donation, objects not accessioned in the collection and bequests with no values, were initially measured at costs or given a R1 value if acquired for no cost. This basis was selected because the value was deemed to be the cost and the R1 value was given where the value could not be determined on the date of acquisition.</p>	<p>Noted. Refer to the response to comment 46.1.</p> <p>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 that the FAQ on specimens collected for research will be amended to explain that 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 3.3.</p>			Refer to the action to comment 3.3.	Refer to the action to comment 3.3.

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.						
55.	AGSA Business Unit: Free State					
55.1	War Museum No. All classes of heritage assets were measured at cost	Noted. Refer to the response to comment 46.1.				
55.2	National Museum The NM has art paintings that required to be revaluated and also has other assets such as natural history and library books that are accounted at cost.	Noted. Refer to the response to comment 46.1.				
56.	AGSA Business Unit: Gauteng					
56.1	No.	Noted. Refer to the response to comment 46.1.				
57.	AGSA Business Unit: KwaZulu Natal					
57.1	Product Champion We do not really have these cases.	Noted. Refer to the response to comment 46.1.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
57.2	Amafa and Research Institute No, all of them are carried at cost less any impairment losses if any.					
58.	AGSA Business Unit: Mpumalanga					
58.1	No they have only one class of heritage assets.	Noted. Refer to the response to comment 46.1.				
59.	AGSA Business Unit: Northern Cape					
59.1	Williams Humphrey Art Gallery No.	Noted. Refer to the response to comment 46.1.				
59.2	McGregor Museum Not applicable. Heritage assets is not valued accurately and is currently qualified.	Noted. Refer to the response to comment 46.1.				
60.	AGSA Business Unit: National C					
60.1	No- Heritage assets of all classes are measured at cost.	Noted. Refer to the response to comment 46.1.				
61.	AGSA Business Unit: National E					
61.1	Council for Geoscience Not applicable. All are measured using the cost model.	Noted. Refer to the response to comment 46.1.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
61.2.	Independent Electoral Commission No. They have one class of heritage which is artwork.	Noted. Refer to the response to comment 46.1.				
62.	AGSA Business Unit: Western Cape					
62.1	SAHRA No, the revaluation method is applied for all classes of heritage assets	Noted. Refer to the response to comment 46.1.				
62.2	Iziko No, heritage assets of all classes are measured at cost.	Noted. Refer to the response to comment 46.1.				
63.	eThekwini municipality and KZN museums					
63.1	The cost model is applied for all the heritage assets. Valuation is a costly affair requiring the services of a skilled estimator / valuer. Local History Museums collects extensively and has a wide variety of collections under its stewardship. For instance, there are ethnographic, photographic, coins, philatelic, ammunition, household and agricultural implements, artworks, furniture, historical buildings, intangible collection, books, manuscripts, archaeological items, clothing items, maritime collections etc. The aforesaid	Noted. Refer to the response to comment 46.1.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	<p>collections have sub-categories with different mediums.</p> <p>Yes, the experts in the relevant fields i.e. Old smiths, numismatists, specialist researchers, restoration architects, mariners, ethnographers, philatelists, conservators , archaeologists, sociologists, anthropologists, historians, etc., or reputable valuers, auctioneers and estimators would use different measurement bases guided by regulations in their area of expertise.</p>					

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.						
64.	AGSA Business Unit: Free State					
64.1	War Museum Not applicable as assets were measured using cost model.	Noted. Refer to the response to comment 46.1.				
64.2	National Museum					
	Three to five year. There are currently no specific challenges.	Noted. Refer to the response to comment 46.1.				
65.	AGSA Business Unit: Gauteng					
65.1	(a) Revaluation occurs on a 3 and 5-year period for the two auditees identified. (b) The auditees have not encountered any challenges in determining the value for heritage assets.	Noted. Refer to the response to comment 46.1.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	(c) The auditees have not considered Directive 11, as the they have been able to gather reliable market related information allowing them to continue on the revaluation model.	Noted. Refer to the response to comment 46.1.				
66.	AGSA Business Unit: KwaZulu Natal					
66.1	Product Champion Most costly.	Noted. Refer to the response to comment 46.1.				
67.	AGSA Business Unit: Mpumalanga					
67.1	Not applicable. The revaluation method has not been applied.	Noted. Refer to the response to comment 46.1.				
68.	AGSA Business Unit: Northern Cape					
68.1	Williams Humphrey Art Gallery Not applicable.	Noted. Refer to the response to comment 46.1.				
68.2	McGregor Museum Not applicable. Heritage assets is not valued accurately and is currently qualified.	Noted. Refer to the response to comment 46.1.				
69.	AGSA Business Unit: National C					
69.1	Not applicable - Heritage assets of all classes are measured at cost.	Noted. Refer to the response to comment 46.1.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
70.	AGSA Business Unit: National E					
70.1	Council for Geoscience Not applicable.	Noted. Refer to the response to comment 46.1.				
70.2	Independent Electoral Commission No. they use the cost model.	Noted. Refer to the response to comment 46.1.				
71.	AGSA Business Unit: Western Cape					
71.1	SAHRA Heritage assets owned by the entity are revalued every three to five years. An independent valuator is used for this. No challenges have been communicated.	Noted. Refer to the response to comment 46.1.				
71.2	Iziko Not applicable. Heritage assets of all classes are measured at cost.	Noted. Refer to the response to comment 46.1.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
72.	eThekweni municipality and KZN museums					
72.1	<p>National Science Museum: Researcher 3</p> <p>In the case of taxidermy/mounted specimens used for display purposes, updated costs can be reliably sourced every five years.</p>	Noted. Refer to the response to comment 46.1.				
72.2	<p>Durban Art Gallery and local History museum</p> <p>It is responsible to do revaluation after every 3-5 years to keep the current market value.</p> <p>The curators and museum professionals dealing with collections are not trained to do valuations. The museums therefore use the services of a professional valuer, estimator or expert in the industry to give reliable value. This process is lengthy as it goes through a public tender (which complies with the SCM process) to ensure quotes from reputable valuers.</p> <p>To determine values for the heritage assets on an artwork, values are determined by political, social and global influences among others. The value of works can change according to time and place. For instance, the DAG's Victorian collection is worth more in UK and Europe than</p>	Noted. Refer to the response to comment 46.1.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	<p>in a South African environment where issues such as postcolonialism and <i>hashtag</i> activism are affecting the lens through which the work is viewed.</p> <p>On an ongoing basis it is important to keep current market values therefore for an art collection and parts of local history the revaluation model is preferable.</p>					

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
<p>Question P9</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>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>						
73.	AGSA Business Unit: Free State					
73.1	War Museum Not applicable as assets were measured using cost model.	Noted. No further action required.				
73.2	National Museum Not applicable.	Noted. No further action required.				
74.	AGSA Business Unit: Gauteng					
74.1	Not applicable, there were no instances identified where the fair value of heritage assets was unavailable for the two auditees using the revaluation model and alternative estimates of fair value were unreliable.	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
75.	AGSA Business Unit: KwaZulu Natal					
75.1	Product Champion Most costly.	Noted. No further action required.				
76.	AGSA Business Unit: Mpumalanga					
76.1	Not applicable. The revaluation method has not been applied.	Noted. No further action required.				
77.	AGSA Business Unit: Northern Cape					
77.1	Williams Humphrey Art Gallery Not applicable.	Noted. No further action required.				
77.2	McGregor Museum Not applicable. Heritage assets is not valued accurately and is currently qualified.	Noted. No further action required.				
78.	AGSA Business Unit: National C					
78.1	Not applicable - Heritage assets of all classes are measured at cost.	Noted. No further action required.				
79.	AGSA Business Unit: National E					
79.1	Council for Geoscience Not applicable.	Noted. No further action required.				
79.2	Independent Electoral Commission No. they use the cost model.	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
80.	AGSA Business Unit: Western Cape					
80.1	SAHRA Not applicable. The revaluation method is applied for subsequent measurement of heritage assets.	Noted. No further action required.				
80.2	Iziko Not applicable. Heritage assets of all classes are measured at cost.	Noted. No further action required.				
81.	eThekweni municipality and KZN museums					
81.1	Not applicable.	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 P10						
If applicable, what were the reasons for fair value being unavailable and alternative estimates being unreliable?						
82.	AGSA Business Unit: Free State					
82.1	War Museum Not applicable as assets were measured using cost model.	Noted. No further action required.				
82.2	National Museum The assets are within the revaluation period.	Noted. No further action required.				
83.	AGSA Business Unit: Gauteng					
83.1	Not applicable.	Noted. No further action required.				
84.	AGSA Business Unit: KwaZulu Natal					
84.1	Product Champion Most costly.	Noted. No further action required.				
84.2	Amafa and Research Institute Yes, the disclosure of impairment losses has prompted the accounting authority to authorise restoration work on the impaired assets to restore them to their original state.	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
85.	AGSA Business Unit: Mpumalanga					
85.1	Not applicable. The revaluation method has not been applied.	Noted. No further action required.				
86.	AGSA Business Unit: Northern Cape					
86.1	Williams Humphrey Art Gallery Not applicable.	Noted. No further action required.				
86.2	McGregor Museum Not applicable. Heritage assets is not valued accurately and is currently qualified.	Noted. No further action required.				
87.	AGSA Business Unit: National C					
87.1	Not applicable - Heritage assets of all classes are measured at cost.	Noted. No further action required.				
88.	AGSA Business Unit: National E					
88.1	Not applicable.	Noted. No further action required.				
89.	AGSA Business Unit: Western Cape					
89.1	SAHRA Not applicable. The revaluation method is applied for subsequent measurement of heritage assets.	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
89.2	Iziko Not applicable. Heritage assets of all classes are measured at cost.	Noted. No further action required.				
90.	eThekwini municipality and KZN museums					
90.1	Not applicable.	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
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.						
91.	AGSA Business Unit: Free State					
91.1	War Museum (a) Challenges the entity has is to appoint an expert valuator to determine this as most of the assets (i.e. paintings, war letters, war article pages) etc. require an expert to determine whether it is still at its original condition. (b) Challenge is to appoint an expert to determine this amount.	The Board agreed that the relevant stakeholders, such as DAC and/or SAHRA, should be engaged 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 assist entities in identifying valuers that can assist with valuations, or assessing the condition of heritage assets.				Liaise with the relevant stakeholders on developing a centralised database containing information on heritage assets and experts used to value heritage assets.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
91.2	<p>National Museum</p> <p>Challenges the entity has is to appoint an expert valuator to determine the value of this assets.</p>	<p>Noted. In addressing the challenge to always make use of an expert to do the calculation, the Board agreed that a recommendation should be made to the OAG to illustrate the calculation of the recoverable amount and recoverable service amount through practical examples.</p> <p>The IPSASB is currently undertaking a project to develop guidance on measurement. The Board will monitor the IPSASB's measurement project.</p> <p>The Board also agreed that the relevant stakeholders, such as DAC and/or Culture and SAHRA, should be engaged to propose the development of simplified guidance that can be applied by employees to assist them with determining a value following an impairment.</p> <p>Also refer to the response to comment 91.1.</p>			<p>Liaise with the relevant stakeholder to provide practical illustrative guidance on the impairment calculation.</p>	<p>Monitor progress on the IPSASB's project on measurement.</p> <p>Liaise with the relevant stakeholders to provide guidance to entities on how to determine a value for a heritage asset following an impairment.</p> <p>Refer to the action to comment 91.1.</p>

