national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

GRAP 103 – Heritage Assets

Effective 1 April 2021

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

If a heritage asset is **not recognised** (because it could not be measured reliably), relevant and useful information about the asset is disclosed in the notes

RECOGNITION AND INITIAL MEASUREMENT

Recognised when:

- It is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- The cost or fair value of the item can be measured reliably

Measurement:

- Initially recorded at cost
- Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition

Cost comprises:

- Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates
- Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

MEASUREMENT SUBSEQUENT TO INITITAL RECOGNTION

Cost Model

The asset is carried at cost less accumulated impairment losses

Impairment

A heritage asset is not depreciated, but is assessed at each reporting date whether there is an indication that it may be impaired

External sources of information:

- Market value has declined significantly more than would be expected as a result of the passage of time or normal use
- The absence of an active market for a revalued heritage asset

Internal sources of information:

- Evidence is available of physical damage or deterioration of a heritage asset
- A decision to halt the construction of the heritage asset before it is complete or in a usable form

Revaluation Model

The asset is carried at a revalued amount, being its fair value at the date of the revaluation, less subsequent impairment losses, provided that the fair value can be measured reliably

- Revaluations should be carried out regularly (the carrying amount should not differ materially from its fair value at the reporting date)
- If an item is revalued, the entire class to which it relates is revalued
- An increase in value is credited to a revaluation surplus unless it represents the reversal of a revaluation decrease of the same asset previously recognised in surplus or deficit; in this case the increase in value is recognised in surplus or deficit

OTHER MATTERS

Derecognition

- ✓ Remove the asset from the statement of financial position on disposal / when no future economic benefits or service potential are expected from its use or disposal
- ✓ The gain or loss on derecognition is the difference between the net disposal proceeds, if any, and the carrying amount and should be recognised in surplus or deficit

Dual purpose assets

Where a heritage asset has more than one purpose, the entity determines whether the significant portion of the asset meets the definition of the asset (may apply judgement)