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
92.	AGSA Business Unit: Gauteng					
92.1	No specific challenges, auditees were able to impair asset to the extent of the damage.	Noted. No further action required.				
93.	AGSA Business Unit: KwaZulu Natal					
93.1	Product Champion None noted, but this would normally be on the value in use calculation for a non-cash generating asset (GRAP 21).	Noted. Refer to the response to comment 91.2.			Refer to the action to comment 91.2.	Refer to the action to comment 91.2.
93.2	Amafa and Research Institute No challenges as it is fairly straight forward to assess impairment since impairment to a heritage asset is mostly visible physical damage to the asset. The impairment loss recognised is the imputed cost to repair and restore the asset to its original position.	Noted. No further action required.				
94.	AGSA Business Unit: Mpumalanga					
94.1	The entity has not had an instance where a heritage asset has been impaired.	Noted. No further action required.				
95.	AGSA Business Unit: Northern Cape					
95.1	Williams Humphrey Art Gallery Not applicable.	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
95.2	<p>McGregor Museum</p> <p>Not applicable. Heritage assets is not valued accurately and is currently qualified.</p>	Noted. No further action required.				
96.	AGSA Business Unit: National C					
96.1	<p>In the 2016/17 and 2017/18 financial years, the auditee had a challenge in valuing its heritage assets and the impairment attached thereto could also not be relied on.</p> <p>Through the expert, who is able to monitor the indications and conditions of impairment, they are able to assess if a heritage asset is impaired. The expert would then revalue and calculate the recoverable amount and the auditee with this information would be able to assess if the assets are impaired.</p> <p>Going forward there will be a challenges on the recognition of new heritage assets which the entity received as the expert is no longer with them to value these assets, the entities would have to value them on their own. Also when they have to consider impairment there will be challenges as the indicator on when a heritage asset should be impaired (as explained above) is not always clear and experts cannot be</p>	<p>Noted. Refer to the response to comment 91.2.</p> <p>In addition, the Board agreed that the relevant stakeholders, such as the DAC and/or SAHRA should be engaged to propose the development of simplified guidance that can be applied by employees in assessing if an impairment indicator has been triggered.</p>			Refer to the action to comment 91.2.	Refer to the action to comment 91.2. Liaise with the relevant stakeholders to develop simplified guidance that can be applied by entities in assessing if an impairment indicator has been triggered.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	<p>appointed annually.</p> <p>The impairment that has been recorded in the AFS might not be a true reflection as the entity would not be able to do a technical verification on the conditions of all assets apart from those that clearly show evidence of being damaged.</p>					
97.	AGSA Business Unit: National E					
97.1	<p>Council for Geoscience</p> <p>The client has argued that the very nature of heritage assets makes it almost impossible for them to lose value or service potential.</p> <p>The entity finds it difficult to come up with the accounting policy that will capture the nature of its heritage assets. E.g. There was a time where they did not include the impairment in the accounting policy arguing that it does not make sense for them because their heritage assets will never be impaired because of their nature.</p> <p>Also, they argued that even if some are broken they do not lose value of service potential easily unless it is completely destroyed or someone has stolen them.</p>	<p>Noted. An entity will be required to assess at each reporting date if an indicator for impairment has been triggered. This requires judgement. An impairment calculation will only be done if one of the indicators of impairment has been triggered.</p>				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop new FAQ	Guidance issued by OAG	Other
97.2	Independent Electoral Commission None, as the auditee apply market value to assess the heritage or if it is damage they consider recoverable amount.	Noted. No further action required. Refer to the response to comment 91.2.			Refer to the action to comment 91.2.	Refer to the action to comment 91.2.
98.	AGSA Business Unit: Western Cape					
98.1	SAHRA Not applicable. The entity's heritage assets have not been impaired since initially recognition.	Noted. No further action required.				
98.2	Iziko The entity has not had significant challenges with the impairment of heritage assets.	Noted. No further action required.				
99.	eThekweni municipality and KZN museums					
99.1	National Science Museum: Researcher 1 There could indeed be great scope for regularly examining items to see if they have been materially 'impaired', i.e. damaged. Digital photography could be used for this. Also possibly a scoring system related to specimen quality relative to specimens of that type globally. New damage visible in photos or	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
	a downward movement in scoring of specimen quality could be flagged by auditors for investigation.					
99.2	<p>National Science Museum: Researcher 2</p> <p>I think that heritage assets should not hold any monetary value. Losses to a specimen can never be recovered, each specimen is unique.</p> <p>Damage to assets should be recorded as detailed as possible to ensure that causes of “impairment” is minimised in the future. I like the scoring system of Researcher 1, but when working with entomology (invertebrate) collections, this becomes largely impossible. Having a photo and a score of every specimen is not feasible.</p>	<p>Noted. In addition to the Standards of GRAP requiring the recognition of assets, the Public Finance Management Act also 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 Board agreed that a proposal should be made to the OAG to explain the importance and need to recognise all heritage assets in the financial statements when they are controlled.</p>				Liaise with the relevant stakeholders to explain the importance and need to recognise heritage assets.
99.3	<p>National Science Museum: Researcher 3</p> <p>Globally, many mammal specimens are now being used for derivative-based studies (DNA analyses, isotope analyses, etc.), which can involve repeated subsampling/destructive sampling from study skins and wet specimens.</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>such activities do lead to ‘impairment’, yet the intrinsic value in mobilising more data (e.g. gene sequences), justifies this ‘damage’ and in fact, should be encouraged.</p> <p>I do believe that we should be noting the condition of specimens – in fact, this is a requirement of the Natural Science Collections Facility (i.e. each specimen must be digitised and the condition thereof noted, before it is shipped/sent on loan). This is to ensure that upon return of the loan, any damages that have occurred during use by external parties can be verified, and appropriate actions (e.g. blacklisting), be taken against defaulting researchers/users.</p> <p>Digitisation would indeed be the first step to determining any impairment. It also has the benefit of increasing virtual access to specimens – the lack thereof, has been highlighted during the covid-19 pandemic. Digitising all collections items is of course a lengthy task, and will require significant input (time and effort) from collection staff. Most other institutions have a collections manager and/or data manager, to assist with such tasks.</p>	As this is an internal management issue, no further action is required.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	In our case, given the increased demand for destructive sampling of mammal specimens, I do not believe that implementing such an impairment system may count in our favour.	Noted. Refer to the response to comment 91.2.			Refer to the action to comment 91.2.	Refer to the action to comment 91.2.

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.						
100.	AGSA Business Unit: Free State					
100.1	War Museum No challenges encountered as the auditee did not have heritage assets to be classified in accordance with another standard.	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.			
100.2	<p>National Museum</p> <p>The challenges were on cultural history as the communities will submit items for specific culture, and when expects are evaluation they had to classify those items as not heritage. Museum has a challenge of accepting donations from communities as it requires to be evaluated as heritage. Other items they had to return them to donors because they do not meet the measurement criteria.</p>	<p>Noted. In addition, the existing FAQ on specimens collected for research will be amended 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 – refer response to comment 3.3.</p> <p>Also refer to the response to comment 100.1.</p>	Refer to the action to comment 100.1.		Noted. Refer to the action to comment 3.3 and 100.1.	Noted. Refer to the action to comment 3.3.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
101.	AGSA Business Unit: Gauteng					
101.1	No challenges experienced.	Noted. Refer to the response to comment 100.1.	Refer to the action to comment 100.1.		Refer to the action to comment 100.1.	
102.	AGSA Business Unit: KwaZulu Natal					
102.1	Product Champion The determination of what constitutes a significant portion.	Noted. Refer to the response to comment 100.1.	Refer to the action to comment 100.1.		Refer to the action to comment 100.1.	
103.2	Amafa and Research Institute For example, Amafa occupies a building in Pietermaritzburg CBD which acts as the administrative headquarters of Amafa. Does the entity recognise it as land and buildings(PPE) or as heritage asset or apportioned between the two? Since the whole structure is a heritage asset, therefore	Noted. Refer to the response to comment 100.1.	Refer to the action to comment 100.1.	Refer to the action to comment 100.1.		

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	it does not make sense to recognise it partly as land and buildings and partly as heritage asset. The solution in my opinion is to recognise the whole building as heritage asset and but make appropriate disclosure in the financials that the building houses the administrative headquarters of Amafa.					
104.	AGSA Business Unit: Mpumalanga					
104.1	The entity has classified the entire nature reserves as heritage assets and has therefore not apportioned any area as an asset with an alternative use.	Noted. Refer to the response to comment 100.1.	Refer to the action to comment 100.1.		Refer to the action to comment 100.1.	
105.	AGSA Business Unit: Northern Cape					
105.1	Williams Humphrey Art Gallery Not applicable, the heritage assets in the books of the entity does not have an alternative use.	Noted. Refer to the response to comment 100.1.			Refer to the action to comment 100.1.	
105.2	McGregor Museum Not applicable, as no challenges were noted. The GRAP definitions were accurately applied.	Noted. Refer to the response to comment 100.1.			Refer to the action to comment 100.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
106.	AGSA Business Unit: National C					
106.1	<p>No challenges have been noted to date on the use of heritage assets.</p> <p>But will need guidance on the following:</p> <ul style="list-style-type: none"> In the instance of Freedom Park, Freedom Park has a wall of names where names of people who fought in the struggle are inscribed. The wall is currently held as Property, plant and equipment however the wall also possess characteristics of a Heritage Asset. The major use of the asset should be determined and presented according to the appropriate GRAP standard. <p>This will also give an indication to the entity on what assets are of value.</p>	<p>Noted. There is an existing FAQ that explains the accounting for replicas, duplicates of an original statue, sculpture, monument or similar structures.</p> <p>The Board agreed that a new FAQ should be developed to explain the application of the definition of a heritage asset – see the response to comment 1.1.</p>		Refer to the action to comment 1.1.	Refer to the action to comment 1.1.	
107.	AGSA Business Unit: National E					
107.1	<p>Council for Geoscience</p> <p>The entity does not assign value to Palaeontological (fossil) assets as it believes there is no monetary value as legislation does not permit the purchase or sale of fossils.</p>	<p>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 as a value cannot be determined due to ethical reasons or due</p>	Refer to the response to comment 1.2.		Refer to the response to comment 1.2.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
		the nature of the heritage asset – refer to the response to comment 1.2.				
	(National Heritage Resource Act 1999 paragraph 35(4)(c). The question is, if you have heritage assets that you have no intention to sell in the future. Should then be a value assigned to them? If were to follow the same principle as fossils.	Refer to the response to comment 36.1 to explain that restrictions on the sale of a heritage asset may influence its value but should not preclude the entity from determining a value for the heritage asset.	Clarify the principles in GRAP 103. Refer to the action to comment 1.2 and 36.1.		Refer to the action to comment 1.2 and 36.1.	
107.2	Independent Electoral Commission No challenge, artwork is not significant in value.	Noted. Refer to the response to comment 100.1.	Refer to the action to comment 100.1.		Refer to the action to comment 100.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
108.	AGSA Business Unit: Western Cape					
108.1	SAHRA No challenges have been noted to date on the use of heritage assets.	Noted. Refer to the response to comment 100.1.	Refer to the action to comment 100.1.		Refer to the action to comment 100.1.	
108.2	Iziko No challenges have been noted to date on the use of heritage assets.	Noted. Refer to the response to comment 100.1.	Refer to the action to comment 100.1.		Refer to the action to comment 100.1.	
109.	eThekwini municipality and KZN museums					
109.1	National Science Museum: Researcher 1 Straightforward: items with scientific collections accession/catalogue numbers are included as heritage items. Probably same for exhibition mounts with their own numbering system. Other museum assets have a separate asset system.	Noted. Refer to the response to comment 100.1.	Refer to the action to comment 100.1.		Refer to the action to comment 100.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
109.2	<p>National Science Museum: Researcher 2</p> <p>If a specimen was collected by a museum representative it should receive an asset number and designation and considered a heritage item. The problem lies in the designation and value of the item, not the asset register. One cannot treat biological specimens and or samples in the same way as a museum relic or piece of art and can increase or decrease in value.</p>	<p>Noted. No further action required.</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 as a value cannot be determined due to ethical reasons or due the nature of the heritage asset – refer to the response to comment 1.2.</p>	Refer to the action to comment 1.2.		Refer to the action to comment 1.2.	
109.3	<p>National Science Museum: Researcher 3</p> <p>Refer to response P1.</p>	<p>Noted. Refer to the response to comment 100.1.</p>	Refer to the action to comment 100.1.		Refer to the action to comment 100.1.	
109.4	<p>Durban Art Gallery and local History museum</p> <p>The majority of LHM collections and historical buildings meet the definition of a heritage asset even though they are also used as offices or office furniture for administration purposes. The said assets are classified as heritage assets because a significant portion of them meet the definition of heritage asset as guided by the collection management</p>	<p>Noted. Refer to the response to comment 100.1.</p>	Refer to the action to comment 100.1.		Refer to the action to comment 100.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	<p>policy and SOPs informed by International Council of Museums (ICOM), South African Museums association (SAMA), AMAFA and other bodies that govern museums and heritage sites.</p> <p>The challenge often arises when there is lack of proper documentation about the item. We continually need to familiarise ourselves with the requirements that an item needs to have for it to be classified as a heritage asset. Staff need to learn about other forms of GRAP so that items will be classified accordingly.</p>	<p>Noted. Refer to the response to comment 24.1 on the action to engage with the relevant stakeholders to develop simplified guidance in applying some of the GRAP 103 principles.</p>				<p>Refer to the action to comment 24.1.</p>

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.						
110.	AGSA Business Unit: Free State					
110.1	War Museum No based on the fact that if the asset already meets the definition of a heritage asset, then it means it's got significant qualitative value and the other Standards of GRAP don't take this qualitative significance into account.	Noted. Refer to the response to comment 100.1.	Refer to the response to comment 100.1.		Refer to the response to comment 100.1.	
110.2	National Museum No based on the fact that if the asset already meets the definition of a heritage asset, then it means it's got significant qualitative value and the other Standards of GRAP don't take this qualitative significance into account.	Noted. Refer to the response to comment 1000.1.	Refer to the action to comment 100.1.		Refer to the action to comment 100.1.	
111.	AGSA Business Unit: Gauteng					
111.1	Half of the audit teams agree that a heritage asset with an alternative use should be accounted for in accordance with another Standard of GRAP after the intention and the	Noted. Refer to the response to comment 100.1.	Refer to the action to comment 100.1.		Refer to the to comment 100.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	<p>use of the asset has been assessed. The asset should be accounted for as a heritage asset if, and only if, the definition of a heritage asset is met, and only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. If a significant portion is used for production, administrative purposes or supply of services or goods, the asset shall be accounted for in accordance with the Standard of GRAP on PPE.</p> <p>This will align the recognition of the asset and subsequent treatment to the way the asset is being used to reflect a more appropriate value.</p> <p>Furthermore, heritage assets may be items of historical value. The historical value of these items should exceed the alternative use (qualitative considerations should be made as opposed to quantitative only when considering the alternative use, when the intention is to hold the asset for future generations).</p>					

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
112.	AGSA Business Unit: KwaZulu Natal					
112.1	Product Champion Yes, as explained in P2.	Noted. Refer to the response to comment 11.1 and 100.1.	Refer to the action to comment 11.1 and 100.1.		Refer to the to comment 11.1 and 100.1.	
112.2	Amafa and Research Institute No, I do not agree as explained in the above scenario. If an asset is a heritage asset as defined, then it should be accounted for as a heritage asset. For example, a heritage building that is rented out by a municipality to traders should not be reclassified as investment property as the rental income is only incidental to the main purpose of the building as a heritage asset. A heritage asset has to be managed and maintained in a particular way in terms of legislation. All this would be inconsistent with how an investment property is managed and maintained.	Noted. Refer to the response to comment 100.1.	Refer to the action to comment 100.1.		Refer to the action to comment 100.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
113.	AGSA Business Unit: Mpumalanga					
113.1	Yes, barring heritage assets that are of significance to the ecology or are nature reserves, heritage assets should be classified according to their best use because that will fairly represent the nature and value of the asset	Noted. Refer to the response to comment 100.1.	Refer to the action to comment 100.1.		Refer to the action to comment 100.1.	
114.	AGSA Business Unit: Northern Cape					
114.1	Williams Humphrey Art Gallery Not applicable, the heritage assets in the books of the entity does not have an alternative use.	Noted. No further action required.				
114.2	McGregor Museum It depends on the asset and the unique conditions per assets. For example: if the asset could be replaced it could be better to use the another GRAP standard. If the heritage asset cannot be replaced maybe, the significant of the asset should be disclosed.	Noted. Refer to the response to comment 100.1.	Refer to the action to comment 100.1.		Refer to the action to comment 100.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
115.	AGSA Business Unit: National C					
115.1	<ul style="list-style-type: none"> The entity should assess the major use of the asset, if the asset has an alternative use but can be used majorly as a heritage asset then the asset should still be classified as a heritage asset. Heritage assets are normally preserved to ensure that the historical elements are maintained for generations to come. The usage of heritage assets might result in increased impairment loss. It would be prudent for the heritage asset to be classified differently as it would provide the users with understanding of why the asset's value is affected without bringing the ability to conserve in to question. The manner in which heritage assets is used to generate inflows within the organisation is also very different from the similar use of other assets in the asset categories. 	<p>Noted. Refer to the response to comment 100.1.</p> <p>Noted.</p>	Refer to the action to comment 100.1.		Refer to the action to comment 100.1.	

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"> • Mostly the items which are classified as heritage assets are one of a kind items with lots of historical background, which is not the case for the other asset categories. Even if the value is insignificant but because of the culture, heritage and generational stance the assets have, they still appreciate in value. • After the above has been considered you can only consider if there is an alternative use to classify if differently. Further disclosure could be provided that the asset i.e. a building is a heritage asset but has alternative use i.e. for administrative functions. Again the above should be considered – majority of use, and as per mandate should they preserve this asset with historical elements. • Another example is paintings with historical elements and they are in the museum to preserve them, however they are in the boardroom, thus it can be argued that they are PPE (decoration) but we should always consider the mandate and historical 					

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	element before we can conclude on alternative use..					
116.	AGSA Business Unit: National E					
116.1	Council for Geoscience Yes. It will make more sense and provide relevant information to the users of financial statements.	Noted. Refer to the response to comment 100.1.	Refer to the action to comment 100.1.		Refer to the action to comment 100.1.	
116.2	Independent Electoral Commission Yes, if heritage asset generate revenue, it should be classified as investment property.	Noted. Refer to the response to comment 100.1.	Refer to the action to comment 100.1.		Refer to the action to comment 100.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
117.	AGSA Business Unit: Western Cape					
117.1	<p>SAHRA</p> <ul style="list-style-type: none"> The entity should assess the major use of the asset, if the asset has an alternative use but can be used majorly as a heritage asset then the asset should still be classified as a heritage asset. Heritage assets are normally preserved to ensure that the historical elements are maintained for generations to come. The usage of heritage assets might result in increased impairment loss. It would be prudent for the heritage asset to be classified differently as it would provide the users with understanding of why the asset's value is affected without bringing the ability to conserve in to question. The manner in which heritage assets is used to generate inflows within the organisation is also very different from the similar use of other assets in the asset categories. 	Noted. Refer to the response to comment 1000.1.	Refer to the action to comment 100.1.		Refer to the action to comment 100.1.	

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"> • Mostly the items which are classified as heritage assets are one of a kind items with lots of historical background, which is not the case for the other asset categories. Even if the value is insignificant but because of the culture, heritage and generational stance the assets have, they still appreciate in value. • After the above has been considered you can only consider if there is an alternative use to classify it differently. • Further disclosure could be provided that the asset i.e. a building is a heritage asset but has alternative use i.e. for administrative functions. Again the above should be considered – majority of use, and as per mandate should they preserve this asset with historical elements. 					
117.2	<p>Iziko</p> <ul style="list-style-type: none"> • The entity should assess the major use of the asset, if the asset has an alternative use but can be used majorly as a heritage asset then the asset should still be classified as a heritage asset. 	Noted. Refer to the response to comment 100.1.	Refer to the action to comment 100.1.		Refer to the action to comment 100.1.	

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"> Heritage assets are normally preserved to ensure that the historical elements are maintained for generations to come. The usage of heritage assets might result in increased impairment loss. It would be prudent for the heritage asset to be classified differently as it would provide the users with understanding of why the asset's value is affected without bringing the ability to conserve in to question. The manner in which heritage assets is used to generate inflows within the organisation is also very different from the similar use of other assets in the asset categories. Mostly the items which are classified as heritage assets are one of a kind items with lots of historical background, which is not the case for the other asset categories. Even if the value is insignificant but because of the culture, heritage and generational stance the assets have, they still appreciate in value. After the above has been considered you can only consider if there is an alternative use to classify if differently. 					

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"> • Further disclosure could be provided that the asset i.e. a building is a heritage asset but has alternative use i.e. for administrative functions. Again the above should be considered – majority of use, and as per mandate should they preserve this asset with historical elements. • Another example is paintings with historical elements and they are in the museum to preserve them, however they are in the boardroom, thus it can be argued that they are PPE (decoration) but we should always consider the mandate and historical element before we can conclude on alternative use. 					
118.	eThekwini municipality and KZN museums					
118.1	National Science Museum: Researcher 1 Similar to question P2 above. Again No. Should be accounted for by their primary nature, given that they will often have many other uses but these are secondary to the primary function.	Noted. Refer to the response to comment 18.1.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
118.2	National Science Museum: Researcher 2 Refer to response P12.	Noted. Refer to the response to comment 109.2.				
118.3	National Science Museum: Researcher 3 Refer to response P2.	Noted. Refer to the response to comment 18.1.				
118.4	Durban Art Gallery and local History museum The full asset, even if it has an alternative use, is either a heritage asset or not. If the entity decides to classify the said asset as heritage asset, then it must be accounted for like any other heritage asset.	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 P14						
Do you agree that a heritage asset that has an alternative use should be depreciated? Please explain your response.						
119.	AGSA Business Unit: Free State					
119.1	War Museum No, please refer to my comment in P13.	Noted. 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. The Board agreed to monitor progress on the IPSASB's project on amending IPSAS 17 to consider the approach that the IPSASB intends to follow with the depreciation of heritage assets.	Refer to the action to comment 100.1.		Refer to the action to comment 100.1.	Monitor progress on the IPSASB's project on amending IPSAS 17.
119.2	National Museum No, please refer to my comment in P13.	Noted. Refer to the response to comment 119.1.	Refer to the action to comment 119.1.		Refer to the action 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
120.	AGSA Business Unit: Gauteng					
120.1	If a significant portion is used for production, administrative purposes or supply of services or goods, the asset shall be accounted for in accordance with the Standard of GRAP on PPE.	Noted. Refer to the response to comment 119.1. to	Refer to the action to comment 119.1.		Refer to the action to comment 119.1.	Refer to the action to comment 119.1.
121.	AGSA Business Unit: KwaZulu Natal					
121.1	Product Champion Yes, as ongoing costs should be depreciable.	Noted. Refer to the response to comment 119.1.	Refer to the action to comment 119.1.		Refer to the action to comment 119.1.	Refer to the action to comment 119.1.
121.2	Amafa and Research Institute No, I do not agree as heritage assets are not depreciated but merely assessed for impairment losses if any at year end.	Noted. Refer to the response to comment 119.1.	Refer to the action to comment 119.1.		Refer to the action to comment 119.1.	Refer to the action to comment 119.1.
122.	AGSA Business Unit: Mpumalanga					
122.1	Yes, as this will provide useful information relating to the reduction of value over time.	Noted. Refer to the response to comment 119.1.	Refer to the action to comment 119.1.		Refer to the action 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
123.	AGSA Business Unit: Northern Cape					
123.1	Williams Humphrey Art Gallery Not applicable, the heritage assets in the books of the entity does not have an alternative use.	Noted. Refer to the response to comment 119.1.	Refer to the action to comment 119.1.		Refer to the action to comment 119.1.	Refer to the action to comment 119.1.
123.2	McGregor Museum Please refer to the answer above. Each asset should be considered on his own merits.	Noted. Refer to the response to comment 119.1.	Refer to the action to comment 119.1.		Refer to the action to comment 119.1.	Refer to the action to comment 119.1.
124.	AGSA Business Unit: National C					
124.1	If the heritage asset does not meet the requirements of GRAP 103 and meets the definition of another standard, then the asset should be depreciated. If there a change in nature and heritage assets can be used (not conserved and preserved) The heritage asset with alternative use is expected to wear out and should thus be accounted in a manner that demonstrates the reduce in value depending on the use. The heritage asset would have to be accounted for using the GRAP standard relating to use, if it's	Noted. Refer to the response to comment 119.1.	Refer to the action to comment 119.1.		Refer to the action 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
	used as furniture then it will be accounted for as normal PPE thus depreciated and assessed for impairment loss.					
125.	AGSA Business Unit: National E					
125.1	Council for Geoscience Yes. If it has a finite useful life. And it will provide more information if the reduction in value is reflected as a result of usage.	Noted. Refer to the response to comment 119.1.	Refer to the action to comment 119.1.		Refer to the action to comment 119.1.	Refer to the action to comment 119.1.
125.2	Independent Electoral Commission Yes. Because the value of the asset will be high during the alternative you, therefore it should be depreciated then once it is no longer has an alternative use then depreciation should be stopped.	Noted. Refer to the response to comment 119.1.	Refer to the action to comment 119.1.		Refer to the action to comment 119.1.	Refer to the action to comment 119.1.
126.	AGSA Business Unit: Western Cape					
126.1	SAHRA If the heritage asset does not meet the requirements of GRAP 103 and meets the definition of another standard, then the asset should be depreciated. If there a change in nature and heritage assets can be used (not conserved and preserved).	Noted. Refer to the response to comment 119.1.	Refer to the action to comment 119.1.		Refer to the action 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
	The heritage asset with alternative use is expected to wear out and should thus be accounted in a manner that demonstrates the reduction in value depending on the use. The heritage asset would have to be accounted for using the GRAP standard relating to use, if it's used as furniture then it will be accounted for as normal PPE thus depreciated and assessed for impairment loss.					
126.2	<p>Iziko</p> <p>If the heritage asset does not meet the requirements of GRAP 103 and meets the definition of another standard, then the asset should be depreciated.</p> <p>If there a change in nature and heritage assets can be used (not conserved and preserved) The heritage asset with alternative use is expected to wear out and should thus be accounted in a manner that demonstrates the reduction in value depending on the use. The heritage asset would have to be accounted for using the GRAP standard relating to use, if it's used as furniture then it will be accounted for as normal PPE thus depreciated and assessed for impairment loss.</p>	Noted. Refer to the response to comment 119.1.	Refer to the action to comment 119.1.		Refer to the action 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
127.	eThekweni municipality and KZN museums					
127.1	<p>National Science Museum: Researcher 1</p> <p>Firstly, I don't think our specimens should be allocated financial values. So, it follows they can't depreciate in financial value. If they are allocated financial values with all the difficulties involved, the same difficulties would apply in allocating any depreciated value, if not more so. Depreciation is both different from and similar to 'impairment' though, as discussed above – and I think the latter can, and should, be regularly assessed. But perhaps the even greater point here though is that heritage assets actually typically appreciate in value (both financial and/or intangible), e.g. an artwork typically increases in financial value over time and our specimens arguably also increase in intangible value over time. This actually makes them quite different to research infrastructure. It also motivates more strongly not to allocate financial value to our specimens as they are simply not compatible with such an accounting paradigm.</p>	<p>Noted. Refer to the response to comment 119.1.</p>	<p>Refer to the action to comment 119.1.</p>		<p>Refer to the action to comment 119.1.</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
127.2	National Science Museum: Researcher 2 Refer to response P12.	Noted. Refer to the response to comment 109.2.				
127.3	National Science Museum: Researcher 3 Our research specimens have only been assigned a value of R1, yet they are deemed priceless and, as such, cannot and should not depreciate. Their irreplaceable value is not only in the form of their physical existence, but also in their associated data. As mentioned by Researcher 1, if anything, research specimens increase in their intangible scientific value over time.	Noted. Refer to the response to comment 119.1. Fair value is determined from market-based evidence determined by appraisal. Reflecting the heritage assets at R1 is inappropriate. The Board agreed to expand the existing FAQ on accounting for replicas, duplicates, statues, sculptures, monuments and similar structures to explain that recognising assets at R1 is inappropriate – refer to the response to comment 3.3.	Refer to the action to comment 119.1.		Refer to the action to comment 119.1.	Refer to the action to comment 3.3 and 119.1.
127.4	Durban Art Gallery and local History museum It should be treated like a normal heritage asset and not be depreciated. This is mainly because heritage and cultural assets provide a service potential, which is maintained indefinitely.	Noted. Refer to the response to comment 119.1.	Refer to the action to comment 119.1.		Refer to the action 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
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.						
128.	AGSA Business Unit: Free State					
128.1	War Museum Not applicable as auditee did not have such assets.	Noted. Refer to the response to comment 119.1.	Refer to the action to comment 119.1.		Refer to the action to comment 119.1.	Refer to the action to comment 119.1.
128.2	National Museum Not applicable as auditee did not have such assets.	Noted. Refer to the response to comment 119.1.	Refer to the action to comment 119.1.		Refer to the action to comment 119.1.	Refer to the action to comment 119.1.
129.1	AGSA Business Unit: Gauteng					
129.1	Not applicable.	Noted. Refer to the response to comment 119.1.	Refer to the action to comment 119.1.		Refer to the action 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
130.	AGSA Business Unit: KwaZulu Natal					
130.1	Product Champion Based on parts, e.g. air conditioners that have their own useful lives, other such a painting of walls based on experience of how often this needs to be done.	Noted. Refer to the response to comment 119.11.	Refer to the action to comment 119.1.		Refer to the action to comment 119.1.	Refer to the action to comment 119.1.
131.	AGSA Business Unit: Mpumalanga					
131.1	Not applicable. The entity does not have heritage assets with an alternative use.	Noted. Refer to the response to comment 119.1.	Refer to the action to comment 119.1.		Refer to the action to comment 119.1.	Refer to the action to comment 119.1.
132.	AGSA Business Unit: Northern Cape					
132.1	Williams Humphrey Art Gallery Not applicable, the heritage assets in the books of the entity does not have an alternative use.	Noted. Refer to the response to comment 119.1.	Refer to the action to comment 119.1.		Refer to the action to comment 119.1.	Refer to the action to comment 119.1.
132.2	McGregor Museum Not applicable. Heritage assets is not valued accurately and is currently qualified.	Noted. Refer to the response to comment 119.1.	Refer to the action to comment 119.1.		Refer to the action 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
133.	AGSA Business Unit: National C					
133.1	The entity does not depreciate its heritage assets as the heritage assets that it has are classified under GRAP 103 and have not been identified to have alternative use.	Noted. Refer to the response to comment 119.1.	Refer to the action to comment 119.1.		Refer to the action to comment 119.1.	Refer to the action to comment 119.1.
134.	AGSA Business Unit: National E					
134.1	Council for Geoscience Not applicable.	Noted. Refer to the response to comment 119.1.	Refer to the action to comment 119.1.		Refer to the action to comment 119.1.	Refer to the action to comment 119.1.
134.2	Independent Electoral Commission Not applicable. Heritage assets at the auditee does not have alternative use.	Noted. Refer to the response to comment 119.1..	Refer to the action to comment 119.1.		Refer to the action to comment 119.1.	Refer to the action to comment 119.1.
135.	AGSA Business Unit: Western Cape					
135.1	SAHRA The entity does not depreciate its heritage assets as the heritage assets that it has are classified under GRAP 103 and have not been identified to have alternative use.	Noted. Refer to the response to comment 119.1.	Refer to the action to comment 119.1.		Refer to the action 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
135.2	Iziko The entity does not depreciate its heritage assets as the heritage assets that it has are classified under GRAP 103 and have not been identified to have alternative use.	Noted. Refer to the response to comment 119.1..	Refer to the action to comment 119.1.		Refer to the action to comment 119.1.	Refer to the action to comment 119.1.
136.	eThekweni municipality and KZN museums					
136.1	National Science Museum: Researchers 1-3 Not applicable to our current situation. NSM natural history specimens/heritage assets currently valued at R1, and do not depreciate. We are unsure whether our natural history research specimens may fall under another standard of GRAP.	Noted. Refer to the response to comment 119.1 and 127.3.	Refer to the action to comment 119.1.		Refer to the action to comment 119.1.	Refer to the response to comment 119.1 and 127.3.
136.2	Durban Art Gallery and local History museum Heritage and cultural assets provide information to present day society on past events. They have intrinsic value or benefit within them, appreciate over time and should not be depreciated.	Refer to the response to comment 119.1.	Refer to the action 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
<p>Question P16</p> <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>						
137.	AGSA Business Unit: Free State					
137.1	<p>War Museum</p> <p>Not applicable as auditee did not have such assets.</p>	Noted. Refer to the response to comment 100.1 and 119.1.	Refer to the action to comment 100.1 and 119.1.		Refer to the action to comment 100.1 and 119.1.	Refer to the action to comment 100.1 and 119.1.
137.2	<p>National Museum</p> <p>Not applicable as auditee did not have such assets.</p>	Noted. Refer to the response to comment 100.1 and 119.1.	Refer to the action to comment 100.1 and 119.1.		Refer to the action to comment 100.1 and 119.1.	Refer to the action to comment 100.1 and 119.1.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
138.	AGSA Business Unit: Gauteng					
138.1	Not applicable. There are none.	Noted. Refer to the response to comment 100.1 and 119.1.	Refer to the action to comment 100.1 and 119.1.		Refer to the action to comment 100.1 and 119.1.	Refer to the action to comment 100.1 and 119.1.
139.	AGSA Business Unit: KwaZulu Natal					
139.1	Product Champion None noted.	Noted. Refer to the response to comment 100.1 and 119.1.	Refer to the action to comment 100.1 and 119.1.		Refer to the action to comment 100.1 and 119.1.	Refer to the action to comment 100.1 and 119.1.
140.	AGSA Business Unit: Mpumalanga					
140.1	Not applicable. The entity does not have heritage assets with an alternative use.	Noted. Refer to the response to comment 100.1 and 119.1.	Refer to the action to comment 100.1 and 119.1.		Refer to the action to comment 100.1 and 119.1.	Refer to the action to comment 100.1 and 119.1.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
1413.	AGSA Business Unit: Northern Cape					
141.1	Williams Humphrey Art Gallery Not applicable, the heritage assets in the books of the entity does not have an alternative use.	Noted. Refer to the response to comment 100.1 and 119.1.	Refer to the action to comment 100.1 and 119.1.		Refer to the action to comment 100.1 and 119.1.	Refer to the action to comment 100.1 and 119.1.
141.2	McGregor Museum Not applicable. No heritage assets that are accounted for in accordance to another.	Noted. Refer to the response to comment 100.1 and 119.1.	Refer to the action to comment 100.1 and 119.1.		Refer to the action to comment 100.1 and 119.1.	Refer to the action to comment 100.1 and 119.1.
142.	AGSA Business Unit: National C					
142.1	The heritage assets that the entity have are only for cultural purposes and are kept at the museums.	Noted. Refer to the response to comment 100.1 and 119.1.	Refer to the action to comment 100.1 and 119.1.		Refer to the action to comment 100.1 and 119.1.	Refer to the action to comment 100.1 and 119.1.
143.	AGSA Business Unit: National E					
143.1	Council for Geoscience Not applicable. Entity uses GRAP 103.	Noted. Refer to the response to comment 100.1 and 119.1.	Refer to the action to comment 100.1 and 119.1.		Refer to the action to comment 100.1 and 119.1.	Refer to the action to comment 100.1 and 119.1.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
143.2	Independent Electoral Commission Not applicable. Heritage assets at the auditee does not have alternative use.	Noted. Refer to the response to comment 100.1 and 119.1.	Refer to the action to comment 100.1 and 119.1.		Refer to the action to comment 100.1 and 119.1.	Refer to the action to comment 100.1 and 119.1.
144.	AGSA Business Unit: Western Cape					
144.2	SAHRA Not applicable. The entity does not have heritage assets that are accounted for in accordance with another standard of GRAP.	Noted. Refer to the response to comment 100.1 and 119.1.	Refer to the action to comment 100.1 and 119.1.		Refer to the action to comment 100.1 and 119.1.	Refer to the action to comment 100.1 and 119.1.
144.2	Iziko The heritage assets that the entity have are only for cultural purposes and are kept at the museums.	Noted. Refer to the response to comment 100 and 119.1.	Refer to the action to comment 100.1 and 119.1.		Refer to the action to comment 100.1 and 119.1.	Refer to the action to comment 100.1 and 119.1.
145.	eThekweni municipality and KZN museums					
145.1	National Science Museum: Researchers 1-3 Not applicable to our current situation. NSM natural history specimens/heritage assets currently valued at R1, and do not depreciate.	Noted. Refer to the response to comment 100.1 and 119.1. Fair value is determined from market-based evidence determined by appraisal. Reflecting the heritage assets at R1 is therefore inappropriate. The Board agreed to amend the existing FAQ on accounting for replicas,	Refer to the action to comment 100.1 and 119.1.		Refer to the action to comment 100.1 and 119.1.	Refer to the action to comment 3.3, 100.1 and 119.1.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
		duplicates, statues, sculptures, monuments and similar structures to explain that recognising assets at R1 is inappropriate – refer to the response to comment 3.3.				

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.						
146.	AGSA Business Unit: Free State					
146.1	<p>War Museum</p> <p>Challenges experienced is to convert the values provided by the experts to Rands as most of the active market of these assets is in foreign currencies.</p>	<p>Noted. As this is an application matter, the entity should refer to the GRAP Accounting Guideline on <i>The Effects of Changes in Foreign Exchange Rates</i>.</p> <p>No further action required.</p>				
146.2	<p>National Museum</p> <p>Challenges experienced is to convert the values provided by the experts to Rands as most of the active market of these assets is in foreign currencies.</p> <p>The NM has 15 classes of heritage assets and some categories has thousands of species preserved for future generations, for example the Acarology items are verified per families.</p>	<p>Noted. Refer to the response to comment 146.1.</p> <p>Noted. No further action required.</p>				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	Currently NM had estimated 266 families on the database.					
147.	AGSA Business Unit: Gauteng					
147.1	None.	Noted. No further action required.				
148.	AGSA Business Unit: KwaZulu Natal					
148.1	Product Champion None noted.	Noted. No further action required.				
148.2	Amafa and Research Institute The key challenges are that following a pure fair value model in recognising and disclosing heritage assets would: (a) be cost prohibitive (b) compromise security of such precious items requiring huge investments in security.	Noted. Refer to the response to comment 46.1 where 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. 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			Develop a FAQ to explain that sensitive that information on assets does not need to be presented and disclosed on an individual basis	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
		<p>be aggregated in the financial statements to reduce the security risk.</p> <p>The Board agreed that a FAQ should be developed to emphasise that information on assets does not need to be presented and disclosed on an individual basis but that it can be aggregated. The FAQ will also highlight that management should be sensitive on how to present information in their financial statements.</p>		but that it can be aggregated in the financial statements.		
149.	AGSA Business Unit: Mpumalanga					
149.1	Not applicable. The entity has not had any challenges with the disclosures of the heritage assets.	Noted. No further action required.				
150.	AGSA Business Unit: Northern Cape					
150.1	Williams Humphrey Art Gallery No challenges experienced by the auditee.	Noted. No further action required.				
150.2	McGregor Museum No challenges regarding disclosure, however as described above there is challenges regarding valuation.	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
151.	AGSA Business Unit: National C					
151.1	<p>There have been no disclosure requirements that the entity has had with regards to disclosure of Heritage assets other than the items they could not value.</p> <p>Example specifically from Ditsong Museum:</p> <p>The auditee has the following assets where they have experienced challenges in the recognition of:</p> <ul style="list-style-type: none"> • Marine Biology • Invertebrates • Terrestrial vertebrates • Rocks • Minerals <p>These assets still don't have a value. It is disclosed in the AFS with reasons why they cannot determine a value but our view is that the disclosure can be more detailed.</p>	<p>Noted. No further action required.</p> <p>Noted. The Board agreed to 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 as a value cannot be determined due to ethical reasons or due the nature of the heritage asset – refer to the response to comment 1.2.</p>	Refer to the action to comment 1.2.		Refer to the action to comment 1.2.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	<p>Example to have a narrative on the nature of these assets, type and number and explain why there is no value.</p> <p>These assets due to their nature will never have a value or basis to determine a value. Thus even if the entity reviews the cost and FV model it will not have any impact on these items.</p>					
152.	AGSA Business Unit: National E					
152.1	<p>Council for Geoscience</p> <p>The challenge was to come up with the accounting policy that will be aligned to GRAP 103 given the nature of the heritage assets.</p>	Noted. No further action required.				
152.2	<p>Independent Electoral Commission</p> <p>None.</p>	Noted. No further action required.				
153.	AGSA Business Unit: Western Cape					
153.1	<p>SAHRA</p> <p>No challenges have been communicated with regards to disclosure of heritage assets.</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
153.2	<p>Iziko</p> <p>There have been no disclosure requirements challenges that the entity has had with regards to disclosure of Heritage assets other than the items they could not value.</p> <p>Examples:</p> <p>The auditee has the following assets where they have experienced challenges in the recognition of:</p> <ul style="list-style-type: none"> • Marine biology • Invertebrates • Terrestrial vertebrates • Rocks • Minerals • Taxidermy • Palaeontology • Fossils • Social history collections - further research required, fragmented, broken and unassembled. 	Noted. Refer to the response to comment 150.1.				

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"> • Art collections - no commercial value due to poor condition • Library collections - further research required <p>These assets still don't have a value. It is disclosed in the AFS with reasons why they cannot determine a value but our view is that the disclosure can be more detailed. Example to have a narrative on the nature of these assets, type and number and explain why there is no value. These assets due to their nature will never have a value or basis to determine a value. Thus even if the entity reviews the cost and FV model it will not have any impact on these items.</p>					
154.	eThekwini municipality and KZN museums					
154.1	<p>National Science Museum: Researchers 1</p> <p>Incompatibility between accounting and specimen databases. The resolution has to come from those familiar with the accounting requirements, and not from the biologists.</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
154.2	<p>National Science Museum: Researchers 2</p> <p>I do not think that the current system can work and may encourage dishonesty in order to comply. An open honest system should be at play with no specimen having any monetary value. Important specimens such as type specimens (exhibition mounts, rare specimens, sensitive specimens) should perhaps be listed separately, but in general, I do not think the current system is working.</p>	<p>Noted. 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 Standards of GRAP also a requires entities to account for all material assets. Where a reliable value cannot be determined for a heritage asset, GRAP 103 allows an entity to only provide disclosures about such assets in the financial statements.</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 as a value cannot be determined due to ethical reasons or due the nature of the heritage asset – refer to the response to comment 1.2.</p>	Refer to the action to comment 1.2.		Refer to the action to comment 1.2.	
154.3	<p>National Science Museum: Researchers 3</p> <p>In agreement with response of Researcher 1.</p> <p>Curators and museum professionals who deal directly with collections management and GRAP 103 are not trained to do Statements of Financial Position. They can only provide the useful and relevant information about the heritage assets to Finance Department.</p>	<p>The Board agreed to engage with the relevant stakeholders, such as the DAC to consider developing simplified guidance that can be applied by employees that are not familiar with the requirements in GRAP 103.</p>				Liaise with DAC to address the comment.

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.						
155.	AGSA Business Unit: Free State					
155.1	War Museum None.	Noted. No further action required.				
155.2	National Museum None.	Noted. No further action required.				
156.	AGSA Business Unit: Gauteng					
156.1	Separate the different types of heritage assets. For those that have an alternative use maybe a narration can be included to explain such information and whether the municipality is accounting them as per such GRAPs.	Noted. The Board agreed that GRAP 103 should be amended to require that all heritage assets, irrespective of whether they have an alternative use, or whether the alternative use is significant, should be accounted for in accordance with GRAP 103 – refer to the response to comment 100.1.	Refer to the action to comment 100.1.		Refer to the action to comment 100.1.	
157.	AGSA Business Unit: KwaZulu Natal					
157.1	Product Champion Note noted.	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.	AGSA Business Unit: Mpumalanga					
158.1	The land claims on the heritage assets and the nature of the agreements with the managing authorities of the heritage assets. This could have an impact in forming public and private partnerships from the investors perspective.	Noted. Guidance on the recognition and derecognition of land based on the concept of control is included in IGRAP 18 on <i>Recognition and Derecognition of Land</i> . GRAP 1 explains that an entity can disclose any other information it deems relevant to the users of its financial statements. No further action required.				
159.	AGSA Business Unit: Northern Cape					
159.1	McGregor Museum No additional consideration.	Noted. No further action required.				
160.	AGSA Business Unit: National C					
160.1	The entity could further enhance on the heritage assets that cannot be capsuled what methods have been considered to determine an estimate. The AFS could also provide disclosure on the assets that are held on loan borrowed to other entities as users would find this information useful.	Noted. GRAP 103.95 requires entities to disclose the method used to determine the heritage asset's fair value, and any significant assumptions applied in estimating these values. GRAP 103.90 encourages the disclose of heritage assets borrowed from, or on loan to other entities. The entity should apply judgement in deciding on how to present this information based on the				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
	Based on Ditsong's AFS for the prior year, more information on the impairment of heritage assets, as they just said "other". The other should be described and reason for the impairment provided.	<p>information needs of its users. No further action required.</p> <p>The Board agreed to engage with the relevant stakeholders, such as the DAC to consider developing simplified guidance that can be applied by employees to understand the disclosure requirements to be provided in terms of in GRAP 103.</p> <p>Noted. GRAP 21.79 already requires an entity to disclose for each material impairment loss recognised or reversed during the period, the events and circumstances that led to the recognition of the impairment loss or the reversal.</p>				
161.	AGSA Business Unit: National E					
161.1	Council for Geoscience None.	Noted. No further action required.				
161.2	Independent Electoral Commission Reasons for acquiring/having such heritage assets.	Noted. Including disclosures on the reason for acquiring or having certain heritage assets is management information that may be suitable for reporting outside the financial statements. The Board agreed to liaise with				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
		the National Treasury to consider this proposal for inclusion in general-purpose financial reports.				
162.	AGSA Business Unit: Western Cape					
162.1	SAHRA The information currently disclosed in the AFS of the entity is sufficient.	Noted. No further action required.				
162.2	Iziko The entity could further enhance on the heritage assets that cannot be values, what methods have been considered to determine an estimate. The AFS could also provide disclosure on the assets that are held on loan borrowed to other entities as users would find this information useful. The AFS could further provide reasoning on applying the cost model as this is not explicit in the AFS.	Noted. Refer to the response to comment 160.1.			Refer to the action to comment 160.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
163.	eThekweni municipality and KZN museums					
163.1	National Science Museum: Researchers 1 The auditors' area of concern should shift to checking the items are safe, secure, properly accounted for, properly utilised and housed, etc.	Noted. The Board agreed that the comment should be shared with the AGSA.				Liaise with the AGSA to address the comment.
163.2	National Science Museum: Researchers 2 Auditors should be concerned with the status of collections and ensure that the "assets" are being taken of. The true "value" of entomological collections lies in the number of complete data records and the role they play in research. A stagnant collection of accessioned, but unidentified material is worthless despite it having the ability to easily pass accounting audits. By merely identifying insect specimens, one might damage specimens. Is the current system not set up to minimise research and maximise auditor compliance?	Noted. The Board agreed that the comment should be shared with the AGSA.				Liaise with the AGSA to address the comment.
163.3	National Science Museum: Researchers 2 Emphasis should be placed on audit risk assessments associated with environmental control of collections spaces, access control, movement controls, etc., rather than on specimen/heritage asset valuation.	Noted. The Board agreed to share the comment with the AGSA.				Liaise with the AGSA to address the comment.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
163.4	<p>Durban Art Gallery and local History museum</p> <p>Benefits and shortfalls of GRAP 103 experienced by respondents:</p> <ul style="list-style-type: none"> • GRAP 103 was a kickstart to complete records for location, condition and value in addition to documentation processes such as accession, conservation, movement and loans. • Alongside the valuation requirement, was an audit of the collections from the independent valuer / estimator • Disclosing the information can compromise the safety of the items - heritage assets are attractive to 'visitors' who appear to be from the museum environment but are on missions to locate precious objects and artefacts. It is often recommended that values are only visible to staff and those doing valuations. Curators and museum professionals do not have valuation training. 	<p>Noted. No further action required.</p> <p>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. The Board agreed that a FAQ should be developed to emphasise that information does not need to be presented and disclosed on an</p>		Refer to the action to comment 21.3.		

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
		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 how to present information in their financial statements. Refer to the response to comment 148.2.		Refer to the action to comment 148.2.		

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
GENERAL COMMENT						
164.	AGSA Business Unit: Free State					
164.1	<p>War Museum</p> <p>The audit of heritage assets has also become difficult as this is an area which requires the use of experts and as mentioned, these experts are also rare in the country, therefore it might become difficult for an audit team to get an independent expert to assist with the audit as that expert might already have been used by the auditee.</p>	<p>Noted. Refer to the response to comment 1.2 and 19.1 on the measurement initiatives agreed. Also refer to the response to comment 22.1 on the action to the development of simplified guidance in applying some of the GRAP 103 principles.</p>	<p>Refer to the action to comment 1.2 and 19.1.</p>	<p>Refer to the action to comment 1.2 and 19.1.</p>	<p>Refer to the action to comment 1.2 and 19.1.</p>	<p>Refer to the to comment 22.1.</p>
164.2	<p>National Museum</p> <p>The audit of heritage assets has also become difficult as this is an area which requires the use of experts and as mentioned, these experts are also rare in the country, therefore it might become difficult for an audit team to get an independent expert to assist with the audit as that expert might already have been used by the auditee.</p>	<p>Noted. Refer to the response to comment 164.1.</p>	<p>Refer to the action to comment 164.1.</p>	<p>Refer to the action to comment 164.1.</p>	<p>Refer to the action to comment 164.1.</p>	<p>Refer to the action to comment 164.1.</p>

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
165.	AGSA Business Unit: KwaZulu Natal					
165.1	<p>Product Champion</p> <p>GRAP 103 is only applicable if the heritage asset is material. If not material can these still be recognised and disclosed separately in the AFS. This is a consideration for the drafters.</p>	<p>Noted. The Standards of GRAP only apply to material items. For immaterial items, an entity may develop its own alternative accounting treatment.</p> <p>GRAP 1 explains that an entity can disclose any other information it deems relevant to the users of its financial statements.</p> <p>The entity should also consider the Guideline on <i>The Application of Materiality to Financial Statements</i>.</p>				
165.2	<p>Amafa and Research Institute</p> <p>Close scrutiny of the GRAP 103 appears to be inconsistent with provisions of the National Heritage Resources Act in some respects and many experts in the field share the same viewpoint. One tends to think views of the experts in the field were not adequately considered when formulating the standard.</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 with the legislative description of when an item meets the requirements to be classified as a heritage resource in the National Heritage Resources Act. Some items may be accounted for as a heritage asset in the financial statements, even though the legislative assessment has not yet been completed, or the item does not</p>	<p>Amend the definition of a heritage asset to better enhance it with the legislative description of a heritage resource.</p>		<p>Recommend to the OAG to update the GRAP Accounting Guidelines with changes to GRAP 103.</p>	<p>Update the existing FAQ based on 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
		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.				
166.	AGSA Business Unit: Northern Cape					
166.1	<p>Williams Humphrey Art Gallery</p> <p>From an audit perspective, there may be difficulties assessing the valuation of heritage assets (specifically artworks) due to the lack of experts in the field and every expert see values works subjectively, as there is no active (open) market for these types of heritage assets.</p>	<p>Noted. Refer to the response to comment 1.1. on the action to engage with the relevant stakeholders to develop a centralised database.</p> <p>Refer to the response to comment 1.2 and 19.1 on the measurement initiatives agreed.</p> <p>Refer to comment 22.1 on the action to engage with the relevant stakeholders to develop simplified guidance in applying some of the GRAP 103 principles.</p>	Refer to the action to 1.2 and 19.1.	Refer to the action to comment 1.2.	Refer to the action to comment 1.2 and 19.1.	Refer to the action to comment 1.1 and 22.1.

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Develop a new FAQ	Guidance issued by OAG	Other
166.2	McGregor Museum No additional consideration.	Noted. No further action required.				
167.	AGSA Business Unit: National C					
167.1	Cost implications that comes with the application of this standard for the auditee and auditing thereof as auditors are also not specialists especially in terms of the valuation of heritage assets. In order to be able to implement GRAP 103 both entities had to source funding from the parent department and this was funding was only provided for the particular financial year.	Noted. The Board agreed to liaise with the relevant stakeholders, such as the DAC.				Liaise with the relevant stakeholders.
168.	AGSA Business Unit: National E					
168.1	Council for Geoscience No.	Noted. No further action required.				
168.2	Independent Electoral Commission No.	Noted. No further action required.				
169.	AGSA Business Unit: Western Cape					
169.1	SAHRA No further comments.	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
169.2	<p>Iziko</p> <p>Cost implications that comes with the application of this standard for the auditee and auditing thereof as auditors are also not specialists especially in terms of the valuation of heritage assets. In order to be able to implement GRAP 103 both entities had to source funding from the parent department and this was funding was only provided for the particular financial year.</p>	<p>Noted. Refer to the response to comment 167.1.</p>				<p>Refer to the action to comment 167.1.</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	Interpretation	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?						
170.	Free State Provincial Treasury					
170.1	Cannot express a view now. Do not have heritage assets in the department.	Noted. No further action required.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Interpretation	Guidance issued by OAG	Other
<p><u>Question U2</u></p> <p>Do you require information to be disclosed on assets that are:</p> <p>(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</p> <p>(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?</p> <p>If yes, what decisions are made with this information?</p>						
171.	Free State Provincial Treasury					
171.1	Cannot express a view now. Do not have heritage assets in the department.	Noted. No further action required.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Interpretation	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.						
172.	Free State Provincial Treasury					
172.1	Yes. If it has a different use.	<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 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 and 110.1 on the measurement of all heritage assets in accordance with GRAP 103.</p>	Refer to the response to comment 10.1, 46.1 and 110.1.		Refer to the response to comment 10.1, 46.1 and 110.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Interpretation	Guidance issued by OAG	Other
Determining an initial value for a heritage asset						
<u>Question U4</u>						
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?						
If yes, what decisions are made with this information?						
If no, please provide reasons why it does not provide relevant information, and indicate what information, in your view, will be relevant.						
173.	Free State Provincial Treasury					
173.1	Cannot express a view now. Do not have heritage assets in the department.	Noted. No further action required.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Interpretation	Guidance issued by OAG	Other
<p><u>Question U5</u></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>						
174.	Free State Provincial Treasury					
174.1	Cannot express a view now. Do not have heritage assets in the department.	Noted. No further action required.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Interpretation	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.						
175.	Free State Provincial Treasury					
175.1	Cannot express a view now. Do not have heritage assets in the department.	Noted. No further action required.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Interpretation	Guidance issued by OAG	Other
Question U7						
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.						
(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?						
(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?						
If yes, what decisions are made with this information?						
If no, please provide reasons why it does not provide relevant information, and indicate what information, in your view, will be relevant.						
176.	Free State Provincial Treasury					
176.1	Cannot express a view now. Do not have heritage assets in the department.	Noted. No further action required.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Interpretation	Guidance issued by OAG	Other
Impairing heritage assets						
<u>Question U8</u>						
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?						
If yes, what decisions are made with this information?						
If no, please provide reasons why it does not provide relevant information, and indicate what information, in your view, will be relevant.						
177.	AGSA Business Unit: Free State					
177.1	War Museum No it does not provide useful information based on the fact that the heritage asset is an asset that in nature is to be held indefinitely and cannot be sold by the entity, such an asset has significant historical value therefore to show an impairment loss of this asset does not give useful information as this asset even if it has indications of the condition deteriorating, by being a heritage asset, it holds significant qualitative value.	Noted. The objective of the impairment loss calculation is to determine if there is a loss, or decline in its capacity to generate cash flows, or to provide service potential and reflect that accordingly in the financial statements. This information will enable users to assess (a) if the entity will still be able to use the heritage asset to generate future economic benefits or service potential; (b) if the heritage asset should be sold; (c) the heritage asset's condition; and/or (d) if the heritage asset is managed appropriately.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Interpretation	Guidance issued by OAG	Other
		The Board agreed to retain the impairment principles in GRAP 103 as it provides useful information to users.				
177.2	<p>National Museum</p> <p>No it does not provide useful information based on the fact that the heritage asset is an asset that in nature is to be held indefinitely and cannot be sold by the entity, such an asset has significant historical value therefore to show an impairment loss of this asset does not give useful information as this asset even if it has indications of the condition deteriorating, by being a heritage asset, it holds significant qualitative value.</p>	Noted. Refer to the response to comment 177.1.				
178.	AGSA Business Unit: Gauteng					
178.1	<p>Yes, this information enables holding of entities accountable to better take care of heritage assets and reflects the role the entities/ municipalities play in restoring the heritage of the country.</p> <p>The information is relevant to hold entities accountable and to make decisions as it will ensure that the entity discloses the heritage assets at the correct value and ensure that the</p>	Noted. No further action required.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Interpretation	Guidance issued by OAG	Other
	<p>asset is not overvalued.</p> <p>The decisions made with this information may relate to the condition of the asset and whether it can still be used. For example, if an art piece is destroyed, the country may not be able to exhibit it abroad. Another example would include an impairment recognised due to an asset vandalised, with that information available, management would be in a position to make a decision on which assets they'll be restoring back to their original condition.</p> <p>This information gives users of the AFS indication of the decline in value of heritage assets and this also fairly reflect the balance sheet of the auditee.</p>					
179.	AGSA Business Unit: KwaZulu Natal					
179.1	<p>Product Champion</p> <p>Yes this does, as it does show to a user whether these assets are being appropriately preserved.</p>	Noted. No further action required.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Interpretation	Guidance issued by OAG	Other
180.	AGSA Business Unit: Mpumalanga					
180.1	Yes. Investment decisions in the surrounding areas are made with this information. Should a heritage asset be impaired, it could derail investors from making an investment in the communities surrounding the heritage asset.	Noted. No further action required.				
181.	AGSA Business Unit: Northern Cape					
181.1	Williams Humphrey Art Gallery Entity is on the historical cost basis, and therefore impairment not required. Should heritage asset be damaged in anyway, they will be restored or disposed of depending on the damage.	Noted. GRAP 103 requires an entity to assess at each reporting date if an indicator of impairment has been triggered. Refer to the response to comment 177.1.				
181.2	McGregor Museum Not applicable. Heritage assets is not valued accurately and is currently qualified.	Noted. No further action required.				
182.	AGSA Business Unit: National C					
182.1	The impairment of heritage assets in the AFS provides useful information on the value of the asset and the expected reliable value of the asset should it be disposed. This can also be an indicator if the entity adheres to their mandate as they are there to preserve the assets and if there is impairment if should be considered	Noted. No further action required.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Interpretation	Guidance issued by OAG	Other
	<p>impairment it should be considered why the asset was not preserved.</p> <p>This will also give an indication to the entity on what assets are of value.</p> <p>With the assistance of an appointed expert, the expert would be able to detect and know when an item of heritage asset would meet the conditions and indications which would decrease the value, which would then require impairing because the auditee would have this knowledge.</p> <p>There may be some challenges linked to the determination of impairment as the auditee will not be able to perform this annually since they will then need to re-appoint an expert in this field. In some instances, it will be difficult to confirm if an asset should be impaired at all without having obtained a view from an expert.</p> <p>The biggest item in Ditsong Museum's AFS is the heritage assets balance, without these heritage assets the auditee would cease to exist. Hence it is of importance that these assets are continuously re-assessed for their most reliable fair value so that the financial statements are fairly presented.</p>	<p>Noted. Refer to the response to comment 91..1. The Board also agreed that a recommendation should be made to the relevant stakeholders to develop simplified guidance that can be applied by employees that are not familiar with the principles in GRAP 103 to, among others, provide practical examples of when an indicator of impairment has been triggered. An entity will be required to assess at each reporting date if an indicator for impairment has been triggered. This requires judgement and an impairment calculation will only be done if one of the indicators of impairment has been triggered.</p>				<p>Refer to the action to comment 91.1.</p>

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Interpretation	Guidance issued by OAG	Other
183.	AGSA Business Unit: National E					
183.1	<p>Council for Geoscience</p> <p>No. The value of heritage assets presented on the financial statements does not really talk to what they entity uses them for.</p> <p>For instance, the entity does not hold heritage assets with the view to sell them in the future. The value assigned will mostly not be affected by how the heritage asset is used.</p> <p>The entity holds different kinds of heritage assets. Some heritage assets are used by Scientists for educational purposes (different types of rocks/stones etc.</p>	<p>Noted. GRAP 103 requires that a heritage asset should initially be recognised at its fair value (in the absence of cost records), i.e. the price at which the asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.</p> <p>Noted. 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 Standards of GRAP also a requires entities to account for all material assets. Where a reliable value cannot be determined for a heritage asset, GRAP 103 allows an entity to only provide disclosures about such assets in the financial statements.</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 as a value cannot be determined due to ethical reasons or due the nature of the heritage asset – refer to the response to comment 1.2.</p>	Refer to the action to comment 1.2.		Refer to the action to comment 1.2.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Interpretation	Guidance issued by OAG	Other
183.2	Independent Electoral Commission Yes.	Noted. No further action required.				
184.	AGSA Business Unit: Western Cape					
184.1	SAHRA Not applicable. The entity's heritage assets have not been impaired since initially recognition.	Noted. No further action required.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Interpretation	Guidance issued by OAG	Other
184.2	<p>Iziko</p> <p>The impairment of heritage assets in the AFS provides useful information on the value of the asset and the expected reliable value of the asset should it be disposed. This can also be an indicator if the entity adheres to their mandate as they are there to preserve the assets and if there is impairment it should be considered why the asset was not preserved.</p> <p>This will also give an indication to the entity on what assets are of value.</p> <p>With the assistance of an appointed expert, the expert would be able to detect and know when an item of heritage asset would meet the conditions and indications which would decrease the value, which would then require impairing because the auditee would have this knowledge.</p> <p>There may be some challenges linked to the determination of impairment as the auditee will not be able to perform this annually since they will then need to re-appoint an expert in this field. In some instances, it will be difficult to confirm if an asset should be impaired at all without having obtained a view from an expert.</p>	Noted. Refer to the response to comment 182.1.			Refer to the action to comment 182.1.	

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Interpretation	Guidance issued by OAG	Other
185.	Free State Provincial Treasury					
185.1	Cannot express a view now. Do not have heritage assets in the department.	Noted. No further action required.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Interpretation	Guidance issued by OAG	Other
Heritage assets that have alternative uses						
<u>Question U9</u>						
Does presenting information on a heritage asset with an alternative use 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 indicate what information, in your view, will be relevant.						
186.	Free State Provincial Treasury					
186.1	Cannot express a view now. Do not have heritage assets in the department.	Noted. No further action required.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Interpretation	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>						
187.	Free State Provincial Treasury					
187.1	Cannot express a view now. Do not have heritage assets in the department.	Noted. No further action required.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Interpretation	Guidance issued by OAG	Other
Disclosure of heritage assets in the financial statements						
<u>Question U11</u>						
188.	Free State Provincial Treasury					
188.1	Cannot express a view now. Do not have heritage assets in the department.	Noted. No further action required.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Interpretation	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>						
189.	Free State Provincial Treasury					
189.1	Cannot express a view now. Do not have heritage assets in the department.	Noted. No further action required.				

NO.	COMMENT	ANALYSIS AND RESPONSE TO COMMENT	AGREED ACTION			
			Amendment to Standard	Interpretation	Guidance issued by OAG	Other
GENERAL COMMENT						
	No comment					